



Third Quarter 2018 Earnings Presentation

October 31, 2018

Capital Product Partners L.P.



PRODUCT PARTNERS L.P.

www.capitalpplp.com

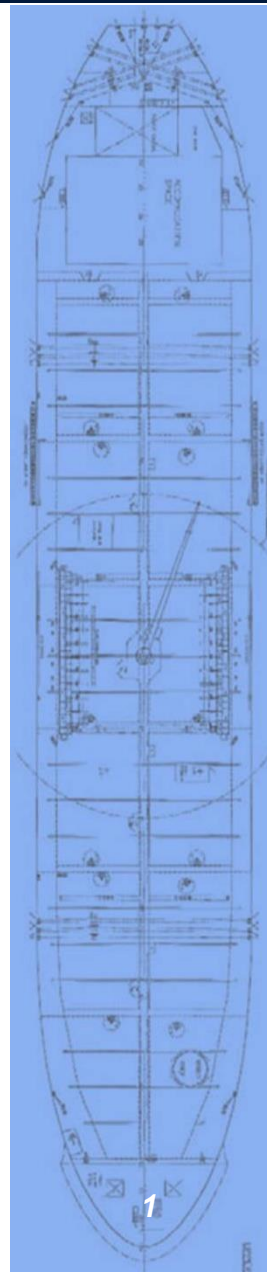
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Forward Looking Statements

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.

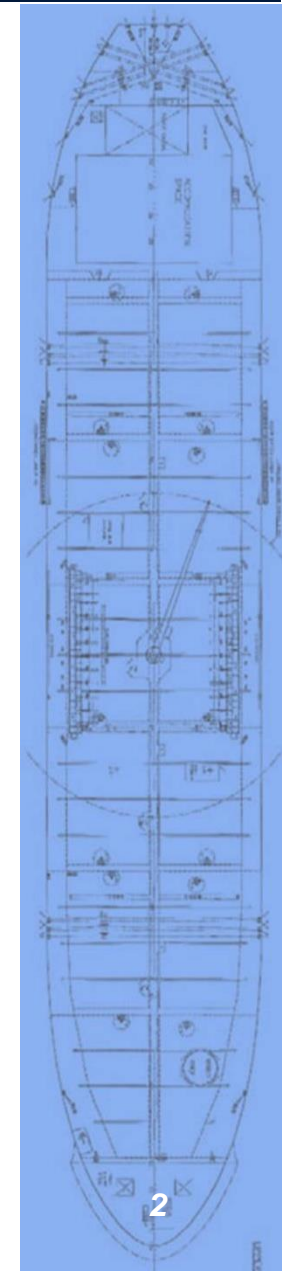
Factors that could cause actual results to be materially different include those set forth in the "Risk Factors" section of our annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. Unless required by law, we expressly disclaim any obligation to update or revise any of these 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:
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Third Quarter 2018 Highlights

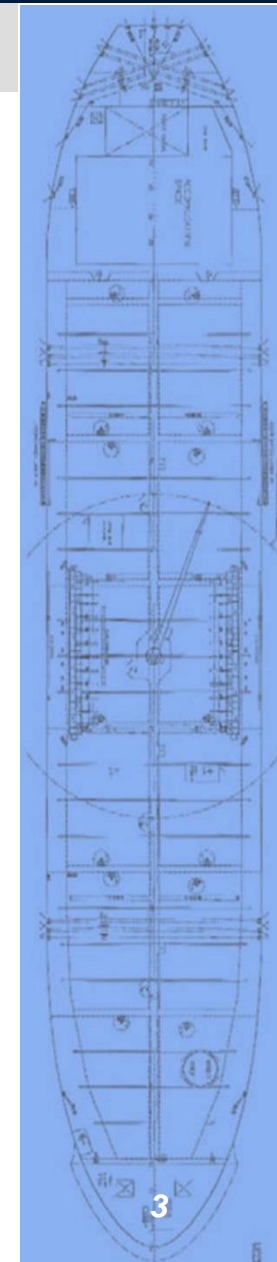
- Cash distribution of \$0.08 per common unit and \$0.21375 per class B unit.
- Net income of \$6.2 mil for 3Q2018 excluding \$28.8 mil impairment charge.
- 1.1x common unit distribution coverage after the revised Capital Reserve of \$13.6 mil per quarter and Class B distributions.
- Plan to equip up to 14 vessels with exhaust gas cleaning systems (“EGCS” or “Scrubbers”).
- Secured an increase of \$4,900pd for the 5 x 5,000 TEU vessels on charter to Hyundai Merchant Marine (“HMM”) against installation of scrubbers.
- Sale of the M/T ‘Amore Mio II’ for a total consideration of \$11.2 million.
- Extended the M/T ‘Aktoras’ for an additional year at \$12,000 gross per day.
- Average remaining charter duration 4.7 years with 78% and 63% charter coverage for the remainder of 2018 and 2019, respectively.



Statements Of Comprehensive Income

(\$ In Thousands)

	For the Three-Month Period Ended <u>September 30, 2018</u>	For the Three-Month Period Ended <u>September 30, 2017</u>
Revenues	\$72,087	\$51,540
Revenues – related party	1,335	11,139
Total Revenues	73,422	62,679
Expenses:		
Voyage expenses	14,681	4,260
Vessel operating expenses	22,578	18,473
Vessel operating expenses – related party	3,293	2,970
General and administrative expenses	1,339	1,587
Vessel depreciation and amortization	18,592	18,544
Vessels' impairment charge	28,805	-
Operating (loss)/income	(15,866)	16,845
Other income / (expense), net:		
Interest expense and finance cost	(6,944)	(7,485)
Interest and other income	181	291
Total other expense, net	(6,763)	(7,194)
Partnership's net (loss)/income	(\$22,629)	\$9,651

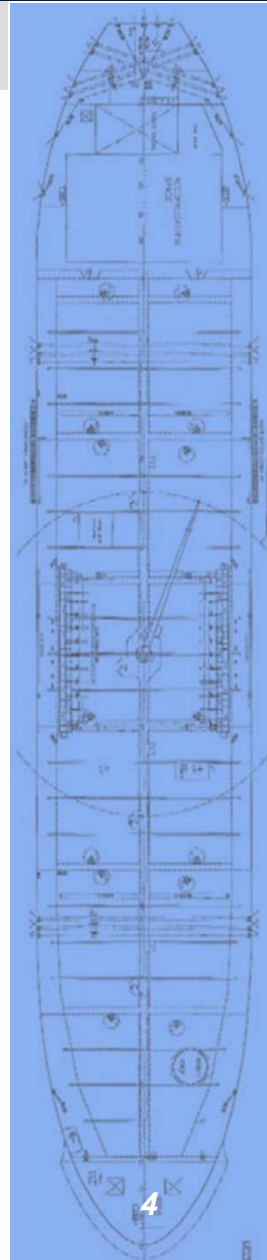


Operating Surplus For Calculation Of Unit Distribution

(\$ In Thousands)

	For the Three-Month Period Ended September 30, 2018		For the Three-Month Period Ended June 30, 2018	
Partnership's net (loss)/income		(\$22,629)		\$4,027
Adjustments to net income				
Depreciation and amortization	19,102		19,462	
Amortization of above market acquired charters and straight line revenue adjustments	2,082		1,379	
Impairment of vessel	28,805		-	
OPERATING SURPLUS PRIOR TO CAPITAL RESERVE AND CLASS B PREFERRED UNITS DISTRIBUTION		\$27,360		\$24,868
Capital reserve		(13,597)		(13,208)
Class B preferred units distribution		(2,776)		(2,775)
OPERATING SURPLUS AFTER CAPITAL RESERVE AND CLASS B PREFERRED UNITS DISTRIBUTION		10,987		\$8,885
(Increase)/decrease in recommended reserves		(612)		1,490
AVAILABLE CASH		\$10,375		\$10,375

Common Unit Coverage: 1.1x



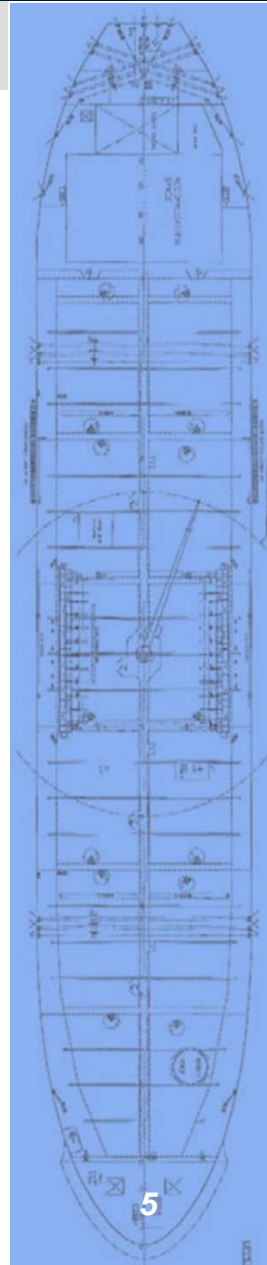
Strong Balance Sheet

(\$ In Thousands)

	As Of <u>September 30, 2018</u>	As Of <u>December 31, 2017</u>
Assets		
Total Current Assets	68,143	105,457
Total Fixed Assets	1,246,699	1,265,196
Other Non-Current Assets	93,439	95,563
Total Assets	\$1,408,281	\$1,466,216
Liabilities and Partners' Capital		
Total Current Liabilities	\$125,648	\$123,071
Total Long-Term Liabilities	401,409	409,740
Total Partners' Capital	881,224	933,405
Total Liabilities and Partners' Capital	\$1,408,281	\$1,466,216

Low Leverage: Net Debt⁽¹⁾/Capitalization: 31.0%

⁽¹⁾ Gross of deferred loan issuance costs



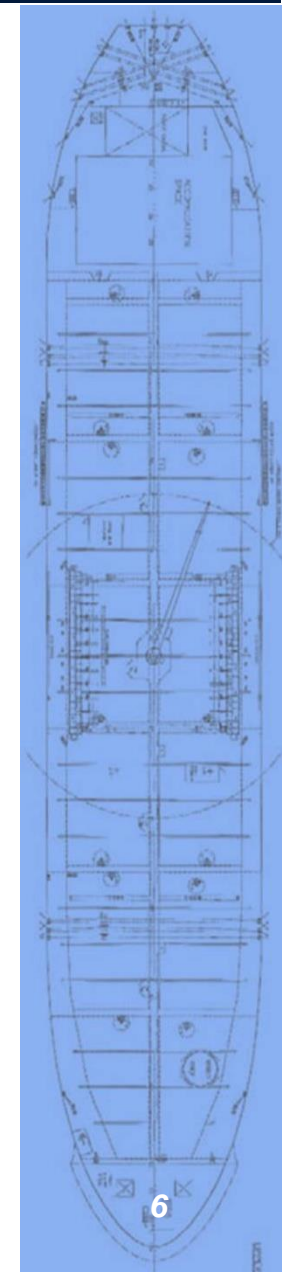
IMO 2020 Overview

■ Overview

- IMO 2020 regulation imposes a cap of 0.5% from 3.50% on maximum sulphur emissions for vessels globally.
- New limit comes into force on January 1, 2020.
- Vessels can meet new regulatory requirements by either using compliant fuel or through EGCS installation.

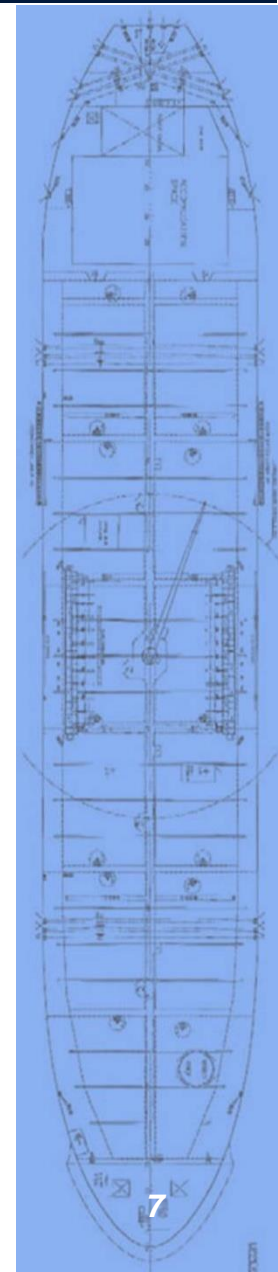
■ Expected impact on shipping:

- Increase in bunker prices at least until standardized compliant fuels become widely available.
- Removal of vessel capacity for installation of scrubbers predominantly in 2019 and 2020.
- Slow steaming and/or scrapping of older, less efficient vessels.
- Ability of shipowners to pass on the increased bunkers cost to charterers in the form of increased freight/hire rates dependent on market conditions.



CPLP Strategy For IMO 2020

- Continued focus on period market, where charterers pay for bunkers cost.
- EGCS Installation important for CPLP and especially on larger vessels, in order to:
 - I. Maintain appeal of our vessels to charterers for long term period post 2020.
 - II. Capture part of the bunker savings delivered to charters through the installation of EGCS.
 - III. Secure attractive returns, where possible on the EGCS CAPEX investment.
- Booked with a reputable Asian manufacturer the procurement of EGCS for up to 14 vessels.
- Final EGCS installation decision depending on charter profile and type of vessel.
- Financing of EGCS CAPEX under discussion pending order finalization.
- For 5 x 5,000TEU vessels already secured rate increase by \$4,900 to \$34,250 from \$29,350 gross per day⁽¹⁾ once scrubbers are installed or Jan 2020, whichever is later until end of the respective charter.
- HMM agreement implies repayment in less than 1.7 years for EGCS total installation cost.



⁽¹⁾ Under a restructuring agreement with HMM the charter rate is \$23,480pd until December 31, 2019 and it will be restored to its original level of \$29,350pd thereafter.

Fleet Developments Update

SALE OF THE M/T 'AMORE MIO II'

Vessel Name	Type	Capacity	Built	Yard	Dry-dock Due Date	Employment	Sale Price
Amore Mio II	Crude Oil Carrier	159,982 Dwt	Jun-01	Daewoo, South Korea	Jul-19	Spot	\$11.2 Million

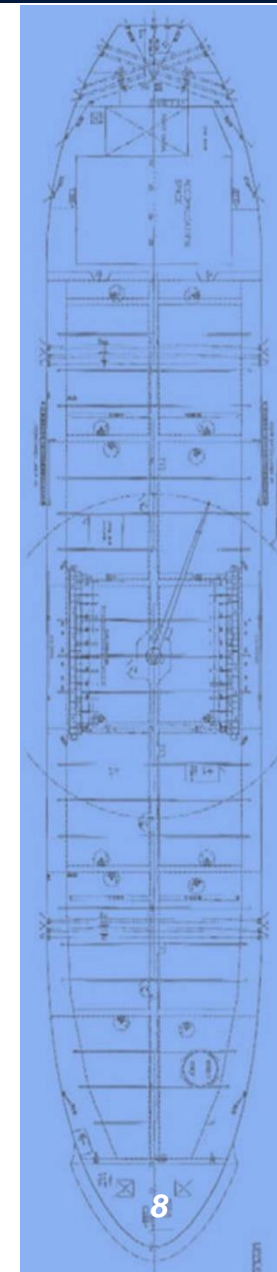
- Entered into an agreement for the sale of the M/T 'Amore Mio II' to a third party for the amount of \$11.2 million.
- Vessel delivered to its buyer on October 15, 2018.
- Recognized an impairment charge of \$28.8 million.
- Made a mandatory prepayment of \$5.9 million under our 2017 credit facility.
- Quarterly installment under the facility will be reduced by \$0.3 million beginning in the first quarter of 2019.

CHARTER EXTENSION

Vessel Name	Type	Capacity	Built	Yard	Employment	T/C Rate	Charter Expiry
Aktoras	IMO II/III Chemical Product Tanker	36,759 Dwt	Jul-06	Hyundai Mipo, South Korea	T/C	\$12,000 ¹	January-2020

- Extended the charter of the M/T 'Aktoras' with Shell for a year commencing in Jan-2019.

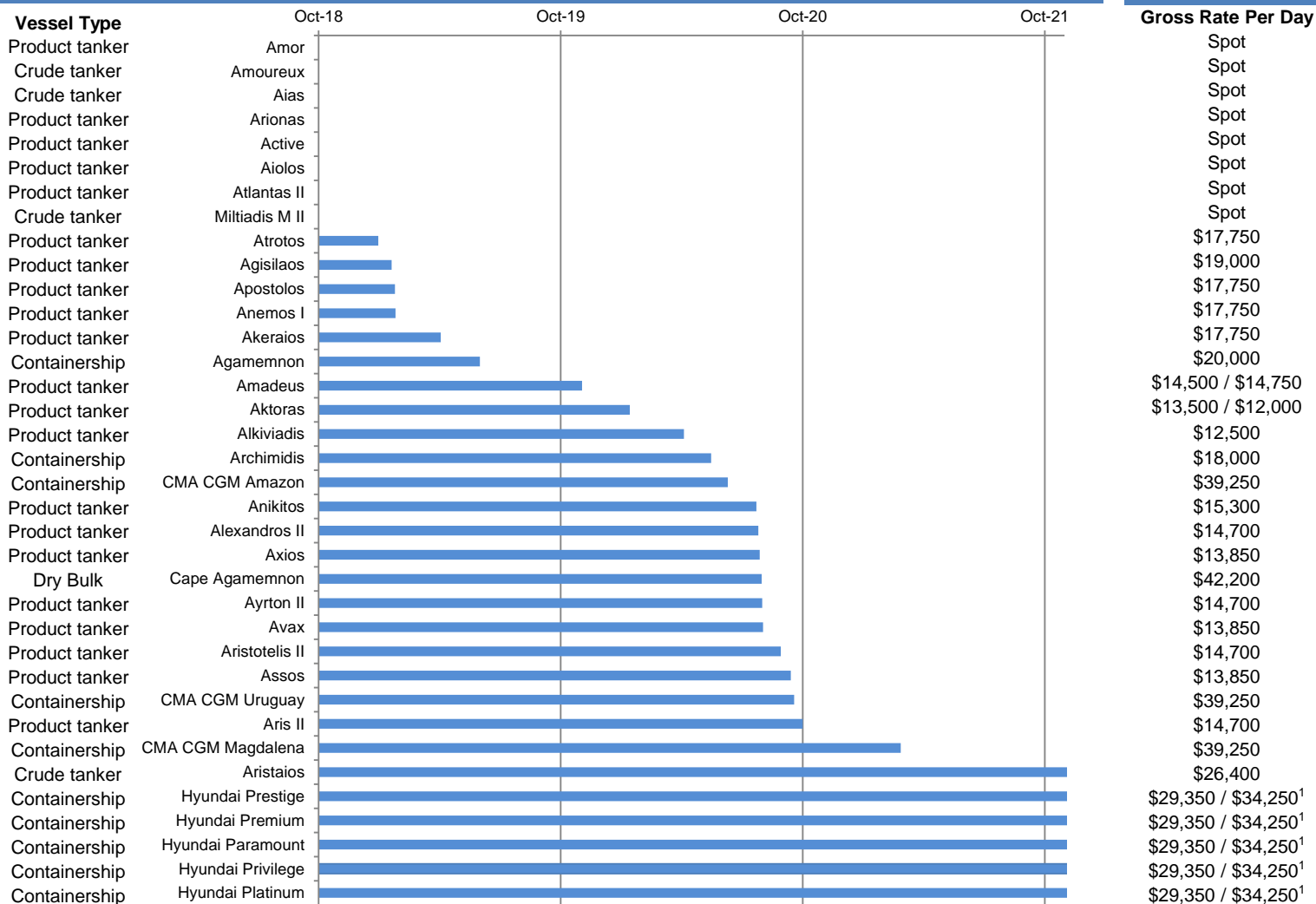
¹ Charter rate increases by \$275pd for coastal trading.



Strong Charter Coverage

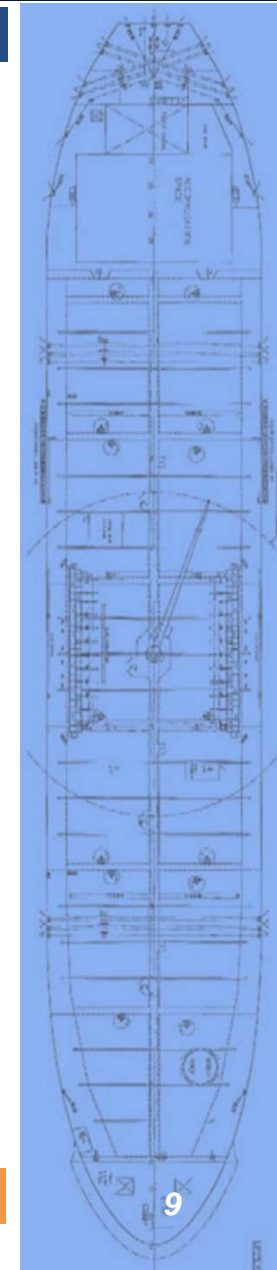
Charter Profile

Expiry Of Current Charters



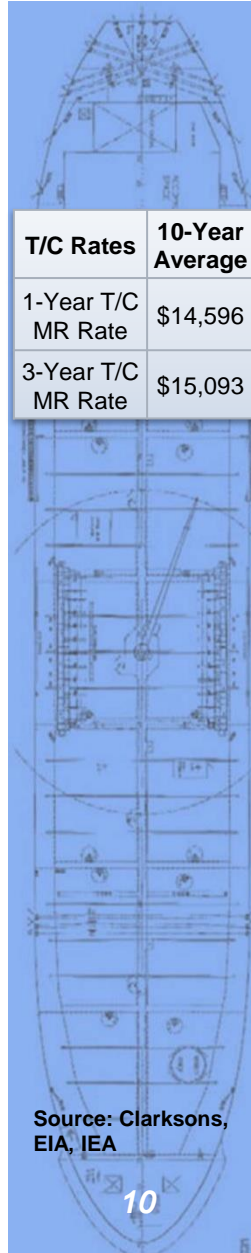
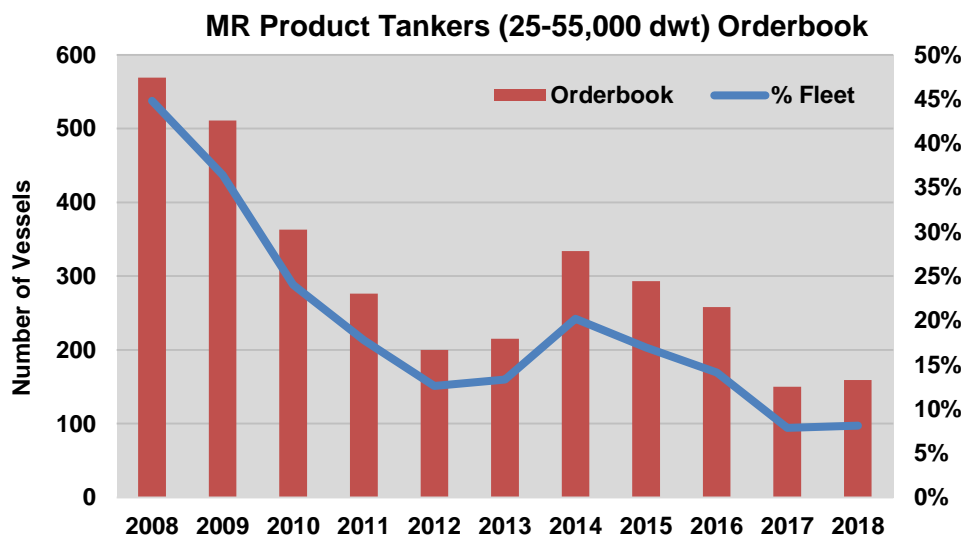
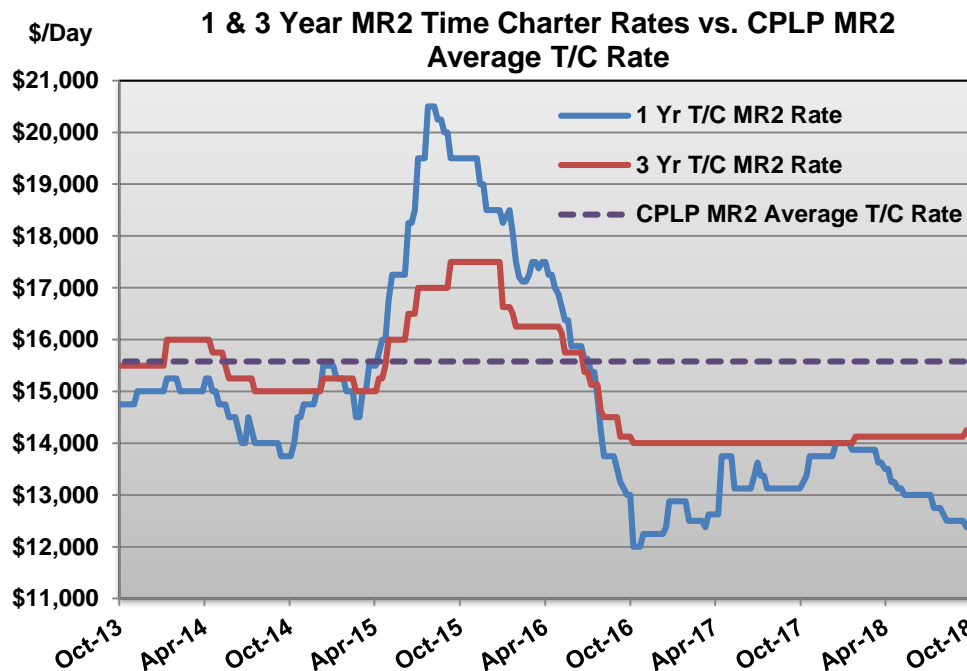
Revenue Weighted Average Remaining Charter Duration: 4.7 Years

¹ \$23,480pd between July 18, 2016 to December 31, 2019.



Product Tanker Market Overview

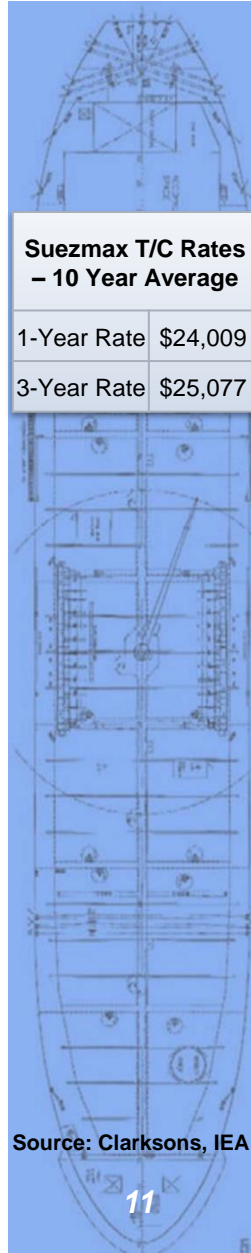
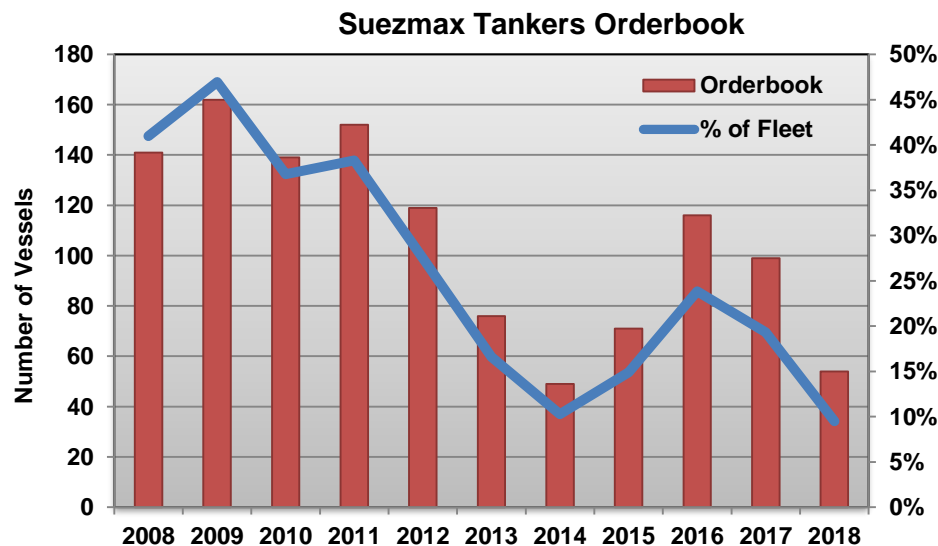
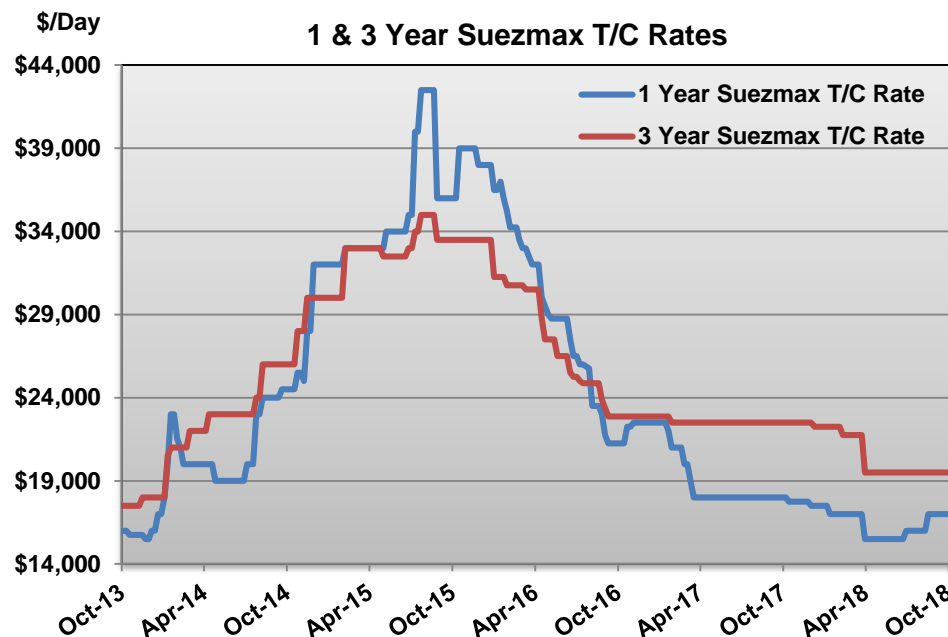
- MR spot charter rates at historical low levels during 3Q2018.
- Market remained oversupplied following net fleet growth of 6.2% and 4.2% in 2016 and 2017.
- U.S. product exports growth limited by high domestic demand and weaker demand in Latin America.
- Crude tanker newbuilds carrying clean cargoes reducing demand for product tankers.
- Increasing USAC gasoline imports provided some support to the market.
- Limited long period activity at historically low levels.
- Improving fundamentals to support the market going forward:
 - Refinery capacity expansion East of Suez increasing tonne/miles.
 - Orderbook for MR product tankers close to record low levels at 8.1% of total fleet.
 - Reduction of product tanker newbuilding capacity.
 - Slippage at 21% (9M2018).
 - Product tanker dwt demand to grow by 3.3% in 2019 vs. supply growth of 2.7%.



Source: Clarksons, EIA, IEA

Suezmax Tanker Market Overview

- Suezmax spot rates improved for second consecutive quarter but remained lackluster in 3Q2018.
- Seasonally weaker demand and oversupply squeezing rates.
- Refinery maintenance season in Europe.
- Market improved from late August onwards due to increasing OPEC production and U.S. crude exports.
- Rates for period close to historical lows with little liquidity.
- World oil demand growth estimated at 1.3 mb/d in 2018 and 1.4 mb/d in 2019.
- Suezmax tanker orderbook through 2021 corresponding to 9.5% of current fleet.
- Only four new orders placed in 9M2018.
- Strong demolition activity: 17 Suezmaxes scrapped in 9M2018.
- Suezmax tanker dwt demand forecast to grow by 2.2% in 2019 vs. supply growth of 1.9%.



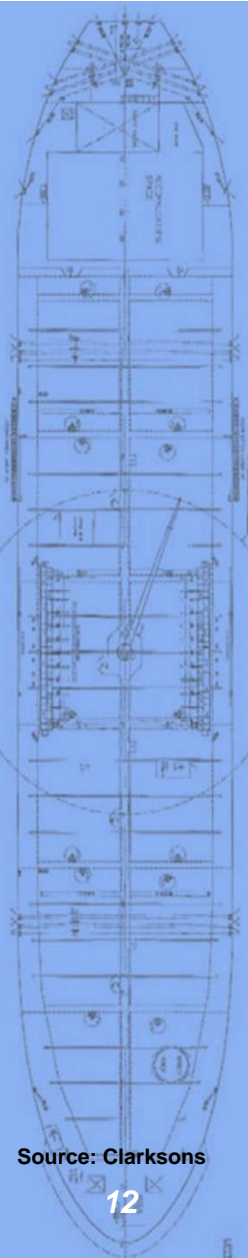
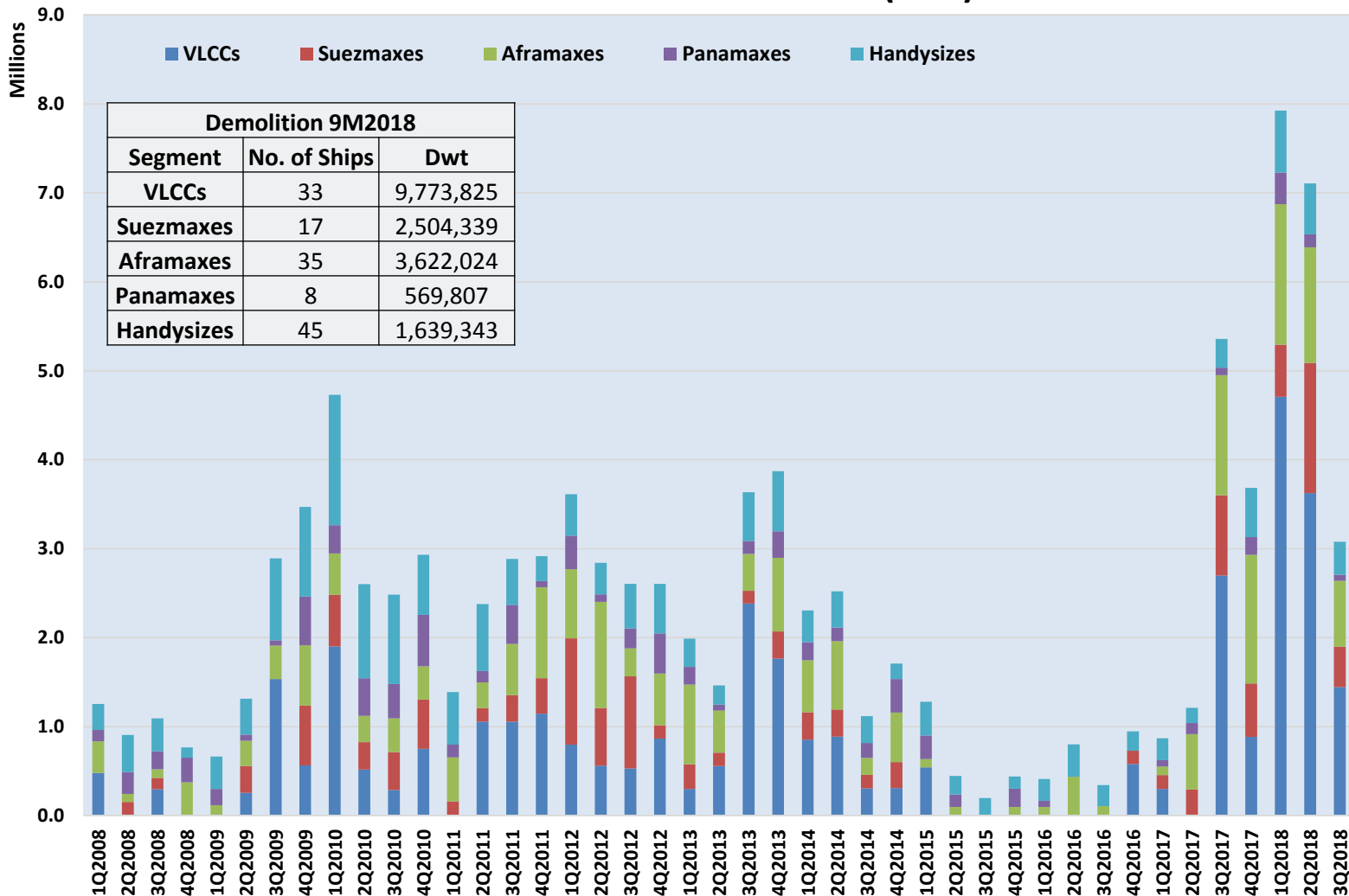
Suezmax T/C Rates – 10 Year Average

1-Year Rate	\$24,009
3-Year Rate	\$25,077

Source: Clarksons, IEA

Strong Tanker Demolition Activity

Tanker Demolition (dwt)



Source: Clarksons

■ Tanker demolition reached 18.1 million dwt in 9M2018, the highest level since 1985 for this period.

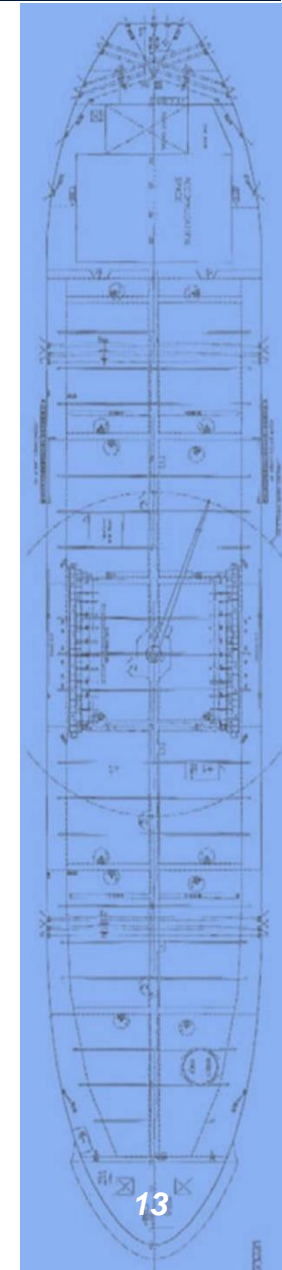
Dropdown Opportunities

OPTIONAL VESSELS (CPLP HOLDS RIGHT OF FIRST REFUSAL)

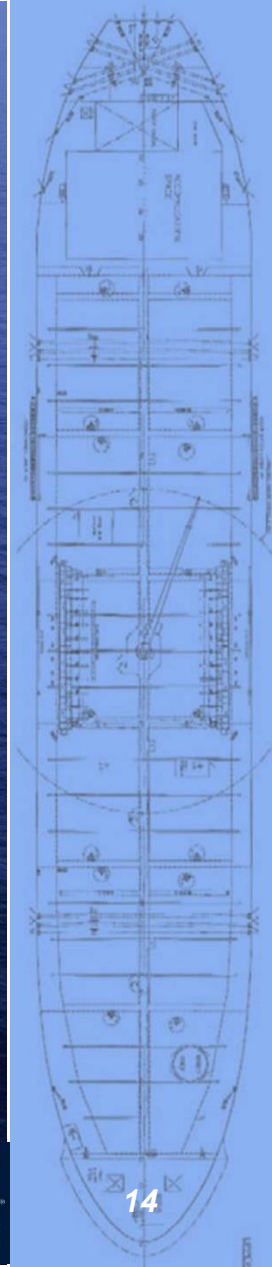
VESSEL NAME	TYPE	CAPACITY	BUILT	YARD	NOTE
ATHLOS	ECO IMO II/III CHEMICAL/PRODUCT TANKER	50,034 DWT	JAN-2016	SAMSUNG	FACILITY WITH DROPDOWN OPTION INTO CPLP AT 50% LTV AND 2 YEARS NON AMORTIZING PERIOD
ALKAIOS		50,137 DWT	MAR-2016	SAMSUNG	
ARCHON		50,099 DWT	SEP-2016	SAMSUNG	
AMFITRION		50,102 DWT	JAN-2017	SAMSUNG	

OTHER VESSELS WITH EMPLOYMENT

VESSEL NAME	TYPE	CAPACITY	BUILT	YARD	NOTE
ASKLIPIOS	CONTAINER CARRIER	9,954 TEU	APR-2011	SAMSUNG	3-5 YEAR TIME CHARTER
ATHENIAN		9,954 TEU	APR-2011	SAMSUNG	
ATHOS		9,954 TEU	MAY-2011	SAMSUNG	
ARISTOMENIS		9,954 TEU	MAR-2011	SAMSUNG	
AMPHION	ECO CRUDE TANKER	320,000 DWT	1Q2019	SAMSUNG	5-7 YEAR BAREBOAT CHARTER
AMYNTAS		320,000 DWT	1Q2019	SAMSUNG	
APOLLONAS		300,000 DWT	JAN-2016	DAEWOO	
ATROMITOS		300,000 DWT	APR-2016	DAEWOO	
ATLANTAS	CRUDE TANKER	321,300 DWT	JUN-2010	DAEWOO	
ALEXANDER THE GREAT		297,950 DWT	MAR-2010	UNIVERSAL	
ARISTOKLIS	ECO CRUDE TANKER	113,838 DWT	JAN-2017	DAEHAN	4 YEAR CHARTER & CREDIT FACILITY WITH DROPDOWN OPTION INTO CPLP



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