



May 10, 2013

CDTi Reports First Quarter Fiscal Year 2013 Financial Results

VENTURA, Calif., May 10, 2013 (GLOBE NEWSWIRE) -- Clean Diesel Technologies, Inc. (Nasdaq:CDTI) ("CDTi" or the "Company"), a cleantech emissions control company, announced today its financial results for the first quarter ended March 31, 2013. The highlights are as follows:

- First quarter revenue of \$13.3 million, down 21.7% year-over-year
- First quarter net loss of \$0.29 per share, versus \$0.39 for the prior year
- Cash and cash equivalents of \$4.6 million as of March 31, 2013
- Entered into a strategic joint venture with Pirelli & C. Ambiente SpA
- Received CARB verification for key emission control product, "Purifilter® EGR"

"Our first quarter 2013 consolidated results were in-line with our expectations heading into the period," said Craig Breese, President and Chief Executive Officer of CDTi. "We anticipated relatively lower overall top-line growth this quarter compared with the first quarter of last year due in large part to a substantial amount of Heavy Duty Diesel ("HDD") Systems retrofit sales that occurred in the first quarter of 2012 from the 2011 London LEZ program. This created a challenging year-over-year quarterly comparison in this segment and overall. We expect activity in the California retrofit market will increase as we progress through the year and continue to make enhancements to our sales and marketing team, distribution system, and verified retrofit solutions. Our Catalyst division continued its momentum posting a 36.9% increase in OEM sales as our business was supported by the success of the new 2013 Honda Accord. Looking ahead, while some uncertainty remains in a number of markets, we expect improving order trends in both our Catalyst and HDD Systems divisions.

"Our operational performance continued to improve in the first quarter, resulting in better gross margins sequentially and year-over-year, as we leveraged our cost control initiatives and supply chain management, including aggressively managing inventories across both business divisions. We believe there are additional cost savings available to further lower our breakeven point in 2013.

"We are beginning to see concrete progress on each of our near-term priorities — improving our cost structure, achieving verification of important emission control products, advancing our materials technology platform and pursuing new business structures to potentially open new markets and add new customers. And, we are extremely excited about our strategic joint venture with Pirelli to market and sell emission control products in Europe and the CIS Countries, which officially began operations on April 1, 2013. Solid headway has been made in the first quarter toward our goals, which together with improving sales volumes is expected to put us on a path to profitability," concluded Mr. Breese.

First Quarter 2013 Financial Results

Total revenue for the first quarter of 2013 was \$13.3 million, a decrease of \$3.7 million, or 21.7%, from \$17.0 million for the prior year quarter. Revenue, excluding intercompany sales, for CDTi's Catalyst division for the quarter ended March 31, 2013 increased \$1.6 million, or 36.9%, to \$6.0 million from \$4.4 million for the same prior year quarter. Revenue for CDTi's Heavy Duty Diesel Systems division for the quarter ended March 31, 2013 decreased \$5.3 million, or 42.2%, to \$7.3 million from \$12.6 million for the same prior year quarter.

Total operating expenses for the first quarter of 2013 were \$5.1 million, compared to \$6.4 million in the prior year quarter.

Gross margin was 23.4%, compared to 23.2% in the prior year period.

Net loss for the first quarter of 2013 was \$2.1 million, or \$0.29 per diluted share, compared to net loss of \$2.8 million, or \$0.39 per share, in the prior year quarter. Diluted common shares outstanding were 7,261,000 in the current quarter compared to 7,219,000 in the same quarter a year ago.

At March 31, 2013 and December 31, 2012, CDTi had cash and cash equivalents of \$4.6 million and \$6.9 million, respectively.

Conference Call and Webcast Information

CDTi will host a conference call and simultaneous webcast over the Internet beginning at 8:00 a.m. Pacific Time today to

discuss its financial results and its business outlook. This conference call will contain forward-looking information. To participate in the conference call, dial +1 (877) 303-9240 and use confirmation code 64028652. International participants should dial +1 (760) 666-3571 and use the same confirmation code. The conference call will be webcast live on CDTi's website at www.cdti.com under the "Investor Relations" section. To listen to the live webcast, participants should visit the site at least 15 minutes prior to the conference to download any required streaming media software. An archived recording of the conference call will be available on the CDTi website for 30 days.

About CDTi

CDTi is a vertically integrated global manufacturer and distributor of emissions control systems and products, focused on the heavy duty diesel and light duty vehicle markets. CDTi utilizes its proprietary patented Mixed Phase Catalyst (MPC®) technology, as well as its ARIS® selective catalytic reduction, Platinum Plus® fuel-borne catalyst, and other technologies to provide high-value sustainable solutions to reduce emissions, increase energy efficiency and lower the carbon intensity of on- and off-road engine applications. CDTi is headquartered in Ventura, California and currently has operations in the U.S., Canada, France, Japan and Sweden. For more information, please visit www.cdti.com.

Forward-Looking Statements Safe Harbor

Certain statements in this news release, such as statements regarding growth of the California retrofit market, improved order trends and future sales volumes, expansion into new markets and improved profitability, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known or unknown risks, including those detailed in CDTi's filings with the U.S. Securities and Exchange Commission, uncertainties and other factors that may cause the actual results, performance or achievements of CDTi to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. CDTi assumes no obligation to update the forward-looking information contained in this release.

Clean Diesel Technologies, Inc.
Summary Statements of Operations (unaudited)
(\$ millions)

	3 Months Ended	
	March 31,	
	2013	2012
Revenues	\$ 13.3	\$ 17.0
Gross profit	3.1	4.0
<i>Gross margin</i>	23.4%	23.2%
Operating expenses:		
Selling, general and administrative	3.8	4.5
Research and development	\$ 1.3	\$ 1.9
Total operating expenses	5.1	6.4
Loss from operations	\$ (2.0)	\$ (2.4)
Other expense		(0.6)
Loss from continuing operations before income tax	(2.0)	(3.0)
Income tax expense (benefit) from continuing operations	0.1	(0.3)
Net loss from continuing operations	(2.1)	(2.7)
Discontinued operations		(0.1)
Net loss	\$ (2.1)	\$ (2.8)
Basic and diluted EPS	\$ (0.29)	\$ (0.39)
Weighted shares outstanding (in thousands)	7,261	7,219

Clean Diesel Technologies, Inc.
Segment Information (unaudited)
(\$ millions)

	3 Months Ended	
	March 31,	
	2013	2012
Revenue		
Heavy Duty Diesel Systems	\$ 7.3	\$ 12.6
Catalyst	6.5	6.1
Eliminations	<u>(0.5)</u>	<u>(1.7)</u>
Total	<u>\$ 13.3</u>	<u>\$ 17.0</u>
(Loss) Income from operations		
Heavy Duty Diesel Systems	\$ (0.3)	\$ (0.4)
Catalyst	0.1	(0.3)
Corporate	<u>(1.8)</u>	<u>(1.7)</u>
Total	<u>\$ (2.0)</u>	<u>\$ (2.4)</u>

Clean Diesel Technologies, Inc.
Summary Balance Sheets (unaudited)
(\$ millions)

	As of	
	March 31,	December 31,
	2013	2012
Total current assets	\$ 21.3	\$ 22.8
Total assets	\$ 33.6	\$ 35.4
Total current liabilities	\$ 19.4	\$ 15.7
Total long-term liabilities	\$ 5.3	\$ 8.3
Stockholders' equity	\$ 8.9	\$ 11.4
Short-term debt	\$ 8.2	\$ 5.6
Long-term debt	\$ 4.5	\$ 7.5

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Source: Clean Diesel Technologies, Inc.

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