

# Second Quarter 2016 Earnings Presentation

July 29, 2016

## Capital Product Partners L.P.



PRODUCT PARTNERS L.P.

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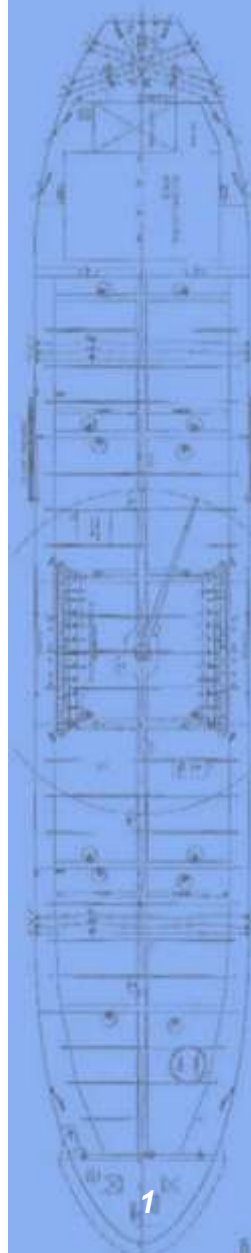
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# Forward Looking Statements

This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect CPLP's 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, our ability to repay external debt, future earnings, our expectations regarding employment of our vessels, redelivery dates and charter rates, fleet growth, as well as market and charter rate expectations, charterer's performance, and our expectations or objectives regarding future distribution amounts, cash reserves our ability to pursue growth opportunities and grow our distributions and annual distribution guidance, 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.

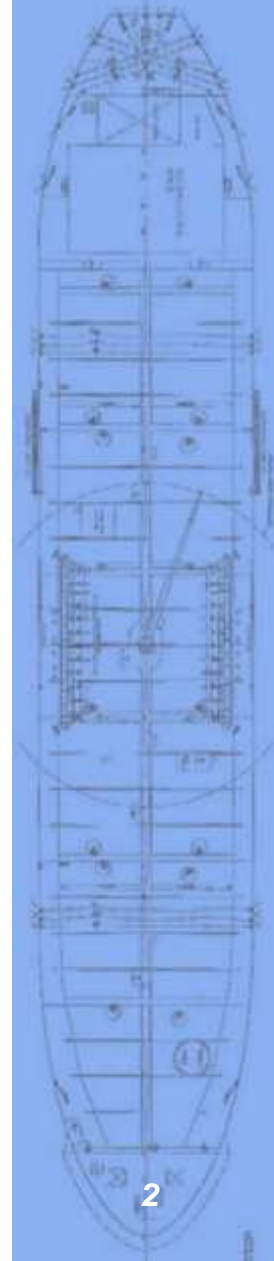
Factors that could cause actual results to be materially different include those set forth in the "Risk Factors" section of our annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. Unless required by law, we expressly disclaim any obligation to update or revise any of these 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)



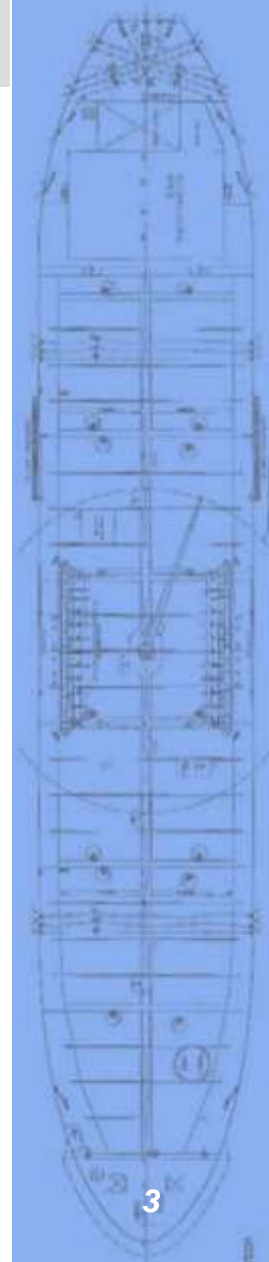
# Second Quarter 2016 Highlights

- Cash distribution for 2Q2016 of \$0.075 per common unit and \$0.21375 per class B unit.
- 2.1x common unit distribution coverage after accounting for the \$14.6 million in capital reserves and the Class B unit distributions.
- Net income for 2Q2016: \$14.9 million.
- Agreed with Hyundai Merchant Marine ('HMM') a 20% reduction of the charter hire rate until end 2019 for the five vessels currently employed with HMM as part of its restructuring process. The Partnership will receive 4.4 million HMM common shares as compensation for the charter-hire loss.
- M/T 'Miltiadis M II' and M/T 'Amore Mio II' commenced their dry-docking in 2Q2016. Expected to be completed in 3Q2016.
- M/T 'Miltiadis M II' and M/T 'Amore Mio II' employed with CMTC for 10-12 months.
- Average remaining charter duration 5.9 years with 94% charter coverage for 2016 and 75% charter coverage for 2017.



# Statements Of Comprehensive Income

(\$ In Thousands)



	For the Three- Month Period Ended <u>June 30, 2016</u>	For the Three- Month Period Ended <u>June 30, 2015</u>
Revenues	\$52,419	\$37,216
Revenues – related party	8,485	17,297
<b>Total Revenues</b>	<b>60,904</b>	<b>54,513</b>
<b>Expenses:</b>		
Voyage expenses	2,160	1,367
Voyage expenses – related party	88	117
Vessel operating expenses	15,972	14,824
Vessel operating expenses – related party	2,685	2,908
General and administrative expenses	1,456	1,336
Depreciation & amortization	17,937	15,038
<b>Operating income</b>	<b>20,606</b>	<b>18,923</b>
Other income (expense), net		
Interest expense and finance cost	(5,962)	(4,829)
Other income	229	15
<b>Total other expense, net</b>	<b>(5,733)</b>	<b>(4,814)</b>
<b>Partnership's net income</b>	<b>\$14,873</b>	<b>\$14,109</b>

# Operating Surplus For Calculation Of Unit Distribution

(\$ In Thousands)

	For the Three-Month Period Ended June 30, 2016		For the Three-Month Period Ended March 31, 2016	
Net income		\$14,873		\$12,102
<b>Adjustments to net income</b>				
Depreciation and amortization <sup>(1)</sup>	18,423		18,265	
Amortization of above market acquired charters and straight line revenue adjustments	3,305		2,404	
<b>OPERATING SURPLUS PRIOR TO CAPITAL RESERVE AND CLASS B PREFERRED UNITS DISTRIBUTION</b>		<b>\$36,601</b>		<b>\$32,771</b>
Capital reserve		(14,644)		(14,644)
Class B preferred units distribution		(2,775)		(2,775)
<b>ADJUSTED OPERATING SURPLUS</b>		<b>\$19,182</b>		<b>\$15,352</b>
Increase in recommended reserves		(9,968)		(6,138)
<b>AVAILABLE CASH</b>		<b>\$9,214</b>		<b>\$9,214</b>

**Common Unit Coverage: 2.1x**

<sup>(1)</sup> Depreciation and amortization line item includes the following components: Vessel depreciation and amortization; and amortization of deferred financing costs and equity compensation expense.

# Strong Balance Sheet

(\$ In Thousands)

	<u>As Of June 30, 2016</u>	<u>As Of December 31, 2015</u>
<b>Assets</b>		
<b>Total Current Assets</b>	66,805	99,824
<b>Total Fixed Assets</b>	1,369,854	1,333,657
<b>Other Non-Current Assets</b>	120,531	122,394
<b>Total Assets</b>	<b>\$1,557,190</b>	<b>\$1,555,875</b>
<b>Liabilities and Partners' Capital</b>		
<b>Total Current Liabilities</b>	\$57,125	\$61,246
<b>Total Long-Term Liabilities</b>	578,887	556,809
<b>Total Partners' Capital</b>	921,178	937,820
<b>Total Liabilities and Partners' Capital</b>	<b>\$1,557,190</b>	<b>\$1,555,875</b>

**Low Leverage: Net Debt<sup>(1)</sup>/Capitalization: 34.6%**

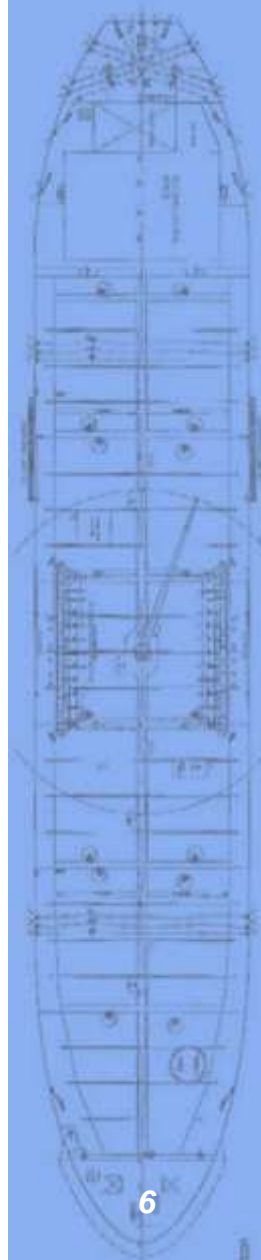
<sup>(1)</sup> Debt gross of unamortized debt discount

# HMM Restructuring

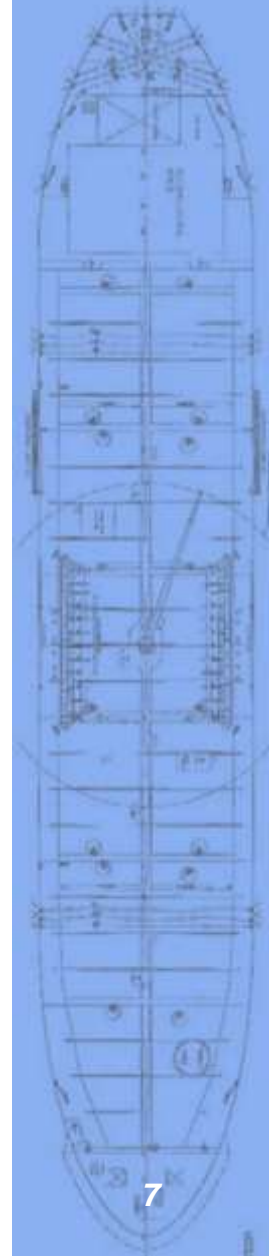
- HMM successfully concluded an out of court restructuring agreement with its creditors and vessel owners and signed an MOU to join the '2M Alliance' (Maersk Line and MSC) from April 2017 onwards.
- As part of the restructuring plan, CPLP agreed a charter rate reduction of 20% to \$23,480 gross per day for its five containers chartered to HMM from July 18, 2016 to December 31, 2019. Charter rate to be restored thereafter to \$29,350 gross per day until charter expiration in 2024/2025.
- The Partnership will receive 4,398,910 HMM shares as compensation for the charter hire loss, which will be freely tradeable on the Stock Market Division of the Korean Exchange from August 5, 2016 onwards.

## CPLP CONTAINER VESSELS CHARTERED TO HMM

VESSEL NAME	CAPACITY	BUILT	REVISED GROSS CHARTER RATE	
			18/JUL/16 – 31/DEC/19	1/JAN/2020 – 2024/2025
HYUNDAI PRESTIGE	5,023 TEU	2013	\$23,480	\$29,350
HYUNDAI PRIVILEGE	5,023 TEU	2013	\$23,480	\$29,350
HYUNDAI PLATINUM	5,023 TEU	2013	\$23,480	\$29,350
HYUNDAI PREMIUM	5,023 TEU	2013	\$23,480	\$29,350
HYUNDAI PARAMOUNT	5,023 TEU	2013	\$23,480	\$29,350



# Fleet Developments



Name	DWT	Built	Gross Rate (Per Day)	Charterer	Earliest Charter Expiry
M/T Miltiadis M II	162,397	2006	\$25,000		June 2017
M/T Amore Mio II	159,982	2001	\$21,000		June 2017
M/T Agisilaos	36,760	2006	\$19,000		November 2018

- Fixed the M/T Miltiadis M II and the M/T Amore Mio II to our sponsor, Capital Maritime, for 10-12 months at \$25,000 and \$21,000 gross per day, respectively.
- Replaced the M/T Arionas with the M/T Agisilaos under the charter to Flopec at \$19,000 per day gross, as the M/T Arionas is scheduled to undergo its special survey by November 2016.



# Strong Charter Coverage At Attractive Rates

## Charter Profile

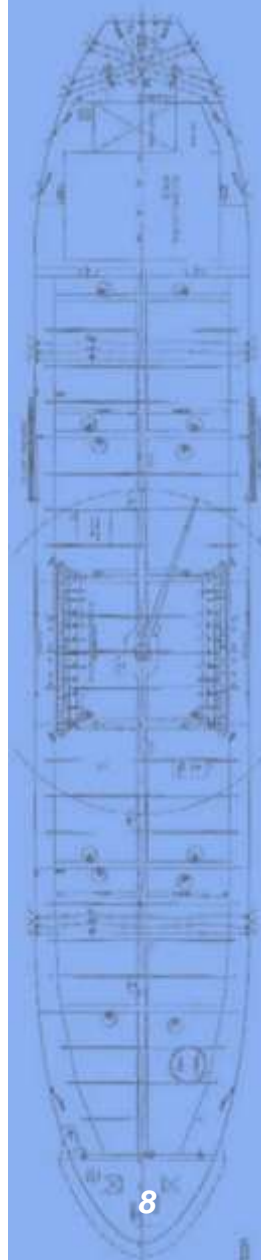
### Expiry Of Current Charters

### Rates

Vessel Type	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Gross Rate
Product tanker	Arionas					Voyage <sup>3</sup>
Product tanker	Alkiviadis					\$15,125
Product tanker	Atlantas					\$7,250 <sup>1</sup>
Product tanker	Aktoras					\$7,250 <sup>1</sup>
Product tanker	Aristotelis					\$19,000
Crude tanker	Amoureux					\$29,000
Containership	Archimidis					\$8,950
Containership	Agamemnon					\$8,950
Product tanker	Active					\$17,700
Product tanker	Amadeus					\$17,000
Crude tanker	Miltiadis M II					\$25,000
Crude tanker	Amore Mio II					\$21,000
Product tanker	Alexandros II					\$6,250 <sup>1</sup>
Product tanker	Aiolos					\$7,000 <sup>1</sup>
Product tanker	Ayrton II					\$18,000
Crude tanker	Aias					\$26,500
Product tanker	Assos					\$15,400
Product tanker	Avax					\$15,400
Product tanker	Aristotelis II					\$6,250 <sup>1</sup>
Product tanker	Axios					\$15,400
Product tanker	Aris II					\$6,250 <sup>1</sup>
Product tanker	Atrotos					\$17,750
Product tanker	Agisilaos					\$19,000
Product tanker	Apostolos					\$17,750
Product tanker	Anemos I					\$17,750
Product tanker	Akeraios					\$17,750
Containership	CMA CGM Amazon					\$39,250
Dry Bulk	Cape Agamemnon					\$42,200
Containership	CMA CGM Uruguay					\$39,250
Containership	CMA CGM Magdalena					\$39,250
Containership	Hyundai Prestige					\$29,350 <sup>2</sup>
Containership	Hyundai Premium					\$29,350 <sup>2</sup>
Containership	Hyundai Paramount					\$29,350 <sup>2</sup>
Containership	Hyundai Privilege					\$29,350 <sup>2</sup>
Containership	Hyundai Platinum					\$29,350 <sup>2</sup>

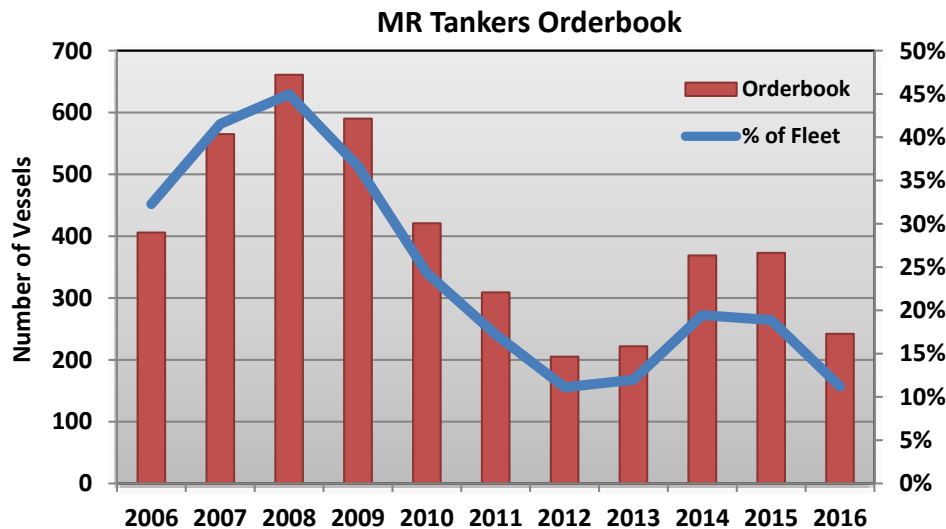
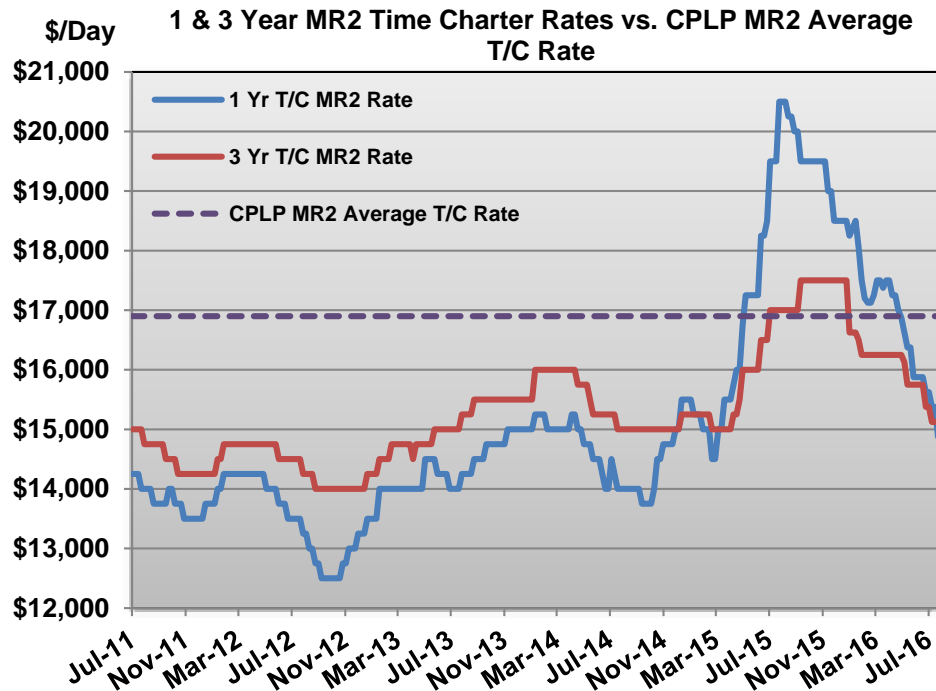
Revenue Weighted Average Remaining Charter Duration: 5.9 Years

<sup>1</sup> Bareboat. <sup>2</sup> \$23,480 applies for 18 July 2016 - 31 Dec 2019. <sup>3</sup> Voyage employment until vessel passes special survey.



# Product Tanker Market Overview

- MR spot charter rates weaker in 2Q2016 vs. 1Q2016.
- Market driven lower by softer demand and increasing vessel supply:
- High product inventories limiting imports.
- Lack of arbitrage opportunities.
- Increased vessel deliveries: 6.1% y-o-y net fleet growth as at the end of the quarter.
- Strong U.S. product exports and firm Latin America demand supported rates.
- Active period market, but rates at lower levels as a result of the softer spot market.
- Demand and supply dynamics expected to gradually improve on the back of:
  - Limited new contracting activity with only 5 MRs ordered in 1H2016.
  - Orderbook for MR tankers at 11.2% of total fleet, lowest since 2000.
  - Structural reforms in China's refining sector and refinery capacity expansion East of Suez boosting product trade.
- Overall, product tanker dwt demand projected to grow by 3.8% in 2016.
- High slippage of 26% (1H/2016).

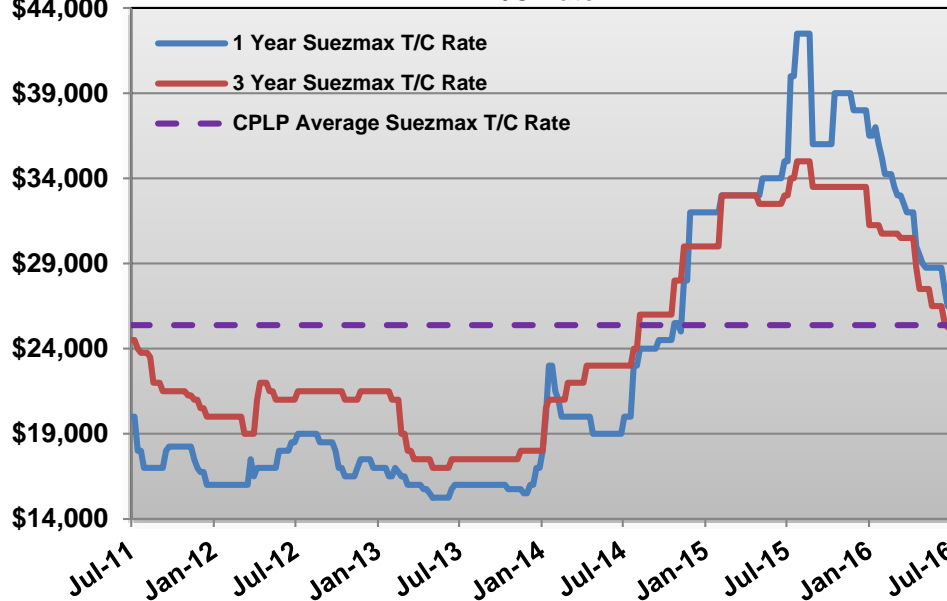


T/C Rates	10-Year Average
1-Year T/C MR Rate	\$17,391
3-Year T/C MR Rate	\$17,069

# Suezmax Tanker Market Overview

- Softer Spot Suezmax market in 2Q2016 due to seasonally weaker demand.
- Chartering activity also negatively affected by oil supply disruptions in Nigeria.
- Increased supply adding pressure on the market – 56 crude vessels deliveries in 1H/2016 vs. 36 in 1H2015.
- Rising crude exports from Iran and firm Chinese demand supported the market.
- Lower demand for period business due to weaker spot rates.
- World oil demand growth estimated at 1.4 mb/d in 2016, according to the IEA.
- Suezmax tanker orderbook through 2019 corresponding to 21.6% of current fleet.
- Limited new ordering: 6 Suezmax new orders in 1H/2016 vs 23 in 1H2015.
- High slippage at 37% (1H/2016).

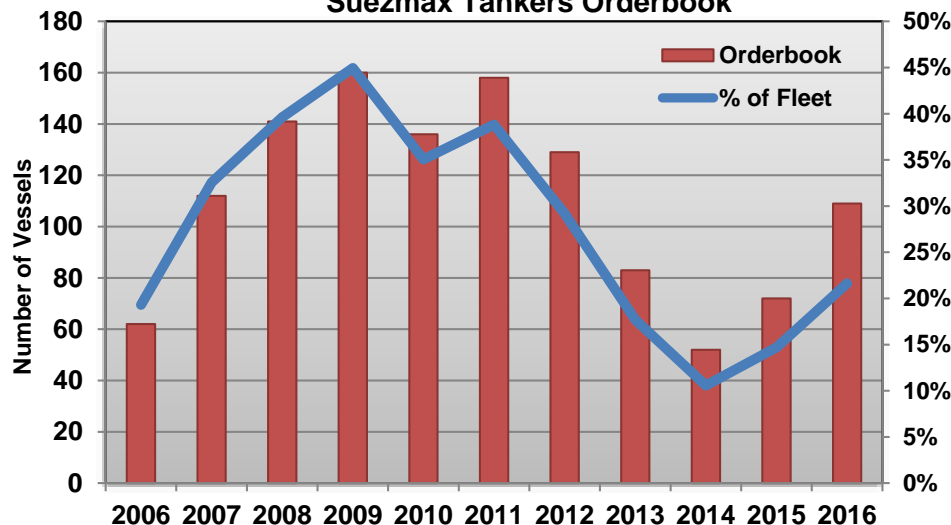
1 & 3 Year Suezmax T/C Rates vs. CPLP Suezmax Average T/C Rate



Suezmax T/C Rates – 10 Year Average

1-Year Rate	\$30,086
3-Year Rate	\$29,006

Suezmax Tankers Orderbook



# Distribution Guidance

- Established in 1Q2016 quarterly capital reserve of \$14.6 million, to provide for debt repayments between 2016-2018:

(in \$millions)	Debt amortization (full year)				
Credit Facility	2016	2017	2018	2019	Thereafter
HSH (2007 credit facility)	-	13.0	51.9	121.1	-
HSH (2008 credit facility)	-	9.2	36.8	135.6	-
Credit Agricole ( 2011 credit facility)	-	1.0	13.0	-	-
ING (2013 credit facility)	17.4 <sup>(1)</sup>	17.4	17.4	17.4	155.6
<b>Total</b>	<b>17.4</b>	<b>40.6</b>	<b>119.1</b>	<b>274.1</b>	<b>155.6</b>

\$177.1 million

- Successful restructuring of HMM is expected to translate into solid common unit distribution coverage going forward after accounting for the capital reserve.
- Potential for upward revision of distribution guidance if:
  - Improved access to capital markets
  - Refinancing our debt obligations under favorable terms
  - Accretive transactions expanding our asset base and increasing the long-term distributable cash flow of the Partnership

(1) \$8.7 million repaid since the beginning of 2016

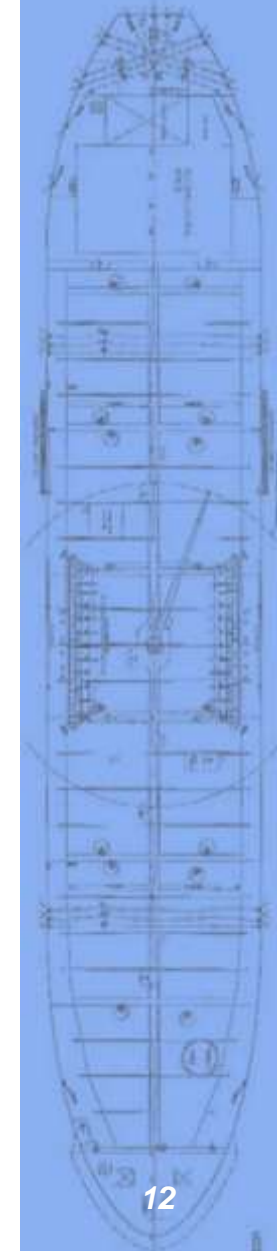
# CPLP Dropdown Opportunities

## OPTIONAL VESSELS (CPLP HOLDS RIGHT OF FIRST REFUSAL)

VESSEL NAME	TYPE	CAPACITY	(EXPECTED) DELIVERY	YARD	NOTE
AMOR	ECO IMO II/III CHEMICAL/PRODUCT TANKER	50,000 DWT	SEP-2015	SAMSUNG	FACILITY WITH DROPDOWN OPTION INTO CPLP AT 50% LTV AND 2 YEARS NON AMORTIZING PERIOD
ATHLOS		50,000 DWT	JAN-2016	SAMSUNG	
ALKAIOS		50,000 DWT	APR-2016	SAMSUNG	
ANIKITOS		50,000 DWT	JUN-2016	SAMSUNG	
ARCHON		50,000 DWT	OCT-2016	SAMSUNG	
AMFITRION		50,000 DWT	DEC-2016	SAMSUNG	
AISON		50,000 DWT	JAN-2017	SAMSUNG	
AGON		50,000 DWT	FEB-2017	SAMSUNG	

## OTHER CMTc CONTROLLED DROPDOWN CANDIDATES

VESSEL NAME	TYPE	CAPACITY	(EXPECTED) DELIVERY	YARD	NOTE
MILTADIS JUNIOR	ECO CRUDE TANKER	320,000 DWT	JUN-2014	SWS	
APOLLONAS		300,000 DWT	JAN-2016	DAEWOO	
ATROMITOS		300,000 DWT	APR -2016	DAEWOO	FACILITY WITH DROPDOWN OPTION INTO CPLP AT 50% LTV AND NON AMORTIZATION UNTIL THE END OF MARCH 2018
ARISTAIOS		112,800 DWT	DEC-2016	DAEHAN	5 YEAR CHARTER
ARISTOKLIS		112,800 DWT	JAN-2017	DAEHAN	5 YEAR CHARTER
AISOPOS II		ECO CONTAINER	2,000 TEU	AUGUST 2016	STX/COSCO DALIAN



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