# Third Quarter 2019 Earnings Presentation

October 31, 2019

# Capital Product Partners L.P.





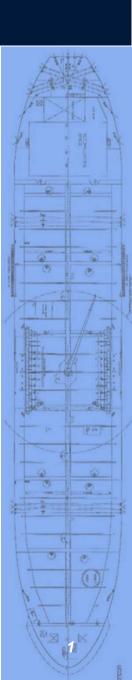


#### **IMPORTANT NOTICE**

The statements in this press release that are not historical facts, including, among other things, the anticipated benefits of the DSS Transaction, the expected financial performance of CPLP's remaining business, CPLP's ability to pursue growth opportunities, CPLP's expectations or objectives regarding future distributions, and market and charter rate expectations are 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 the stated or forecasted results to be materially different from those anticipated. For a discussion of factors that could materially affect the outcome of forward-looking statements and other risks and uncertainties, see "Risk Factors" in CPLP's annual report filed with the SEC on Form 20-F. Unless required by law, CPLP expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in its views or expectations, to conform them to actual results or otherwise. CPLP does not assume any responsibility for the accuracy and completeness of the forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements.

#### **Non-GAAP Measures**

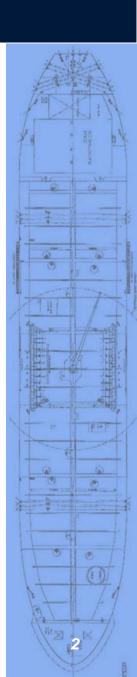
This presentation contains non-GAAP measures. Operating Surplus is a quantitative measure used in the publicly traded partnership investment community to assist in evaluating a partnership's financial performance and ability to make quarterly cash distributions. Operating Surplus is not required by accounting principles generally accepted in the United States and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity.





#### Third Quarter 2019 Highlights

- Net income from continuing operations for 3Q2019: \$3.4 million.
- Cash distribution of \$0.315 per common unit.
- 0.9x common unit distribution coverage due to one off expenses and M/V 'Agamemnon' off hire.
- Successful scrubber and BWTS installation on M/V 'Agamemnon' and commencement of long-term employment with MSC.
- Average remaining charter duration 4.8 years with 100% charter coverage for 4Q2019, 90% for 2020 and 67% for 2021.

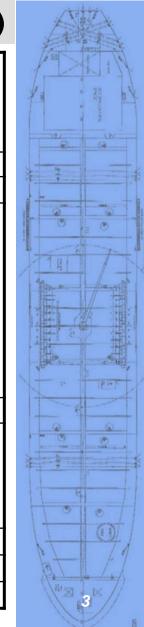




# **Statements Of Comprehensive Income**

## (\$ In Thousands)

	For the Three-Month Period Ended September 30, 2019	For the Three-Month Period Ended <u>September 30, 2018</u>
Revenues	26,439	31,784
Total Revenues	26,439	31,784
Expenses:		
Voyage expenses	726	2,828
Vessel operating expenses	8,790	6,505
Vessel operating expenses – related party	994	1,067
General and administrative expenses	1,499	1,339
Vessel depreciation and amortization	7,336	8,403
Impairment of vessel	-	28,805
Operating income/(loss)	7,094	(17,163)
Other income / (expense), net:		
Interest expense and finance cost	(4,137)	(4,738)
Interest and other income	403	182
Total other expense, net	(3,734)	(4,556)
Net income/(loss) from continuing operations	3,360	(21,719)
Net Income/(loss) from discontinued operations	34	(910)
Net income/(loss)	3,394	(22,629)





#### Operating Surplus For Calculation Of Unit Distribution<sup>1</sup>

#### (\$ In Thousands)

	For the Thro Period E September	Ended	For the Three-Month Period Ended June 30, 2019		
Net income from continuing operations		3,360		8,035	
Adjustments to net income from continuing operations					
Depreciation and amortization	8,074		7,515		
Amortization of above market acquired charters and straight line revenue adjustments	1,270		1,304		
OPERATING SURPLUS FROM CONTINUING OPERATIONS		12,704		16,854	
OPERATING SURPLUS FROM DISCONTINUED OPERATIONS		34		(203)	
TOTAL OPERATING SURPLUS PRIOR TO CAPITAL RESERVE AND CLASS B PREFERRED UNITS DISTRIBUTION		\$12,738		\$16,651	
Capital reserve		(7,703)		(7,703)	
OPERATING SURPLUS AFTER CAPITAL RESERVE AND CLASS B PREFERRED UNITS DISTRIBUTION		5,035		8,948	
Decrease/(Increase) in recommended reserves		801		(3,112)	
AVAILABLE CASH		\$5,836		\$5,836	

Common Unit Coverage: 0.9x

<sup>&</sup>lt;sup>1</sup> Operating Surplus is a non-GAAP measure. See Important Notice at the front of this presentation.

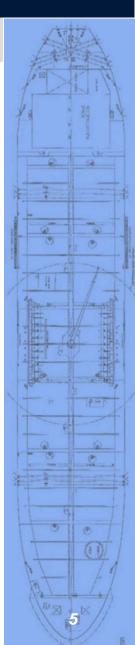


# **Strong Balance Sheet**

#### (\$ In Thousands)

	As Of September 30, 2019	As Of December 31, 2018
Assets		
Current Assets	\$67,278	\$40,862
Current Assets from discontinued operations	-	23,698
Fixed Assets	568,652	586,100
Other Non-Current Assets	62,739	80,117
Non-Current Assets from discontinued operations	-	654,468
Total Assets	\$698,669	\$1,385,245
Liabilities and Partners' Capital		
Current Liabilities	\$55,946	\$93,624
Current Liabilities from discontinued operations	-	21,535
Long-Term Liabilities	236,675	254,028
Long-Term Liabilities from discontinued operations		134,744
Partners' Capital	406,048	881,314
Total Liabilities and Partners' Capital	\$698,669	\$1,385,245

Net Debt(1)/Capitalization: 30.5%



<sup>&</sup>lt;sup>1</sup> Gross of deferred loan issuance costs



#### **Strong Charter Coverage**

- Strong charter coverage on CPLP assets.
  - ▶ 10 containerships and 1 drybulk vessel with 4.8 years remaining on charter on average.
- 90% and 67% charter coverage for 2020 and 2021, respectively.

#### **Charter Profile**

Expiry of Cu	rrent Charters								Rates
Vessel Type	C	Oct-19	Oct-20	Oct-21	Oct-22	Oct-23	Oct-24	Oct-25	Gross Rate Per Day
Eco Containership	CMA CGM Amazon	1							\$39,250
Drybulk	Cape Agamemnon	n							\$42,200
Eco Containership	CMA CGM Uruguay	/							\$39,250
Eco Containership	CMA CGM Magdalena	a							\$39,250
Containership	Agamemnor	n							—2
Containership	Archimidis	s							—2
Containership	Hyundai Prestige								\$29,350 / \$34,250 <sup>1</sup>
Containership	Hyundai Premium	n							\$29,350 / \$34,250 <sup>1</sup>
Containership	Hyundai Paramount	t							\$29,350 / \$34,250 <sup>1</sup>
Containership	Hyundai Privilege								\$29,350 / \$34,250 <sup>1</sup>
Containership	Hyundai Platinum	n							\$29,350 / \$34,250 <sup>1</sup>

#### **High Quality Customer Base**









<sup>&</sup>lt;sup>1</sup>\$23,480pd between July 18, 2016 to December 31, 2019. Further upward adjustment by \$4,900pd from January 2020 or fitting of scrubber, whichever is later, until charter expiry. <sup>2</sup> Expected to generate collectively an EBITDA of approximately \$44.5 million.



#### Scrubber Installation Schedule

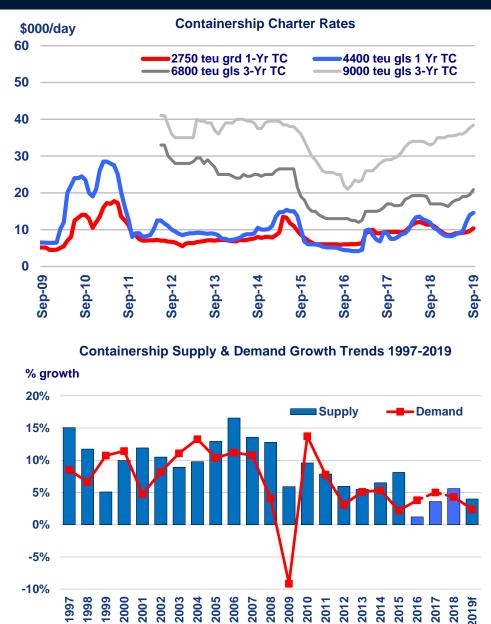
Vessel Name	Shipyard ETA	Expected Duration
H. Prestige	8 Oct 2019	45-50 Days*
H. Privilege	21 Oct 2019	45-50 Days*
H. Paramount	mid Nov 2019	45-50 Days*
H. Premium	early Dec 2019	45-50 Days*
H. Platinum	early Jan 2020	45-50 Days*
Archimidis	end Dec 2019	ТВА

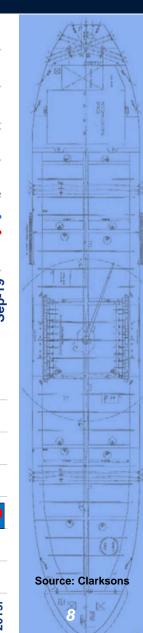
<sup>\*</sup> Under the agreement with Hyundai Merchant Marine, CPLP will be paid the daily time charter rate after the first 12 days of entering drydock.



#### **Container Charter Market Review**

- Neopanamax charter rates remain at elevated levels.
- Limited availability of 8,000+ TEU in the coming months.
- Idle fleet presently stands at 750,000 TEU, i.e. 3.3% of total fleet including vessels being fitted with scrubbers.
- Demolition: scrapping stands at 153,919 TEU for 9M2019 compared to 45,060 TEU during the same period in 2018.
- Container orderbook stands at 2.2 million TEU, or 9.8% as a percentage of the fleet.
- Container demand expected to grow by 2.4% in 2019: material downward revision from original forecast of 4.0% in 1Q2019.
- Supply growth forecast at 3.7%. Vessels out for extended drydock due to installation of scrubber are not considered in the forecast.
- Estimated 1.2% of capacity out of service for scrubber retrofit in 2019, 0.8% in 2020.
- Analysts expect 'average speed' to drop due to IMO 2020 regulation.
- The final outcome on trade and geopolitical issues could have widely divergent outcomes.





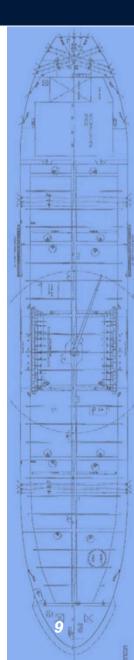


### **Dropdown Opportunities From Sponsor**

# Sponsor has variety of vessels with long term employment that could be suitable dropdowns

Vessel Name	Туре	DWT / TEU	Built	Yard	Employment	Expiry of Charter	Note
Anbar	Eco Crude	320,000	2019	Samsung	B/C (\$28,750)	Apr-26	Three 1-yr options at
Hillah	Eco Crude	320,000	2019	Samsung	B/C (\$28,750)	May-26	\$32,500
Baghdad	Eco Crude	300,000	2016	Daewoo	B/C (\$23,500)	May-23	Two 1-yr options at \$28,500
Erbil	Eco Crude	300,000	2016	Daewoo	B/C (\$23,500)	Aug-23	/ \$29,500
Karbala	Crude	297,950	2010	Universal	B/C (\$21,800)	Jun-23	Two 1-yr options at \$25,500 / \$26,500
Basra	Crude	321,300	2010	Daewoo	B/C (\$22,250)	Aug-22	2-yr option at \$22,250
Aristoklis	Eco Ice class 1C Crude Tanker	113,838	2017	Daehan	T/C (\$26,400)	Jan-22	-
Aitolos	Eco Crude	115,000	2020	Daehan	T/C (\$24,250)	Apr-23	Newbuilding
Aristomenis	Container	10,000	2011	Samsung	T/C (\$28,000)*	Apr-24	
Athos	Container	10,000	2011	Samsung	T/C (\$28,000)**	Apr-24	Two 1-yr options at \$32,500 / \$33,500
Athenian	Container	10,000	2011	Samsung	T/C (\$28,000)**	Apr-24	

Other sponsor controlled assets include among others a number of LNG X-DF carriers due for delivery in 2020/2021, VLCC crude tankers, MR product tankers, Capesize dry bulk vessels and Feeder containers





# **Capital Product Partners L.P.**



