

# First Quarter 2018 Earnings Presentation

April 30, 2018

## Capital Product Partners L.P.



PRODUCT PARTNERS L.P.

[www.capitalpplp.com](http://www.capitalpplp.com)

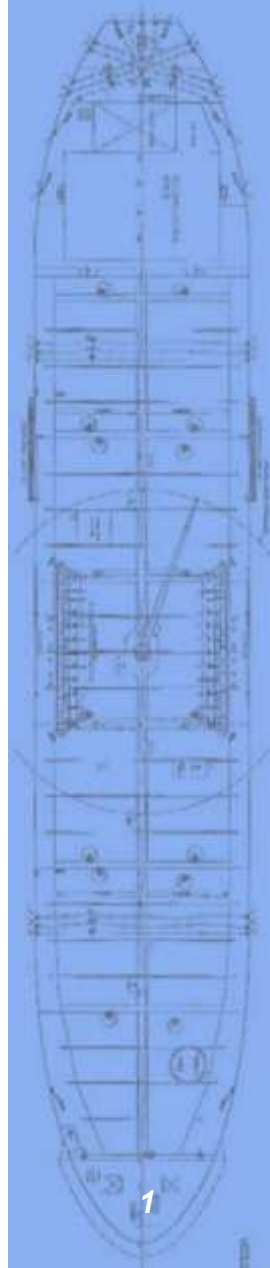
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# Forward Looking Statements

**This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect CPLP management's current assumptions and expectations with respect to expected future events and performance. The statements in this presentation that are not historical facts, including, among other things, cash generation, future debt levels and repayment, assumed net book value, our ability to pursue growth opportunities, our expectations or objectives regarding future distribution amounts, distribution coverage, acquisitions, the capital reserve, future earnings, our expectations regarding employment of our vessels, redelivery dates and charter rates, fleet growth, market and charter rate expectations, may be forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended). These forward-looking statements involve risks and uncertainties that could cause actual results to be materially different from those expressed or implied in the forward-looking statements.**

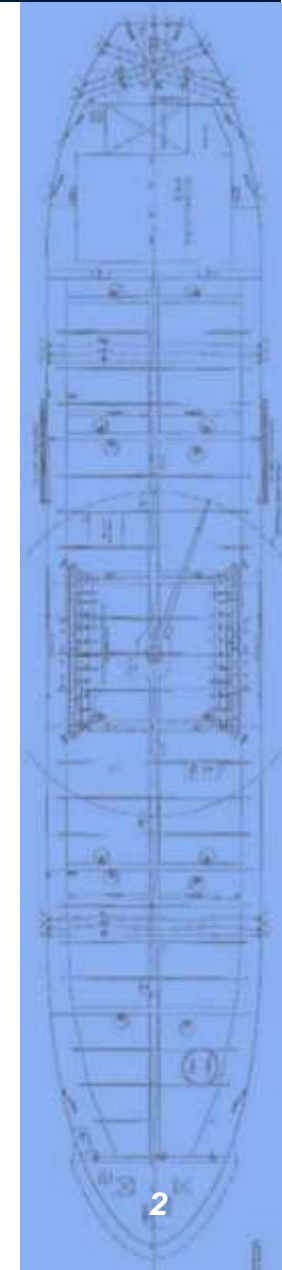
**Factors that could cause actual results to be materially different include those set forth in the "Risk Factors" section of our annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. Unless required by law, we expressly disclaim any obligation to update or revise any of 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. We assume no responsibility for the accuracy and completeness of the forward-looking statements. We make no prediction or statement about the performance of our units.**

**For more information about the Partnership, please visit our website: [www.capitalpplp.com](http://www.capitalpplp.com)**



# First Quarter 2018 Highlights

- Cash distribution of \$0.08 per common unit and \$0.21375 per class B unit.
- Net income for 1Q2018: \$5.3 million.
- 1.0x common unit distribution coverage after the capital reserve and the Class B distributions.
- Completed the sale of the M/T 'Aristotelis' for \$29.4 million generating net proceeds of approximately \$15.0 million after the mandatory prepayment under our 2017 credit facility of \$14.4 million.
- Acquired the M/T 'Aristaios' in January for a total consideration of \$52.5 million financed through \$24.2 million cash and the assumption of \$28.3 million term loan.
- Secured new time charter employment for the M/V 'Agamemnon' and the M/V 'Archimidis' at significantly increased rates.
- Average remaining charter duration 5.0 years with 66% charter coverage for 2018.



# Statements Of Comprehensive Income

(\$ In Thousands)

	For the Three-Month Period Ended <u>March 31, 2018</u>	For the Three-Month Period Ended <u>March 31, 2017</u>
Revenues	\$57,413	\$50,308
Revenues – related party	8,126	9,962
<b>Total Revenues</b>	<b>65,539</b>	<b>60,270</b>
<b>Expenses:</b>		
Voyage expenses	8,978	2,288
Vessel operating expenses	21,797	16,845
Vessel operating expenses – related party	3,028	2,783
General and administrative expenses	1,722	1,435
Vessel depreciation and amortization	18,332	18,526
<b>Operating income</b>	<b>11,682</b>	<b>18,393</b>
Other income / (expense), net:		
Interest expense and finance cost	(6,391)	(6,350)
Other (expenses) / income	(31)	210
<b>Total other expense, net</b>	<b>(6,422)</b>	<b>(6,140)</b>
<b>Partnership's net income</b>	<b>\$5,260</b>	<b>\$12,253</b>

# Operating Surplus For Calculation Of Unit Distribution

(\$ In Thousands)

	For the Three-Month Period Ended March 31, 2018		For the Three-Month Period Ended December 31, 2017	
Partnership's net income		\$5,260		\$6,760
<b>Adjustments to net income</b>				
Depreciation and amortization	18,954		19,062	
Amortization of above market acquired charters and straight line revenue adjustments	1,762		1,223	
Impairment of vessel	-		3,282	
<b>OPERATING SURPLUS PRIOR TO CAPITAL RESERVE AND CLASS B PREFERRED UNITS DISTRIBUTION</b>		<b>\$25,976</b>		<b>\$30,327</b>
Capital reserve		(13,208)		(13,208)
Class B preferred units distribution		(2,775)		(2,775)
<b>OPERATING SURPLUS AFTER CAPITAL RESERVE AND CLASS B PREFERRED UNITS DISTRIBUTION</b>		<b>\$9,993</b>		<b>\$14,344</b>
Decrease/(increase) in recommended reserves		382		(3,969)
<b>AVAILABLE CASH</b>		<b>\$10,375</b>		<b>\$10,375</b>

**Common Unit Coverage: 1.0x**

# Strong Balance Sheet

(\$ In Thousands)

	As Of <u>March 31, 2018</u>	As Of <u>December 31, 2017</u>
<b>Assets</b>		
<b>Total Current Assets</b>	<b>85,720</b>	<b>105,457</b>
<b>Total Fixed Assets</b>	<b>1,290,960</b>	<b>1,265,196</b>
<b>Other Non-Current Assets</b>	<b>101,063</b>	<b>95,563</b>
<b>Total Assets</b>	<b>\$1,477,743</b>	<b>\$1,466,216</b>
<b>Liabilities and Partners' Capital</b>		
<b>Total Current Liabilities</b>	<b>\$131,291</b>	<b>\$123,071</b>
<b>Total Long-Term Liabilities</b>	<b>420,699</b>	<b>409,740</b>
<b>Total Partners' Capital</b>	<b>925,753</b>	<b>933,405</b>
<b>Total Liabilities and Partners' Capital</b>	<b>\$1,477,743</b>	<b>\$1,466,216</b>

**Low Leverage: Net Debt<sup>(1)</sup>/Capitalization: 30.5%**

<sup>(1)</sup> Gross of deferred loan issuance costs


# Fleet Developments Update

- Completed the sale of the M/T 'Aristotelis' to an unaffiliated third party for the amount of \$29.4 million in April 2018.
- Mandatory loan prepayment made under the 2017 credit facility: \$14.4 million.
- Net proceeds of ca. \$15.0 million will be used to fund the acquisition of the M/T 'Anikitos' from Capital Maritime & Trading Corp. ('CMTC').
- Delivery of the M/T 'Anikitos' to the Partnership is expected in May 2018.





## SALE OF ARISTOTELIS

Vessel Name	Type	Capacity	Built	Yard	Dry-dock Due Date	Employment	Gross Rate (per day)	Charter Expiry	Sale Price
Aristotelis	Eco IMO II/III Chemical/Product Tanker	51,604 Dwt	Mar-2013	Hyundai Mipo, S. Korea	Apr-2018	-	-	-	\$29.4 Million

## ACQUISITION OF ANIKITOS

Vessel Name	Type	Capacity	Built	Yard	Dry-dock Due Date	Employment	Gross Rate (per day)	Charter Expiry	Acquisition Price
Anikitos	Eco IMO II/III Chemical/Product Tanker	50,082 Dwt	Jun-2016	Samsung, PRC	Jun-2021		\$15,300	Jun-2020	\$31.5 Million

# Fleet Employment Update

Name	DWT	Built	Gross Rate (Per Day)	Charterer	Earliest Charter Expiry
M/V Agamemnon	108,892	2007	\$20,000		May 2019
M/V Archimidis	108,892	2006	\$18,000		April 2020
M/T Aias	150,393	2008	\$16,250		June 2018
M/T Active	50,136	2015	\$15,550		July 2018*

- Secured significantly increased time charter rates for the M/V 'Agamemnon' and the M/V 'Archimidis'.
- Further diversified our charterers' portfolio with the addition of MSC.

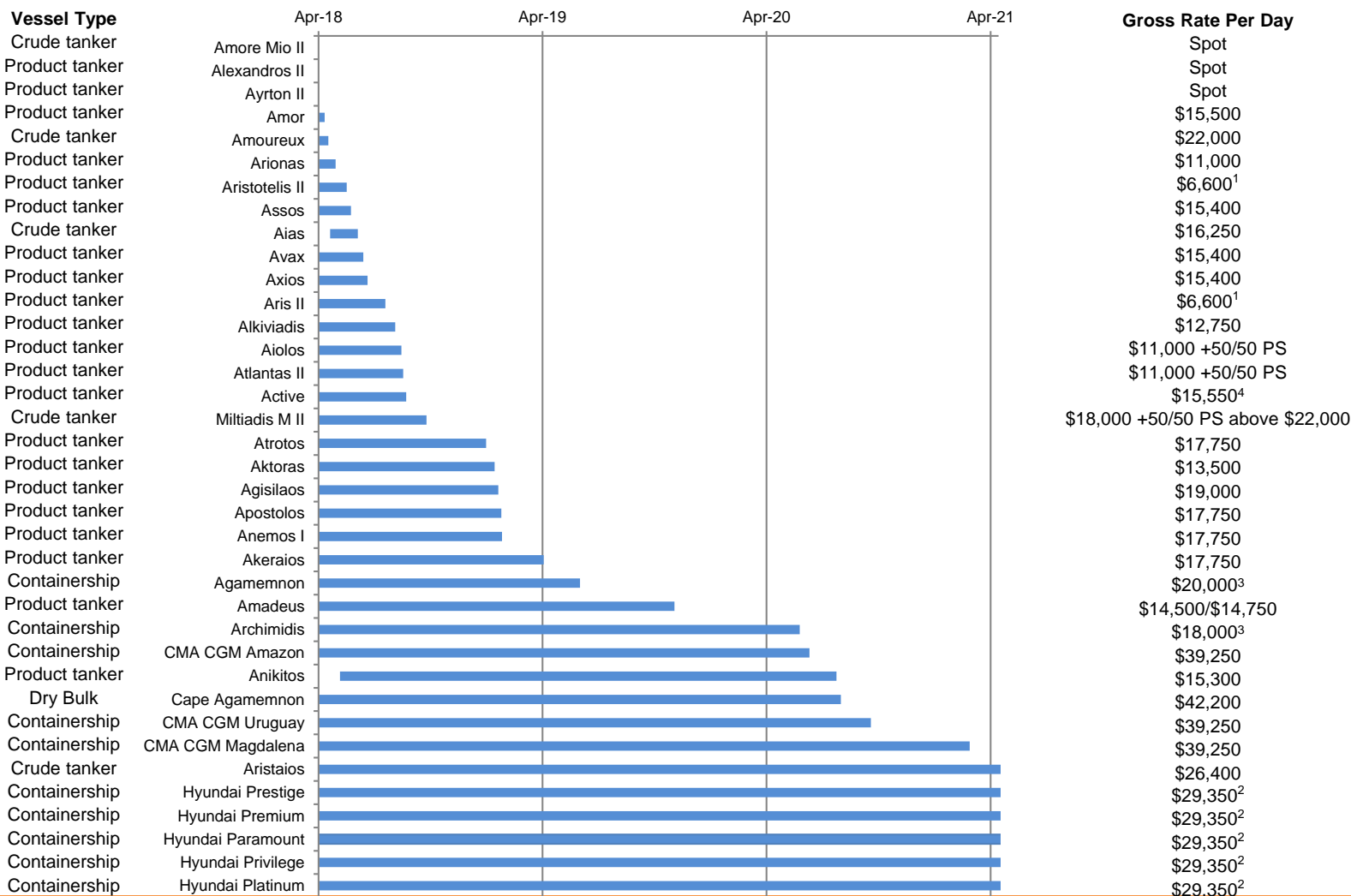
\* M/T 'Active' fixed for 50-90 days at \$15,550 gross per day or 6+6 months at \$15,000 / \$16,000 gross per day. Option to be declarable by charterer in May / June 2018. The new employment will commence upon expiry of current charter.

# Strong Charter Coverage

## Charter Profile

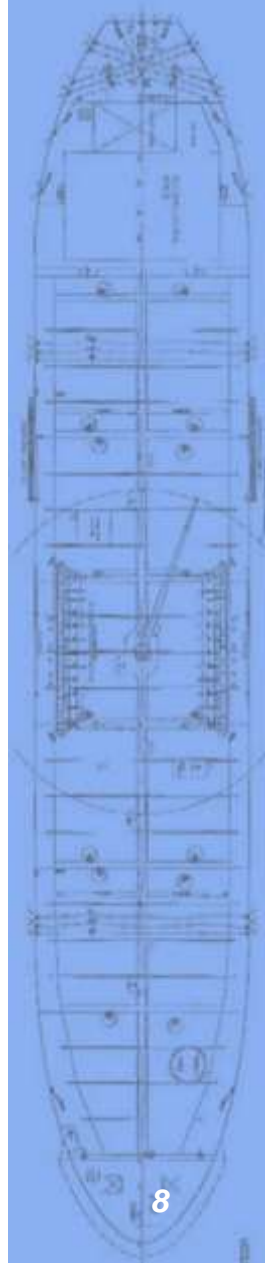
### Expiry Of Current Charters

### Rates



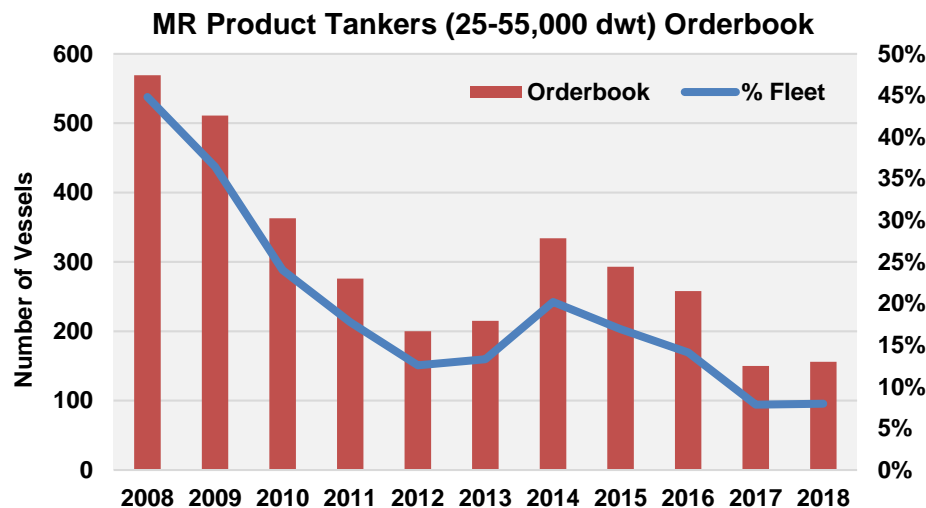
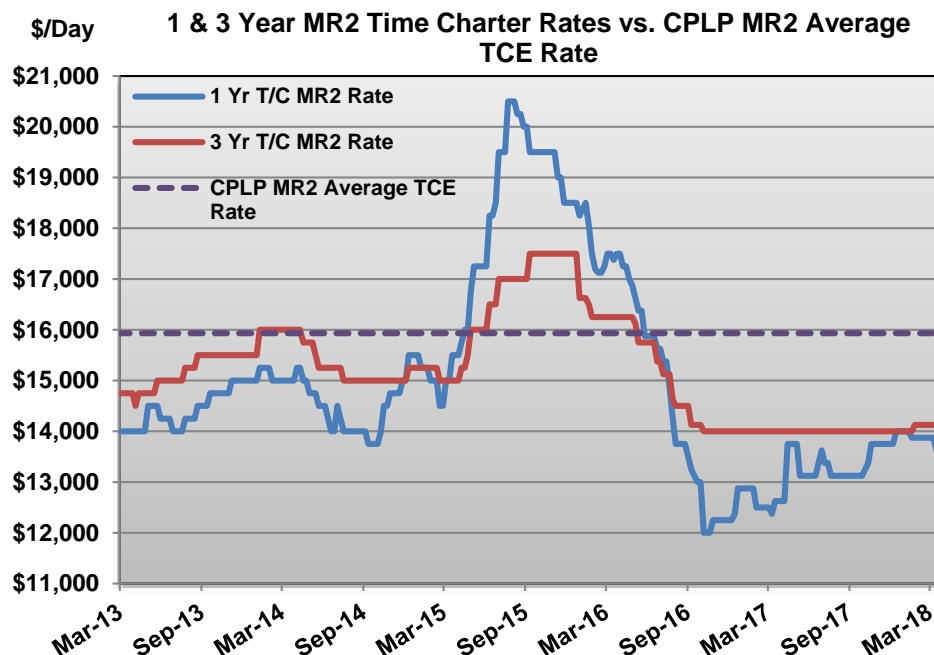
Revenue Weighted Average Remaining Charter Duration: 5.0 Years

<sup>1</sup> Bareboat. <sup>2</sup> \$23,480pd between July 18, 2016 to December 31, 2019 <sup>3</sup> \$8,250 through May 2018. <sup>4</sup> M/T 'Active' fixed for 50-90 days at \$15,550 gross per day or 6+6 months at \$15,000 / \$16,000 gross per day. Option to be declarable by charterer in May / June 2018.



# Product Tanker Market Overview

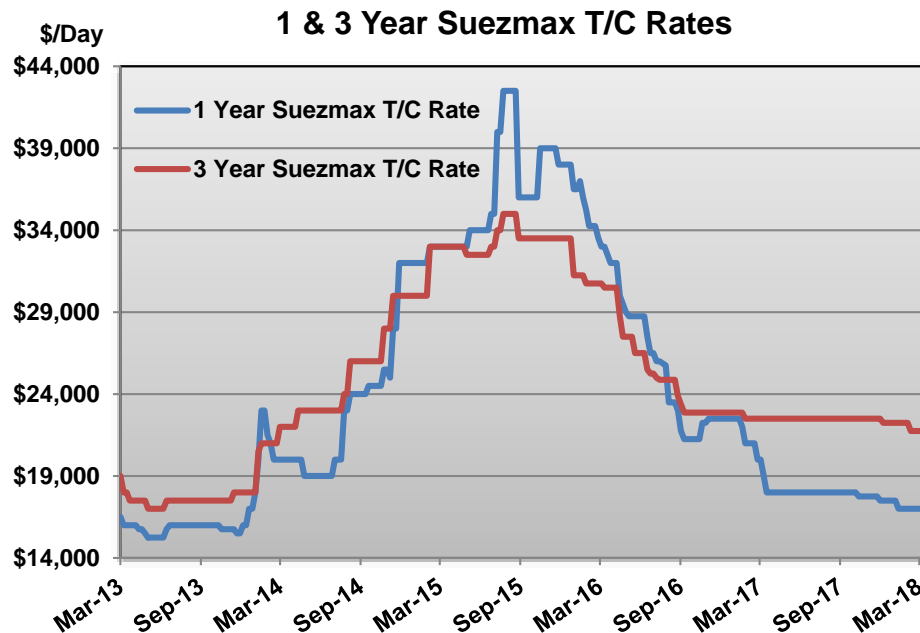
- MR spot charter rates remained below historical average levels during 1Q2018:
- Refinery maintenance and inventories drawdowns.
- Lower product exports from China.
- Period rates remained flat, but decreased activity compared to 4Q2017.
- Improving fundamentals to support the market going forward:
  - Inventory normalization.
  - Refinery capacity expansion East of Suez increasing tonne/miles.
  - Orderbook for MR product tankers close to record low levels at 8.0% of total fleet.
  - Reduction of product tanker newbuilding capacity.
  - Slippage at 34% (1Q2018).
- Product tanker dwt supply to grow by 1.4% in 2018, the lowest since 2000, vs. demand growth of 3.6%.



Source: Clarksons, EIA, IEA

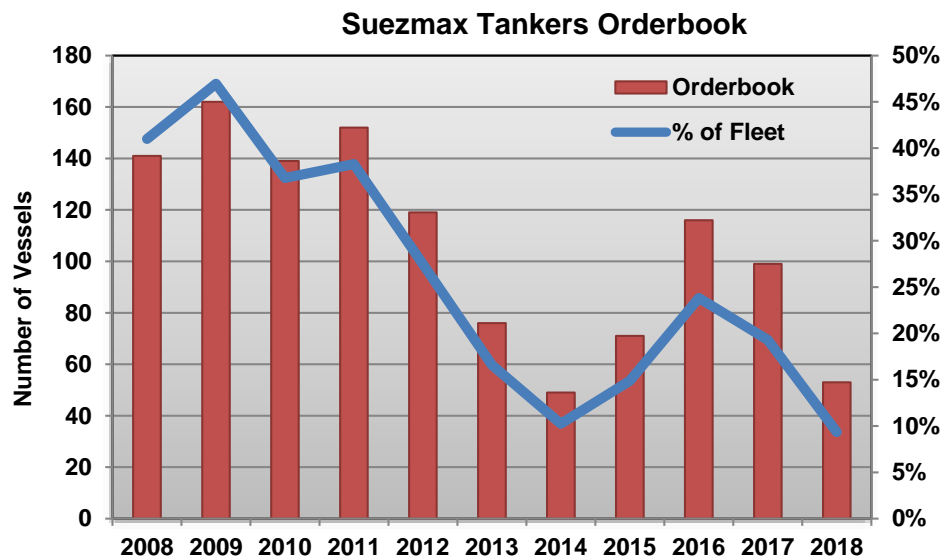
# Suezmax Tanker Market Overview

- Suezmax spot rates declined in 1Q2018 to the lowest level since 3Q1992 due to:
- High tonnage availability following record deliveries in 2017.
- OPEC/Non-OPEC's oil production cut agreements reducing activity.
- Inventories destocking.
- Solid Chinese crude imports partially ameliorated pressure on rates.
- Rates for period close to historical lows with very little liquidity.
- World oil demand growth estimated at 1.5 mb/d for 2018.
- Suezmax tanker orderbook through 2021 corresponding to 9.3% of current fleet.
- No new orders placed in 1Q2018.
- Slippage at 23% for 1Q2018.
- Strong tanker demolition activity: 7.9 million dwt scrapped in 1Q2018.
- Suezmax tanker dwt demand forecast to grow by 5.1% in 2018.



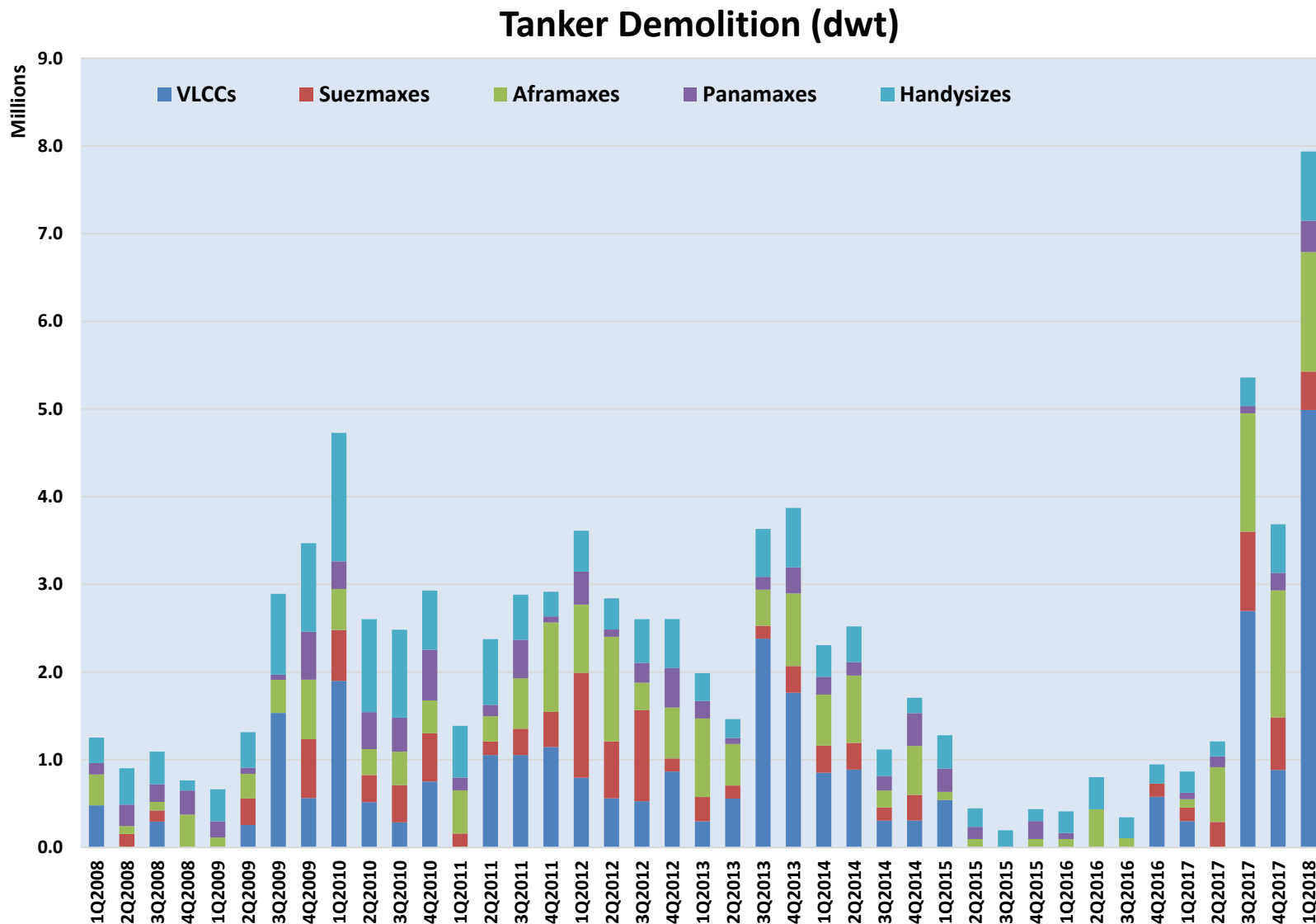
**Suezmax T/C Rates – 10 Year Average**

1-Year Rate	\$25,857
3-Year Rate	\$26,318

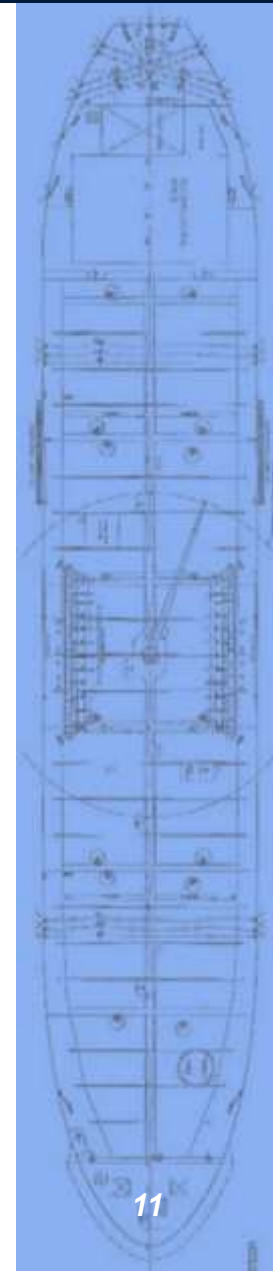


Source: Clarksons, IEA

# Strong Tanker Demolition Activity

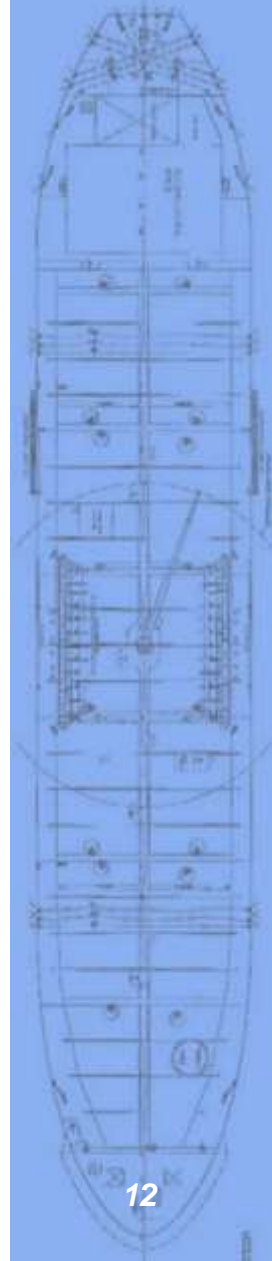


■ Tanker demolition reached 7.9 million dwt in 1Q2018, the highest level since 3Q1982.

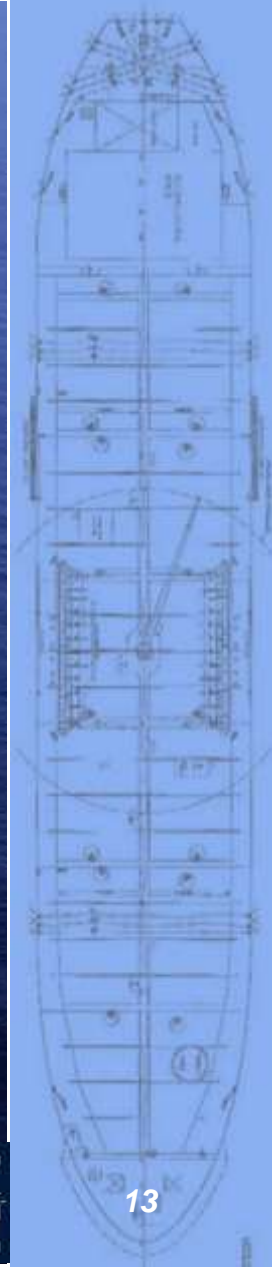


# Common Unit Distribution Outlook

- **Common Unit Distribution level well underpinned by:**
  - **Vessel acquisitions with long term time charters attached at attractive rates.**
  - **Strong balance sheet with net debt to cap ratio at 30.5%.**
  - **Solid Common Unit Coverage after capital reserve and Class B distributions: 1.2x over last four quarters.**
  - **66% charter coverage of available days for 2018 and 5.0 years remaining charter duration.**
  - **Modern, high specification fleet with cost efficient manager with excellent track record and fully vetted for period business.**
  - **Long term positive tanker fundamentals.**



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