



# Second Quarter 2014 Earnings Presentation

July 25, 2014

## Capital Product Partners L.P.

**CAPITAL**

PRODUCT PARTNERS L.P.

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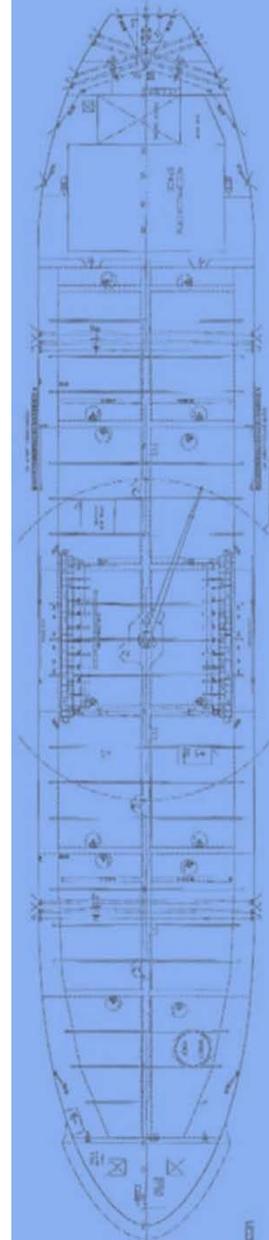
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# Disclosures

**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. The statements in this presentation that are not historical facts, including our expectations regarding employment of our vessels, redelivery dates and charter rates, fleet growth (including the proposed drop down transaction with our sponsor), demand, newbuilding deliveries and slippage as well as market and charter rate expectations and expectations regarding our quarterly distributions, amortization payments, 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.**

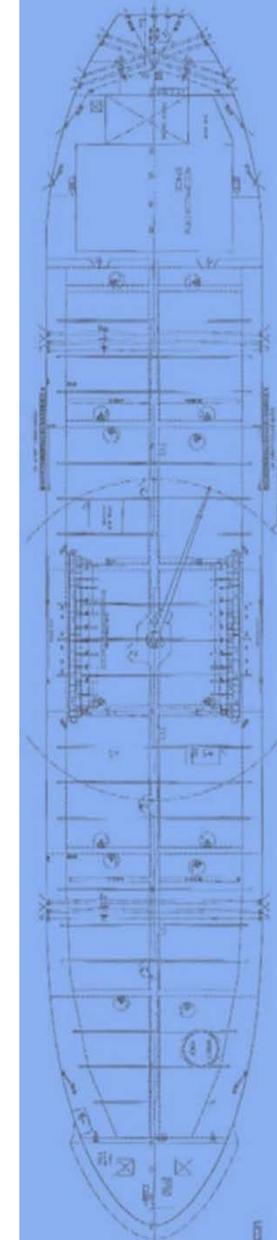
**Factors that could cause actual results to be materially different include those set forth in the "Risk Factors" section of our annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. Unless required by law, we expressly disclaim any obligation to update or revise any of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



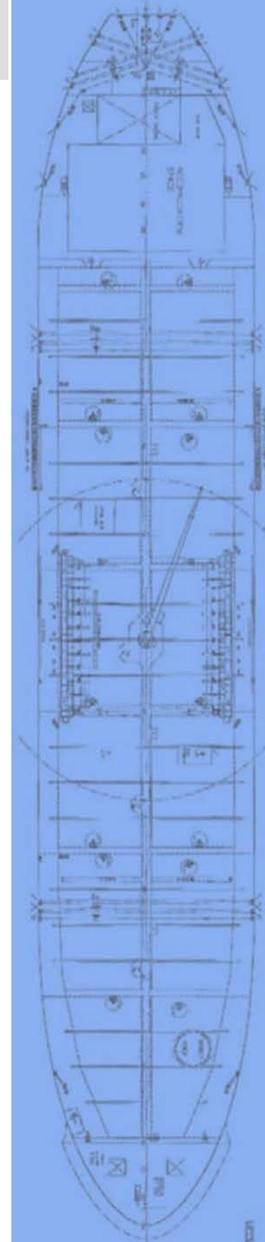
# Second Quarter 2014 Results Highlights

- **Cash Distribution For 2Q2014: \$0.2325 Per Common Unit And \$0.21375 Per Class B Unit.**
- **Net Income For 2Q2014: \$7.8 Mil.**
- **Partnership's Operating Surplus: \$26.9 Mil Or \$22.9 Mil Adjusted For Class B Unit Distribution.**
- **Capital Maritime & Trading Corp. ('CMTC') Agreed To Contribute Three Newbuild Eco-Flex 9,160 TEU Container Vessels With Five Year Charters Attached And Two Newbuild 50,000 Dwt Eco MRs With Two Year Charters Attached, Plus 50/50 Profit Share For Two Years.**
  - **All Five Vessel Deliveries Are Expected In 2015**
  - **Total Cash Consideration Of \$311.5 Million, Below Appraised Market Value Of Five Vessels**
  - **Agreement To Amend The Target Distributions To Holders Of Incentive Distribution Rights ('IDRs'). This Agreement Is Subject To Unitholder Approval At The Annual General Meeting Of The Partnership Scheduled On August 21, 2014**
- **Extended The Charter Of The M/T Axios To CMTC For 12 Months At \$14,750 Gross Per Day Plus Profit Share.**
- **Average Remaining Charter Duration 8.7 Years With ca. 91% Charter Coverage For The Remainder Of 2014 And 57% For 2015.**



# Statements of Comprehensive Income / (Loss)

(\$ In Thousands)



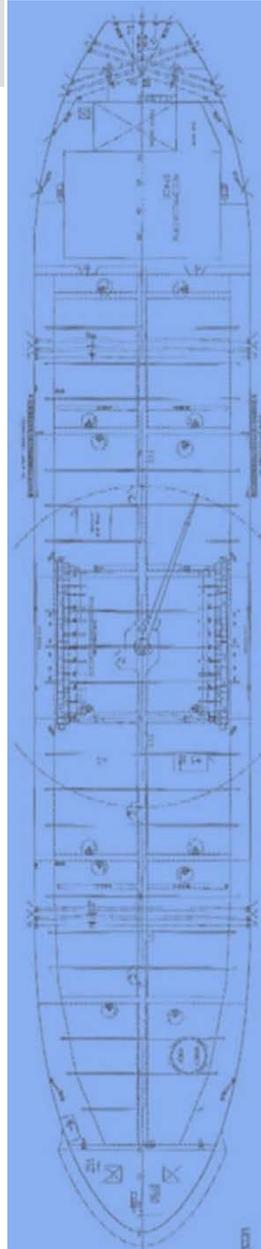
	For the Three- Month Period Ended <u>June 30, 2014</u>	For the Three- Month Period Ended <u>June 30, 2013</u>
Revenues	\$30,491	\$27,215
Revenues – related party	16,953	14,554
<b>Total Revenues</b>	<b>47,444</b>	<b>41,769</b>
<b>Expenses:</b>		
Voyage expenses	2,620	1,110
Voyage expenses – related party	81	80
Vessel operating expenses	13,435	9,223
Vessel operating expenses – related party	3,346	4,199
General and administrative expenses	1,598	3,383
Depreciation & amortization	14,373	12,813
<b>Operating income</b>	<b>11,991</b>	<b>10,961</b>
Non operating income		
Gain on sale of claim	-	32,000
<b>Total non operating income</b>	<b>-</b>	<b>32,000</b>
Other income (expense), net		
Interest expense and finance cost	(4,750)	(3,642)
Interest and other income	575	-
<b>Total other expense, net</b>	<b>(4,175)</b>	<b>(3,642)</b>
<b>Partnership's net income</b>	<b>\$7,816</b>	<b>\$39,319</b>

# Operating Surplus For Calculation Of Unit Distribution

(\$ In Thousands)

	For the Three-Month Period Ended June 30, 2014		For the Three-Month Period Ended March 31, 2014	
Net income		\$7,816		\$11,242
<b>Adjustments to net income</b>				
Depreciation and amortization	14,579		14,573	
Deferred revenue	4,457		5,387	
<b>OPERATING SURPLUS PRIOR TO CLASS B PREFERRED UNITS DISTRIBUTION</b>		<b>\$26,852</b>		<b>\$31,202</b>
Class B preferred units distribution		(3,970)		(4,034)
<b>ADJUSTED OPERATING SURPLUS</b>		<b>22,882</b>		<b>27,168</b>
(Increase) on recommended reserves		(1,828)		(6,183)
<b>AVAILABLE CASH</b>		<b>\$21,054</b>		<b>\$20,985</b>

**Common Unit Coverage: 1.1x**

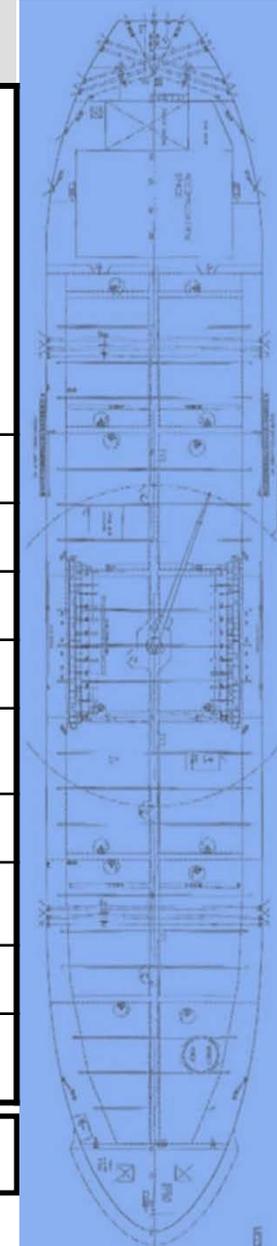


# Balance Sheet

(\$ In Thousands)

	<u>As Of June 30, 2014</u>	<u>As Of December 31, 2013</u>
<b>Assets</b>		
<b>Total Current Assets</b>	75,171	73,732
<b>Total Fixed Assets</b>	1,148,531	1,176,819
<b>Other Non-Current Assets</b>	142,922	151,221
<b>Total Assets</b>	<b>\$1,366,624</b>	<b>\$1,401,772</b>
<b>Liabilities and Partners' Capital</b>		
<b>Total Current Liabilities</b>	\$36,552	\$38,928
<b>Total Long-Term Liabilities</b>	579,624	581,418
<b>Total Partners' Capital</b>	750,448	781,426
<b>Total Liabilities and Partners' Capital</b>	<b>\$1,366,624</b>	<b>\$1,401,772</b>

**Net Debt/Capitalization 37.4%**



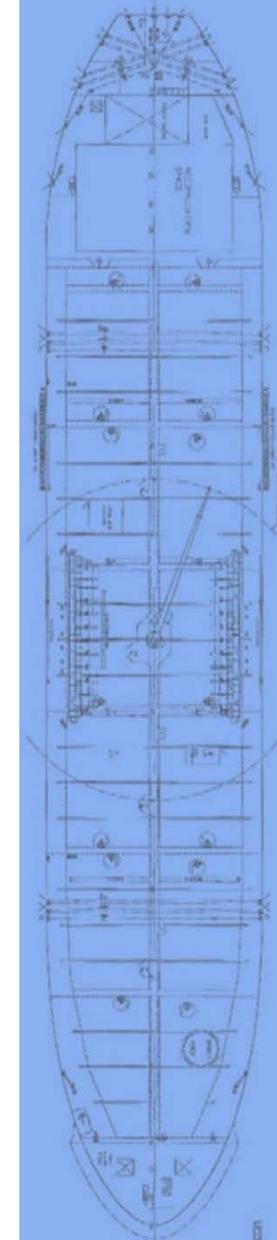
# CPLP To Enter Into A New Growth Phase

- **CMTC Agreed To Contribute To CPLP Three Newbuild Eco-Flex 9,160 TEU Container Vessels With Five Year Charters And Two Newbuild 50,000 Dwt Eco MRs With Two Year Charters With Scheduled Deliveries In 2015, For A Total Cash Consideration Of \$311.5 Million.**
- **CPLP Will Also Have A Right Of First Refusal On An Additional Six, 50,000 Dwt Eco MRs With Scheduled Deliveries In 2015/2016.**
- **In Exchange For the Below Market Purchase Price, The Target Distribution Thresholds To Holders Of Incentive Distribution Rights (IDRs) Will Be Amended To:**

## Proposed New Incentive Distribution Rights

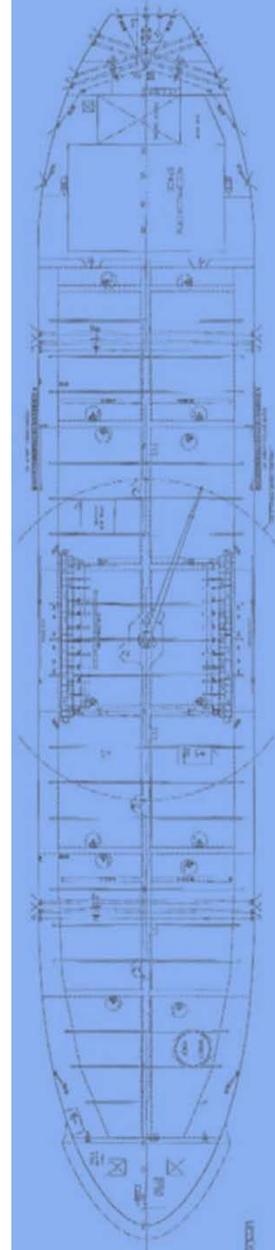
	Quarterly Distribution Per LP Unit	Unitholders	GP	IDRs	Combined GP/IDRs
<b>First Threshold</b>	Until \$0.2425	98%	2%	0%	2%
<b>Second Threshold</b>	\$0.2425 up to \$0.2675	85%	2%	13%	15%
<b>Third Threshold</b>	\$0.2675 up to \$0.2925	75%	2%	23%	25%
<b>Thereafter</b>	\$0.2925	65%	2%	33%	35%

- **The IDRs Agreement Is Subject To Unitholder Approval At The Annual General Meeting Of The Partnership Scheduled For August 21, 2014.**



# Benefits Of The Transaction

- **Transaction Is Accretive To Distributable Cash Flow.**
- **Transaction Provides Contribution Of Five Vessels At Prices Below Current Market Value.**
- **Transaction Provides Meaningful Additional Economic Incentives For CMTC To Continue To Grow The Partnership And The Common Unit Distribution.**
- **Backstop Charter Agreement With CMTC Provides Charter Cover For the Two Eco MRs (\$17,000 Per Day Plus 50/50 Profit Share For Two Years).**
- **Right Of First Refusal Provides CPLP With Opportunity to Acquire Six Additional High Quality Eco MRs.**



# Committed And Right Of First Refusal Fleets

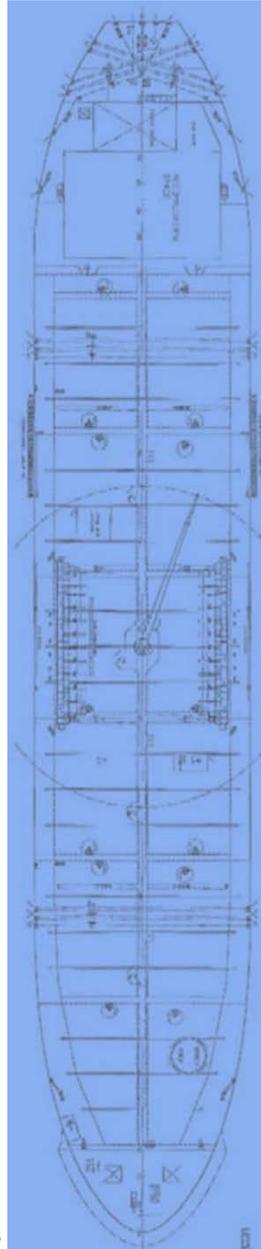
## Committed Vessels

Vessel Name	Type	Capacity	Scheduled Delivery	Yard	Acquisition Price	Charterer	Gross Rate (per day)	Duration
Acadimos	Eco-Flex, Wide Beam	9,160 TEU	Jun-15	Daewoo	\$81.5m	CMA-CGM	\$39,250	5 Years
Adonis	Eco-Flex, Wide Beam	9,160 TEU	Aug-15	Daewoo	\$81.5m	CMA-CGM	\$39,250	5 Years
Anaxagoras	Eco-Flex, Wide Beam	9,160 TEU	Nov-15	Daewoo	\$81.5m	CMA-CGM	\$39,250	5 Years
Active	Eco IMO II/III Chem/Product Tanker	50,000 Dwt	Mar-15	Samsung	\$33.5m	CMTC (backstop)	\$17,000 + P/S*	2 Years
Amadeus	Eco IMO II/III Chem/Product Tanker	50,000 Dwt	Jun-15	Samsung	\$33.5m	CMTC (backstop)	\$17,000 + P/S*	2 Years

## Optional Vessels (Right Of First Refusal)

Vessel Name	Type	Capacity	Scheduled Delivery	Yard
Amor	Eco IMO II/III Chemical/Product Tanker	50,000 Dwt	Sep-15	Samsung
Athlos		50,000 Dwt	Jan-16	Samsung
Alkaios		50,000 Dwt	Apr-16	Samsung
Anikitos		50,000 Dwt	Jul-16	Samsung
Archon		50,000 Dwt	Oct-16	Samsung
Amfitrion		50,000 Dwt	Dec-16	Samsung

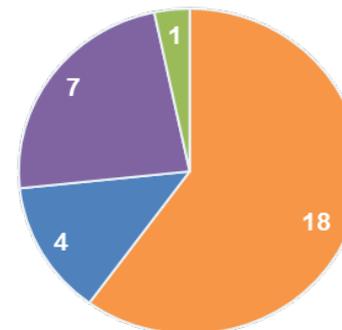
\* P/S: Profit Share On Actual Earnings Settled Every 6 Months



## Fleet List & Charterers

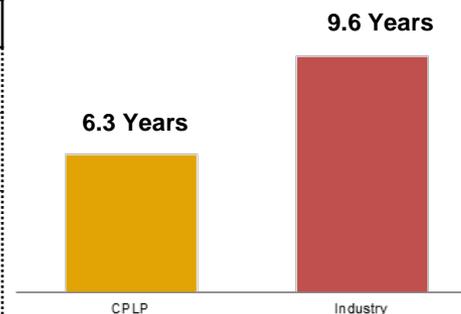
Vessel Name	Dwt / Teu	Charterer	Year Built	Type Of Vessel
AVAX	47,834		2007, S. Korea	Ice Class 1A IMO II/III Chemical/ Product
ATLANTAS	36,760		2006, S. Korea	Ice Class 1A IMO II/III Chemical/ Product
AKTORAS	36,759		2006, S. Korea	Ice Class 1A IMO II/III Chemical/ Product
AIOLOS	36,725		2007, S. Korea	Ice Class 1A IMO II/III Chemical/ Product
AIAS	150,393		2008, Japan	Crude Oil Suezmax
AMOUREUX	149,993		2008, Japan	Crude Oil Suezmax
AMORE MIO II	159,982		2001, S. Korea	Crude Oil Suezmax
ARISTOTELIS	51,604		2013, S. Korea	ECO IMO II/III Chem./Prod.
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
AXIOS	47,872		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
ANEMOS I	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		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		2006, S. Korea	Crude Oil Suezmax
AYRTON II	51,260		2009, S. Korea	IMO II/III Chem./Prod.
CAPE AGAMEMNON	179,221		2010, S. Korea	Capesize Dry Cargo
AGAMEMNON	7,943		2007, S. Korea	Container Carrier
ARCHIMIDIS	7,943		2006, S. Korea	Container Carrier
HYUNDAI PREMIUM	5,023		2013, S. Korea	Container Carrier
HYUNDAI PARAMOUNT	5,023		2013, S. Korea	Container Carrier
HYUNDAI PRIVILEGE	5,023		2013, S. Korea	Container Carrier
CCNI ANGOL	5,023		2013, S. Korea	Container Carrier
HYUNDAI PLATINUM	5,023		2013, S. Korea	Container Carrier

## Fleet Profile By Vessel Type



**2.1mm DWT / 41,115 TEUs**

## Fleet Age<sup>1</sup>



**30 Vessels - 2.1mm DWT (~41k TEUs)**

**6.3 Years Weighted Average Fleet Age<sup>1</sup>**

<sup>1</sup> Industry average age data from Clarksons as of June 2014 weighted for the composition of the CPLP fleet.



# Strong Charter Coverage With Attractive Rates And Profit Share Arrangements

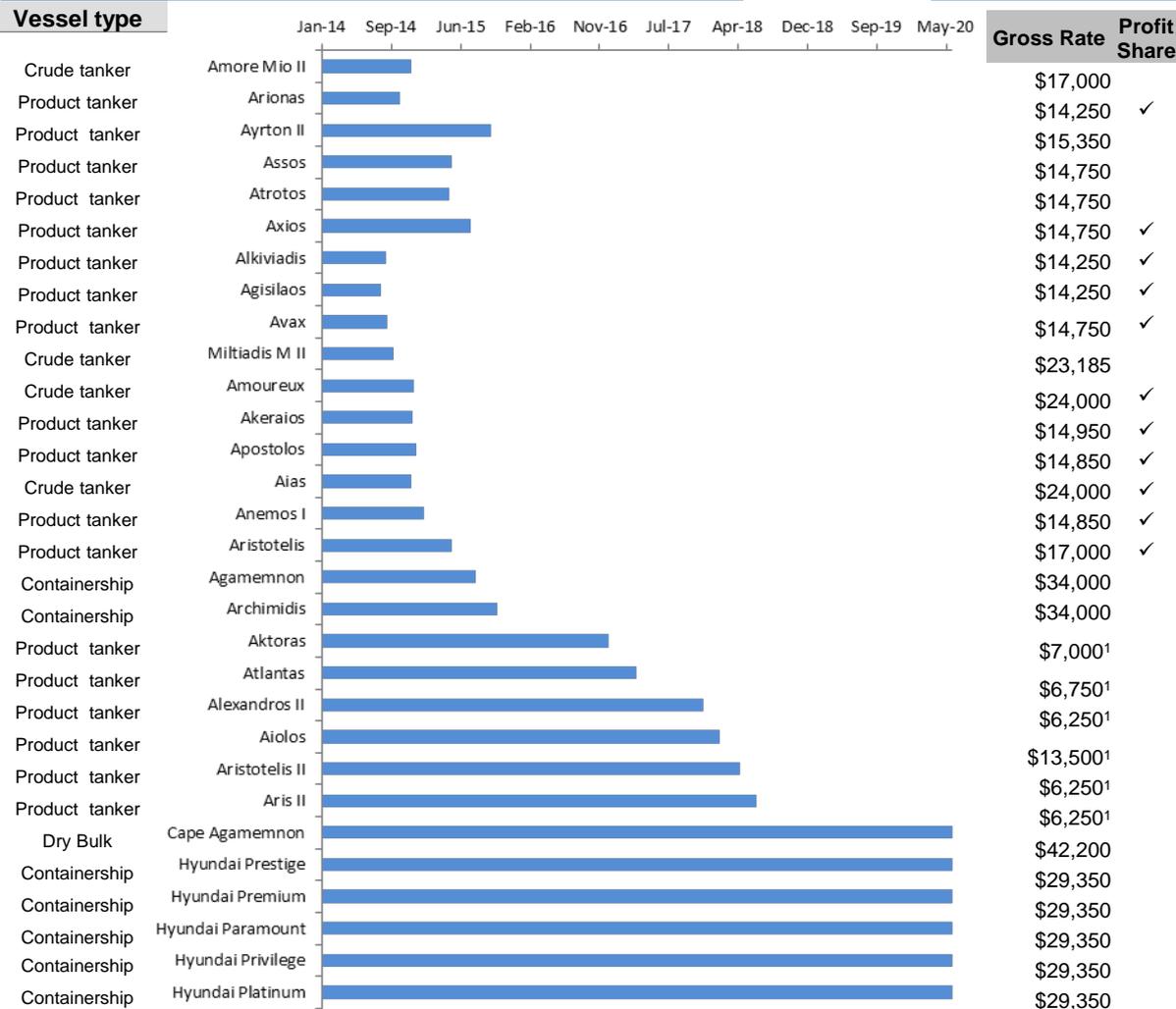
## Charter Profile

### Expiry Of Current Charters

### Rates

### Commentary

#### Vessel type

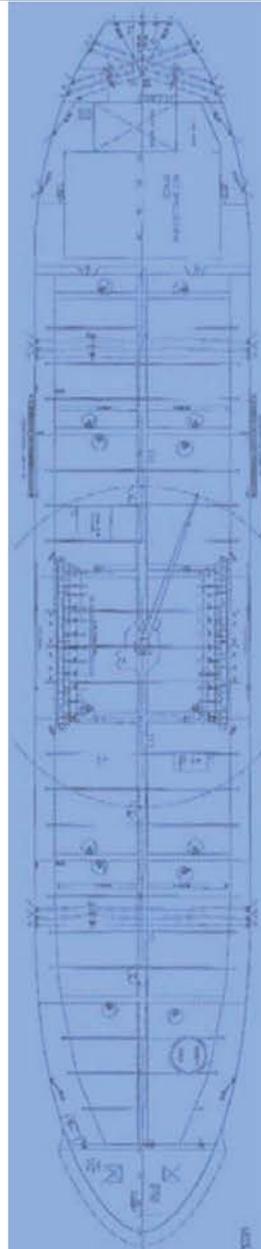


#### Solid Product Tanker Period Market:

- One- And Three-Year MR Time Charter (TC) Period Rates Currently Estimated At ca. \$14,000 And \$15,000

#### CPLP Positioned To Capitalize On Improving Product Tanker Rates

- CPLP Has Staggered The Charters Of Many Of Its Product Vessels On 1-Year Time Contracts, In Order To Take Advantage Of The Improving Fundamentals Of The Product Tanker Industry

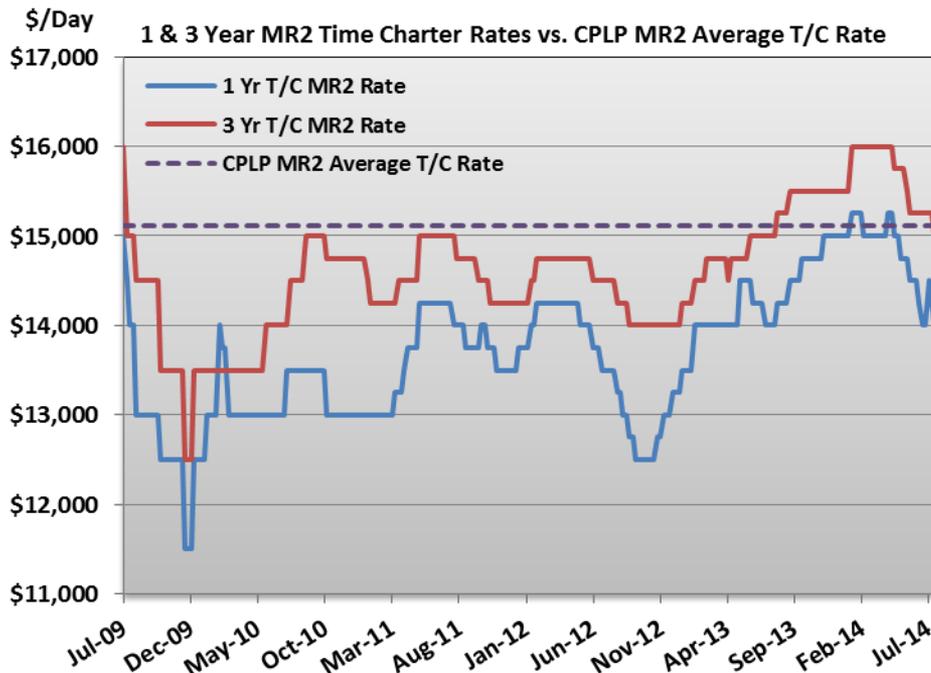


Weighted Average Remaining Charter Duration: 8.7 Years

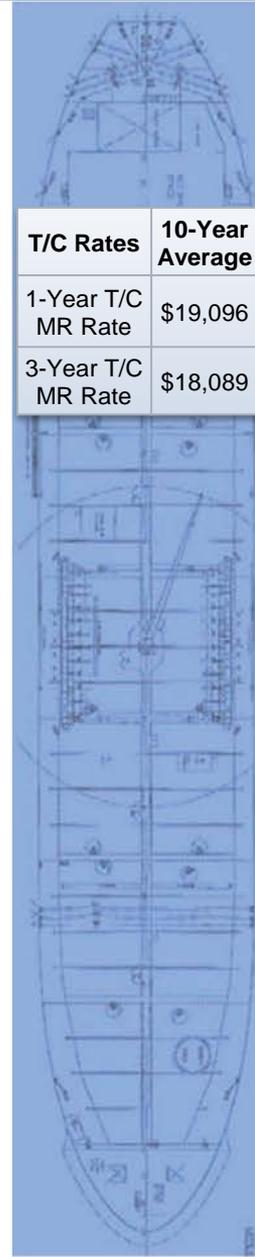
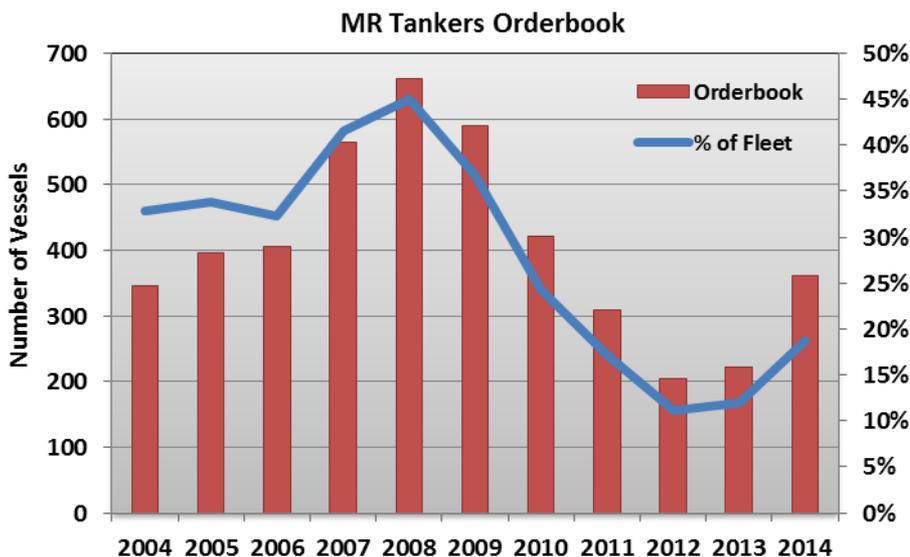
<sup>1</sup> Bareboat

# Product Tanker Market Overview

- The MR Spot Product Tanker Market Remained Weak In 2Q14 As Spot Activity Was Negatively Affected By Refinery Outages In The U.S. Gulf And Lack Of Arbitrage Opportunities In The Atlantic.
- Product Tanker Spot Market East of Suez Was Overall More Active In 2Q2014, As Refineries Came Back From Maintenance Sooner Than The West.
- Increased Demand For MRs Out Of the US Gulf Saw An Improvement In Spot Earnings At The End Of 2Q2014 And Into 3Q2014.
- The Period Market Remains Active But Rates Have Modestly Declined Due To The Softer Spot Market.
- Orderbook (2014-2017) For MR Tankers At 18.7% Of Total Fleet But New Building Contracts Have Declined Sharply.
- Product Tanker Dwt Demand Is Forecast To Rise By 5.0% In 2014, Surpassing Expected Fleet Growth Of 3.5%.
- Slippage Amounting To 21% (YTD 2014).

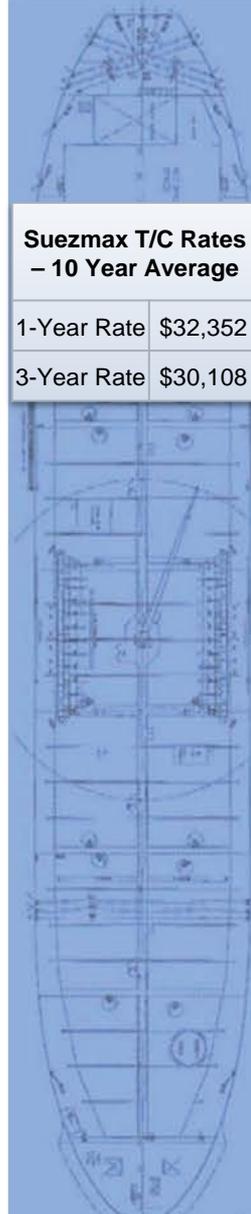
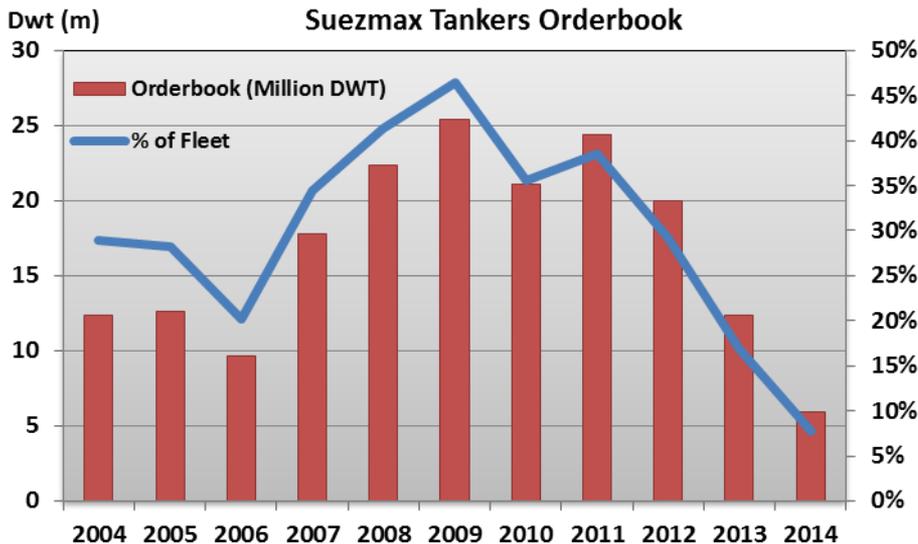
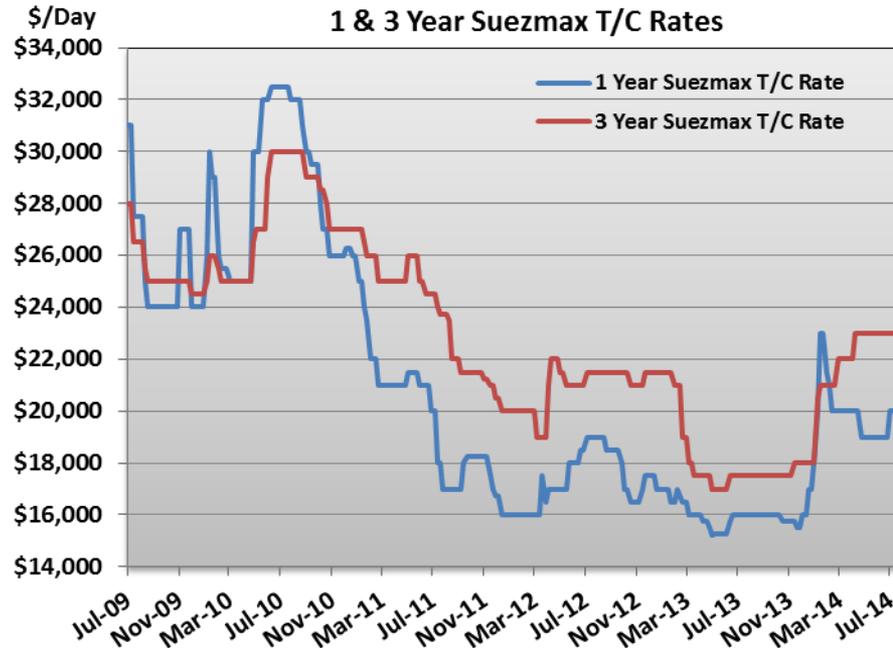


T/C Rates	10-Year Average
1-Year T/C MR Rate	\$19,096
3-Year T/C MR Rate	\$18,089



# Suezmax Tanker Market Overview

- Suezmax Spot Earnings At Lower Levels In 2Q14 Compared To The Previous Quarter But Notably Stronger Than 2Q13.
- Lower Imports To The East And Europe Kept Rates Under Pressure In The First Half Of The Quarter. Rates Subsequently Recovered At End Of The Quarter As European And Asian Refineries Returned From Maintenance.
- Increased Activity In Period Market And At Higher Levels Compared To 2013.
- World Oil Demand Is Set To Increase Sharply To A High Of 94.0 Mb/D In 4Q14 From A Low Of 91.4 Mb/D In 1Q14, According To The IEA.
- Suezmax Dwt Demand Projected To Expand By 3.9% In 2014, Driven By Increased Volumes To Asia And Europe.
- For FY2014, Suezmax Fleet Is Expected To Contract By 0.1%.
- Suezmax Tanker Orderbook Through 2017 Corresponding To 7.8% Of Current Fleet, The Lowest In Percentage Terms Since 1996.
- Slippage Increased To 67% (YTD 2014).



Source: IEA, Clarksons

# Capital Product Partners L.P.

