# Second Quarter 2013 Earnings Presentation

July 31, 2013

# Capital Product Partners L.P.

CAPITAL
PRODUCT PARTNERS L.P.

www.capitalpplp.com

CPLP NASDAQ LISTED

# Disclosures

This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect CPLP's management's current assumptions and expectations with respect to expected future events and performance. All statements, other than statements of historical facts, including our cash flow outlook, expected employment terms for our vessels and anticipated expiration of our charters, expectations regarding our quarterly distribution, distribution coverage and annual distribution guidance, total fleet day coverage for 2012 and 2013, expected orderbook supply and slippage, fleet growth and demand, changes in expected global oil and oil product demand and changes to refining capacity, the outcome of legal proceedings involving Overseas Shipholding Group ('OSG") and the actions of OSG and other parties, global GDP growth as well as market expectations, are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, and undue reliance should not be placed upon them. Many factors could cause forecasted and actual results to differ materially from those anticipated or implied in these forward-looking statements.

For a more comprehensive discussion of the risk factors affecting our business please see our Annual Report on Form 20-F and other reports filed with the U.S. Securities and Exchange Commission, a copy of which can also be found on our website www.capitalpplp.com. Unless required by law, we expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, to conform them to actual results or otherwise. Neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We make no prediction or statement about the performance of our units.

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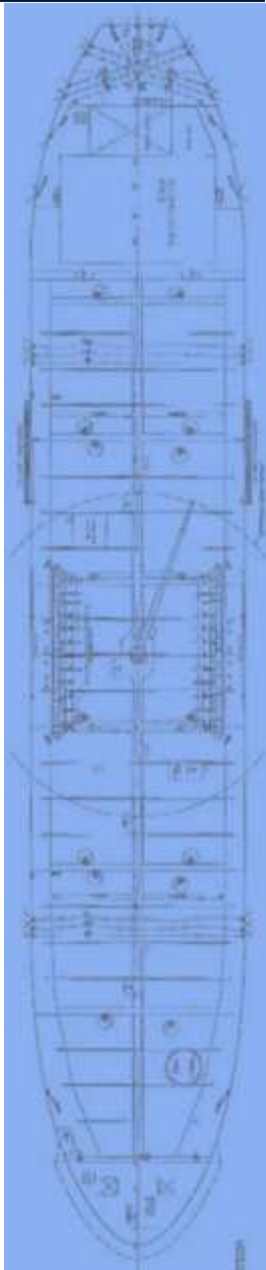
For more information about the Partnership, please visit our website: www.capitalpplp.com

# Second Quarter 2013 Results Highlights

- Cash Distribution Maintained For 2Q2013: $0.2325 Per Common Unit And $0.21375 Per Class B Unit.
- Net Income For 2Q2013: $39.3 Mil Including $32 Mil Gain Related To Sale of The Partnership's Claim Against Overseas Shipholding Group Inc. ("OSG Claim").
- Partnership's Operating Surplus: $56.6 Mil Or $19.3 Mil Adjusted For Class B Unit Distribution And Excluding The $32 Mil Proceeds Related To The Sale Of The OSG Claim.
- 1.2x Common Unit Coverage (Excluding $32 Mil Proceeds From Sale Of OSG Claim).
- Reflecting The Firming Product Tanker Market, We Have Re-Chartered Three Vessels At Higher Rates:
  - M/T 'Avax' and M/T 'Axios' Fixed For 12 Months (+/- 30 Days) To Capital Maritime & Trading Corp. ('CMTC') At An Increased Rate Of $14,750 Per Day (Previously At $14,000 Per Day).
  - M/T 'Akeraios' Fixed To CMTC For 18 Months (+/- 30 Days) At Increased Rate of $14,950 Per Day (Previously At $14,000 Per Day).
- Average Remaining Charter Duration 6.9 Years With 90% Charter Coverage Of The 2013 Remaining Available Fleet Days.
- Reiterate $0.93 Per Unit Annual Distribution Guidance.



# Income Statement



($ In Thousands)

| | For the Three- Month Period Ended June 30, 2013 | For the Three- Month Period Ended June 30, 2012 |
|---|---|---|
| Revenues | $27,215 | $20,124 |
| Revenues – related party | 14,554 | 17,724 |
| **Total Revenues** | **41,769** | **37,848** |
| **Expenses:** | | |
| Voyage expenses | 1,110 | 437 |
| Voyage expenses – related party | 80 | 143 |
| Vessel operating expenses – related party | 4,199 | 6,133 |
| Vessel operating expenses | 9,223 | 5,038 |
| General and administrative expenses | 3,383 | 2,259 |
| Gain on sale of vessel to third parties | - | (341) |
| Depreciation | 12,813 | 12,025 |
| **Operating income** | **10,961** | **12,154** |
| Non operating income (expense), net | | |
| Interest expense and finance cost | (3,642) | (10,101) |
| Proceeds from sale of claim | 32,000 | - |
| Gain on interest rate swap agreement | - | 808 |
| Interest and other income | - | 509 |
| **Total other income / (expense), net** | **28,358** | **(8,784)** |
| **Partnership's net income** | **$39,319** | **$3,370** |

# Operating Surplus For Calculation Of Unit Distribution



**($ In Thousands)**

| | For the Three-Month Period Ended June 30, 2013 | | For the Three-Month Period Ended March 31, 2013 | |
|---|---|---|---|---|
| Net income / (loss) | | $39,319 | | $25,013 |
| **Adjustments to net income** | | | | |
| Depreciation and amortization | 14,472 | | 13,119 | |
| Deferred revenue | 2,837 | | 1,910 | |
| Gain from bargain purchase | - | | (17,475) | |
| **OPERATING SURPLUS PRIOR TO CLASS B PREFERRED UNITS DISTRIBUTION** | | **$56,628** | | **$22,567** |
| Class B preferred units distribution | | (5,270) | | (5,270) |
| **ADJUSTED OPERATING SURPLUS** | | **$51,358** | | **$17,297** |
| (Increase) on recommended reserves | | (34,900) | | (839) |
| **AVAILABLE CASH** | | **$16,458** | | **$16,458** |

**Common Unit Coverage: 1.2x***

* **Excluding $32 Million Proceeds Related To The Sale Of The OSG Claim.**

# Balance Sheet

($ In Thousands)

| | As Of June 30, 2013 | As Of December 31, 2012 |
|---|---|---|
| **Assets** | | |
| Total Current Assets | $83,145 | $49,489 |
| Total Fixed Assets | 1,042,900 | 959,550 |
| Other Non-Current Assets | $96,504 | 61,089 |
| Total Assets | $1,222,549 | $1,070,128 |
| | | |
| **Liabilities and Partners' Capital** | | |
| Total Current Liabilities | $42,988 | $35,773 |
| Total Long-Term Liabilities | 507,176 | 460,527 |
| Total Partners' Capital | 672,385 | 573,828 |
| Total Liabilities and Partners' Capital | $1,222,549 | $1,070,128 |

**Net Debt/Capitalization 38.6%**

# Fleet Overview



| VESSEL NAME | DWT / TEU | CHARTERER | YEAR/BUILT | TYPE OF VESSEL |
|---|---|---|---|---|
| AMORE MIO II | 159,982 | bp | 2001, S. Korea | Crude Oil Suezmax |
| AYRTON II | 51,260 | | 2009, S. Korea | IMO II/III Chem./Prod. |
| AGAMEMNON II | 51,238 | | 2008, S. Korea | IMO II/III Chem./Prod. |
| ATLANTAS | 36,760 | | 2006, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| AKTORAS | 36,759 | | 2006, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| AIOLOS | 36,725 | | 2007, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| AIAS | 150,393 | CAPITAL MARITIME & TRADING CORP | 2008, Japan | Crude Oil Suezmax |
| AMOUREUX | 149,993 | | 2008, Japan | Crude Oil Suezmax |
| AXIOS | 47,872 | | 2007, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| AVAX | 47,834 | | 2007, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| APOSTOLOS | 47,782 | | 2007, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| AKERAIOS | 47,781 | | 2007, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| AGISILAOS | 36,760 | | 2006, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| ARIONAS | 36,725 | | 2006, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| ALKIVIADIS | 36,721 | | 2006, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| ALEXANDROS II | 51,258 | OSG Overseas Shipholding Group, Inc. | 2008, S. Korea | IMO II/III Chem./Prod. |
| ARISTOTELIS II | 51,226 | | 2008, S. Korea | IMO II/III Chem./Prod. |
| ARIS II | 51,218 | | 2008, S. Korea | IMO II/III Chem./Prod. |
| MILTIADIS M II | 162,397 | PEMEX | 2006, S. Korea | Crude Oil Suezmax |
| ASSOS | 47,872 | | 2006, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| ATROTOS | 47,786 | | 2007, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| ANEMOS I | 47,782 | PETROBRAS | 2007, S. Korea | Ice Class 1A IMO II/III Chemical/ Product |
| CAPE AGAMEMNON | 179,221 | COSCO | 2010, S. Korea | Capesize Dry Cargo |
| AGAMEMNON | 7,943 | MAERSK LINE | 2007, S. Korea | Container Carrier |
| ARCHIMIDIS | 7,943 | | 2006, S. Korea | Container Carrier |
| HYUNDAI PREMIUM | 5,023 | HMM HYUNDAI MERCHANT MARINE CO., LTD. | 2013, S. Korea | Container Carrier |
| HYUNDAI PARAMOUNT | 5,023 | | 2013, S. Korea | Container Carrier |

- 27 Vessels – 1.9 Million DWT
- 5.9 Years Weighted Average Fleet Age (1)

(1) As Of 30/6/2013

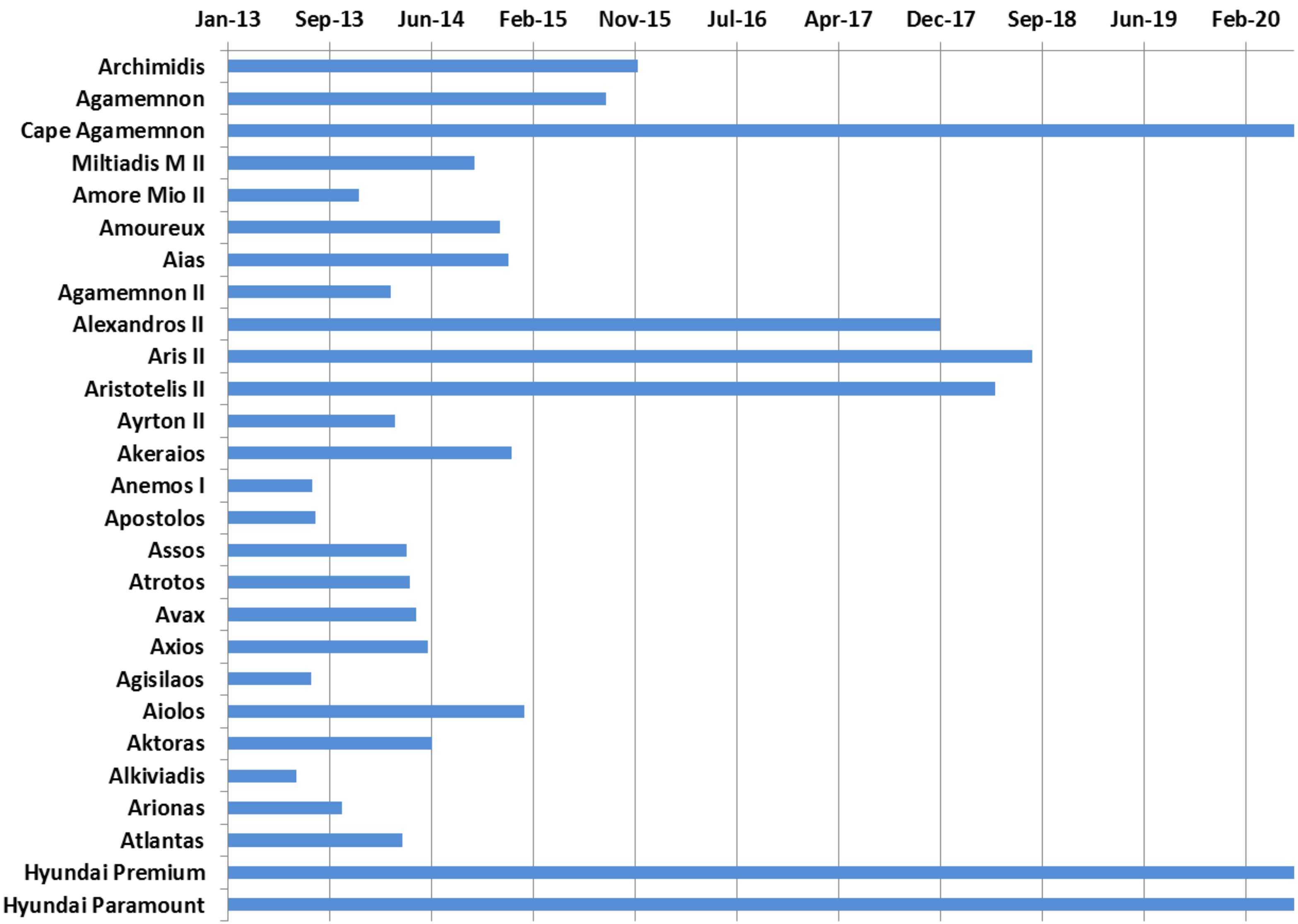
# Period Employment Update

| Name | DWT | Built | Time Charter Gross Rate (per day) | Charterer | Earliest Charter Expiry |
|---|---|---|---|---|---|
| **M/T Avax** | 47,834 | 2007, Hyundai | $14,750 | CAPITAL MARITIME & TRADING CORP | April 2014 |
| **M/T Axios** | 47,872 | 2007, Hyundai | $14,750 | CAPITAL MARITIME & TRADING CORP | May 2014 |
| **M/T Akeraios** | 47,782 | 2007, Hyundai | $14,950 | CAPITAL MARITIME & TRADING CORP | December 2014 |

- **Reflecting The Firming Product Tanker Market, We Have Re-Chartered Three Vessels At Higher Rates:**
  - **Under New Charter With CMTC M/T 'Avax' & M/T 'Axios' Will Be Earning A Gross Rate Of $14,750 Per Day, Which Is $750 Per Day Higher Than The Previous Employment Rate.**
  - **M/T 'Akeraios' Fixed For 18 Months At A Gross Rate Of $14,950 Per Day, Which Is $950 Per Day Higher Than The Previous Employment Rate.**

# Charter Coverage






**Total Fleet Days With Secured Charter Coverage In 2013: 90%**
**Average Remaining Charter Duration: 6.9 Years***

*** Revenue Weighted As of 30/6/2013**

# Successfully Assigned OSG Claim



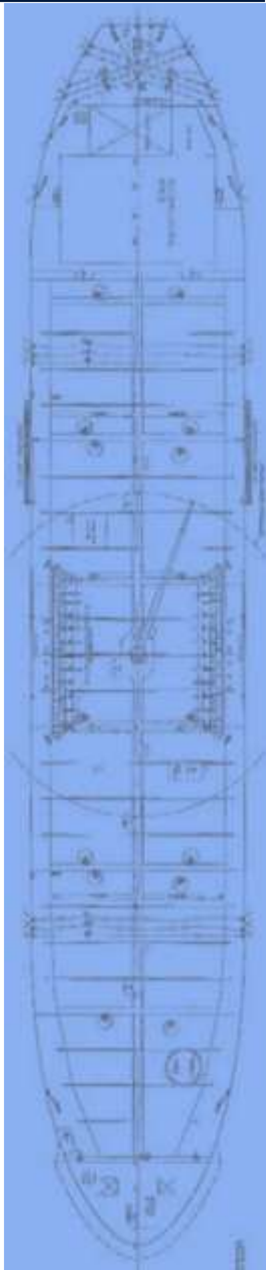
- CPLP Agreed With OSG To Enter Into New Charters For All Its Three Affected Vessels After OSG's Voluntary Filing For Relief Under Chapter 11. The New Charters Have Subsequently Been Approved By The Bankruptcy Court.

- M/T Alexandros II, M/T Aristotelis II and M/T Aris II (51,000dwt IMO II/III Chemical/Product Tankers, built 2008 STX, S. Korea) Entered Into New Charters On Substantially The Same Terms As The Prior Charters But At A Bareboat Rate Of $6,250 per day vs $13,000 per day As Per The Original Charters.

- On May 24, 2013 CPLP Filed Claims For A Total Of $54.1 Mil Against Each Of The Charterers And Their Respective Guarantors For Damages Resulting From The Rejection Of Each Of The Previous Charters.

- On June 25, 2013 CPLP Agreed To Transfer To Deutsche Bank Securities Inc. ('Deutsche Bank') All Of Its Right, Title, Interest, Claims And Causes Of Action Arising Under Or In Connection With The Claims.

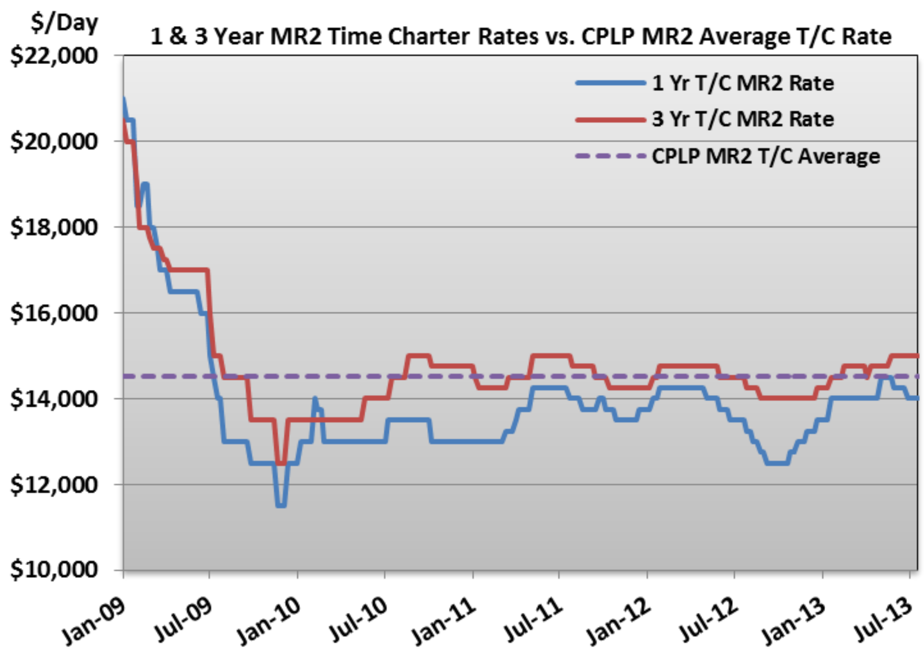
- The Total Proceeds To Be Received By Deutsche Bank, $32 Mil Of Which Has Been Already Paid, Is Dependent On The Actual Claim Amount Allowed By The Bankruptcy Court. The Partnership May Be Required To Refund A Portion Of The Purchase Price Or May Receive Additional Payment.



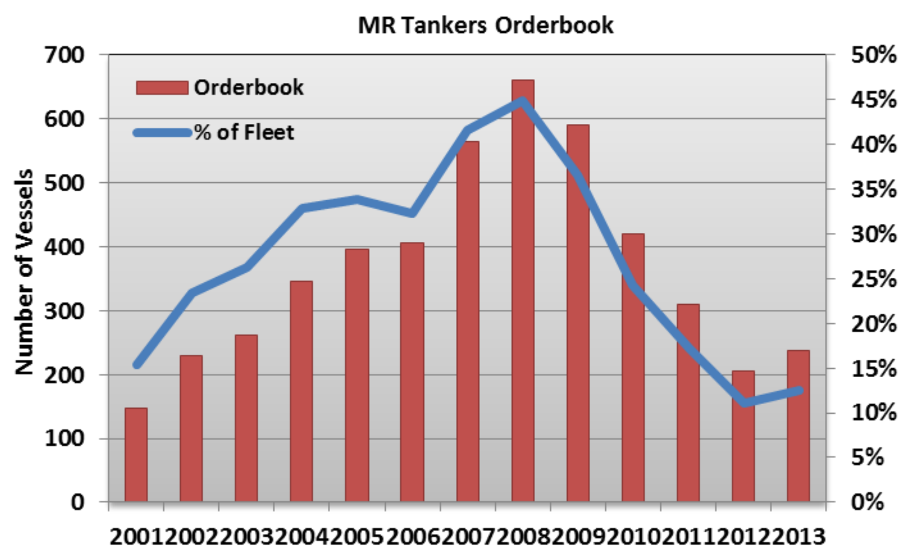
# Product Tanker Market Overview



- MR Spot Product Tanker Rates Remained At Solid Levels During The Quarter. 2Q2013 Was The Strongest Second Quarter Since 2Q2008 - On The Back Of:
  - Arbitrage Opportunities In The Transatlantic Trade Early In The Quarter.
  - Strong U.S. Product Exports.
- Robust MR Time Charter Market In 2013 YTD, With More Than 110 Fixtures Reported.
- Gradual Improvement Of T/C Rates With The 3 Year Time Charter Rates Rising To The Highest Level Since July 2009.
- Product Tanker DWT Demand Is Forecast To Rise By 4.6% in 2013, Surpassing Expected Fleet Growth Of 3.7%.
- Orderbook (2013-2016) For MR Tankers Remains Low At 12.7% Of Total Fleet.
- Slippage Remains At Elevated Levels At 51% (2013 YTD).




| T/C Rates | 10-Year Average |
|---|---|
| 1-Year T/C MR Rate | $19,097 |
| 3-Year T/C MR Rate | $17,899 |



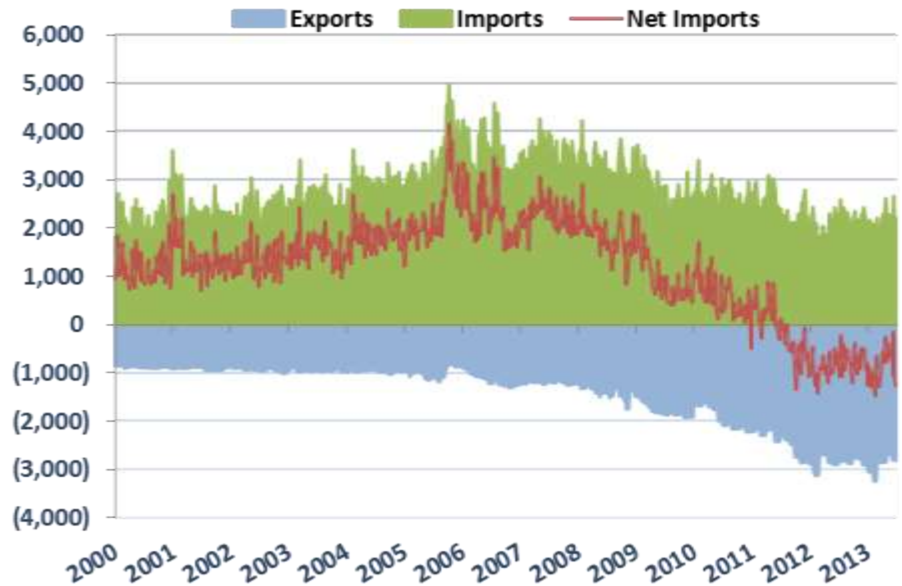

Sources: IEA, EIA, BP Clarksons

# Product Tanker Market Benefits From Increased US Oil Product Exports

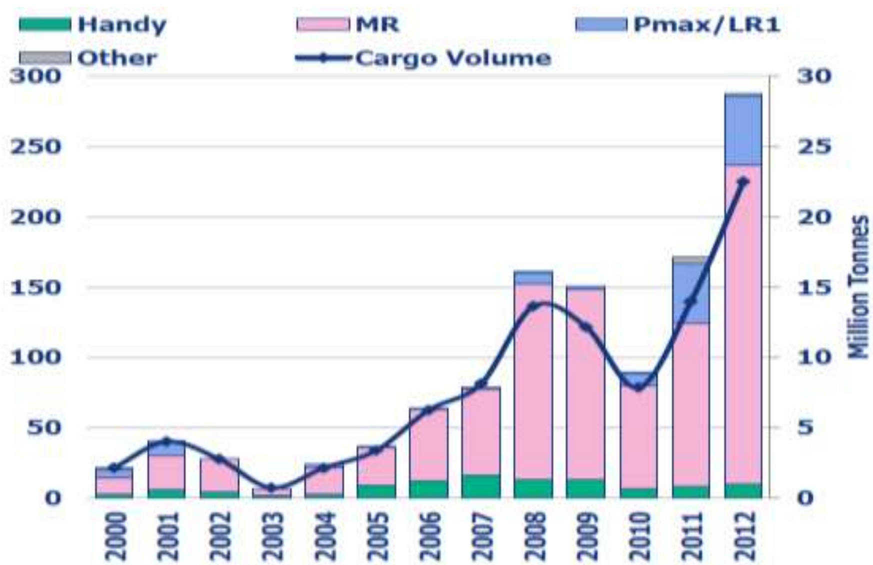


- **U.S. Oil Production Is Projected To Continue Increasing At A Fast Pace, Reaching 11.9 Mbpd In 2018 From 9.1 Mbpd FY 2012.**
- **Increased Oil & Gas Production And Low Cost Feedstock Lead To Higher US Refinery Margins & Utilization.**
- **As A Result The US Has Turned Net Oil Product Exporter With 2.9 Mbpd Oil Product Exports YTD Compared To 1.9 Mbpd In 2010.**
- **Main Export Products Are Gasoil And Gasoline To West Africa, Latin America And Europe.**
- **Latin America Is Forecast To Be The Major Export Outlet For Gasoline Due To Its Growing Population, Gasoline Subsidies And Lack Of Investments In Refining.**

**U.S Petroleum Product Imports & Exports (kbpd)**




**Spot Clean Loadings By Vessel Type Ex USA**



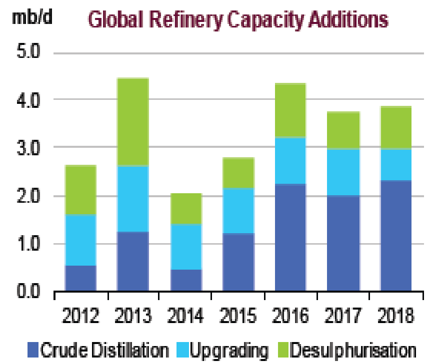

Sources: IEA, EIA, Clarksons

# Refinery Capacity Dislocation Expected To Increase Product Tanker Tonne Miles



- **Global Refinery Capacity Expanded By 20%, Between 2001 And 2012 To Approximately 96.9 Mbpd.**
- **Growth Driven Primarily By Expansion In The Asia-Pacific (38% To 30.1 Mbpd) And The Middle East (22% To 8.2 Mbpd).**
- **Refinery Capacity In Europe And The FSU Has Declined By 1.2 Mbpd Since 2001 To 23.8 Mbpd This Trend Has Accelerated In Recent Years, With 750 Kbpd Of Capacity Removed From The Market In 2012 And 2013 YTD.**
- **Global Refinery Capacity Is Set To Rise By 9.5 Mbpd From 2013 To 2018, Reaching 106.7 Mbpd In 2018.**
- **China And Other Asian Countries Expected To Add 5.6 Mbpd Of Capacity.**
- **Middle East Expected To See Capacity Increase By More Than 2.1 Mbpd To 10.5 Mbpd.**
- **The Lopsided Refinery Expansion In Asian And Developed Economies Is Expected To Lead To Longer Trading Distances And Stronger Product Tanker Demand Through Increased Movements Of Petroleum Products From East To The West.**

## A Global Perspective





## Refinery Closures In 2012 And 2013

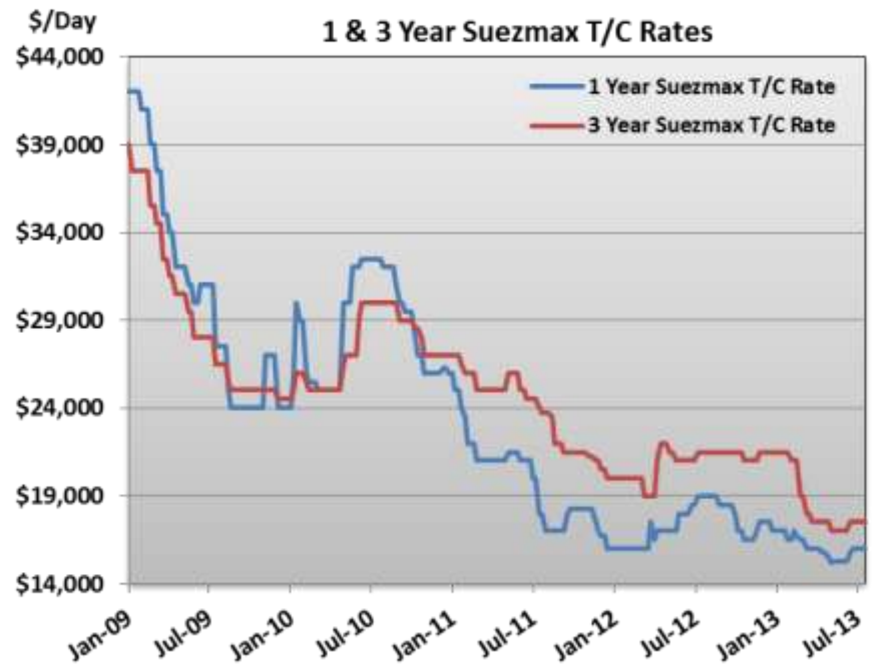
| Company | Refinery - Location | Country | Capacity (bpd) |
|---|---|---|---|
| **Hess and PDVSA** | Hovensa - St Croix | U.S. Virgin islands | 350,000 |
| **Sunoco** | Marcus Hook | U.S. East Coast | 178,000 |
| **Valero Energy** | Aruba | San Nicolas | 235,000 |
| **Petroplus** | Coryton | U.K. | 220,000 |
| **Petrom** | Arpechim | Romania | 70,000 |
| **ERG-Total** | Rome | Italy | 86,000 |
| **LyondellBasel** | Berre l'Etang | France | 105,000 |
| **Shell** | Harburg | Germany | 110,000 |
| **Shell Australia** | Clyde | Australia | 75,000 |
| **Hess Corp.** | Port Reading, N.J. | U.S. | 70,000 |
| **Petroplus** | Petit Couronne | France | 162,000 |
| **Shell Australia** | Geelong | Australia | 120,000 |
| | | **Total** | **1,781,000** |

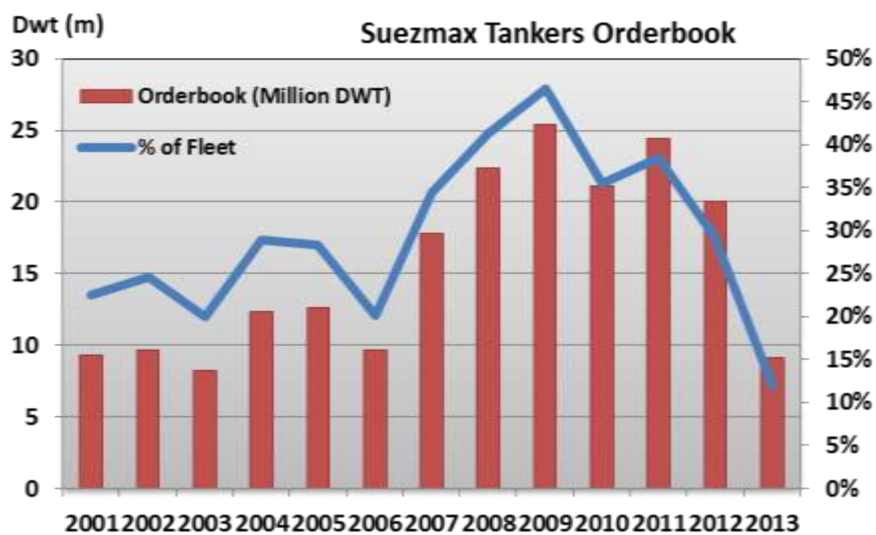
Sources: IEA, BP

# Suezmax Tanker Market Overview



- The Suezmax Spot Market Weakened In 2Q2013 Due To Decreased US Oil Imports And Ample Availability Of Tonnage.
- World Oil Demand Is Projected To Rise By 0.93 Mb/d (1%) And 1.2 Mb/d (1.3%) In 2013 And 2014, Respectively, According To The IEA.
- Suezmax DWT Demand Projected To Increase By 3.2% In 2013, With The Shift In European Crude Sourcing Towards West Africa Expected To Support Demand.
- Net Fleet Growth For 2013 Expected At 8.5%. However, Supply Rationalization Continues:
  - 2013 Marks The Last Year Of Substantial Deliveries.
  - No New Ordering.
  - Suezmax Tanker Orderbook Through 2016 Corresponding To 12% Of Current Fleet, The Lowest In Percentage Terms Since 2001.
  - Slippage Remains High At 27% (2013 YTD).




| Suezmax T/C Rates – 10 Year Average | |
|---|---|
| 1-Year Rate | $33,564 |
| 3-Year Rate | $30,655 |

Source: IEA, Clarksons

# Common Unit Distribution Coverage

## Second Quarter 2013 Total Unit Coverage


## Common Unit Distribution Coverage Ahead Will Be Supported By:

1. **Long Remaining Charter Duration.**
2. **Improving Product Tanker Fundamentals Due To Refinery Dislocation And Increased US Oil Products Exports.**
3. **Potential for Increased Cash Flow Through Improving Tanker Market & Profit Sharing.**
4. **All CPLP Vessels, Whose Charters Expire In Remainder Of 2013 Are Product Tankers, Whose Market Is Improving.**
5. **Potential For Growth Through Accretive Acquisitions In The Product And Container Market.**
6. **Strong Balance Sheet.**

# Capital Product Partners L.P.