



# First Quarter 2020 Earnings Presentation

May 6, 2020

## Capital Product Partners L.P.

**CAPITAL**

PRODUCT PARTNERS L.P.

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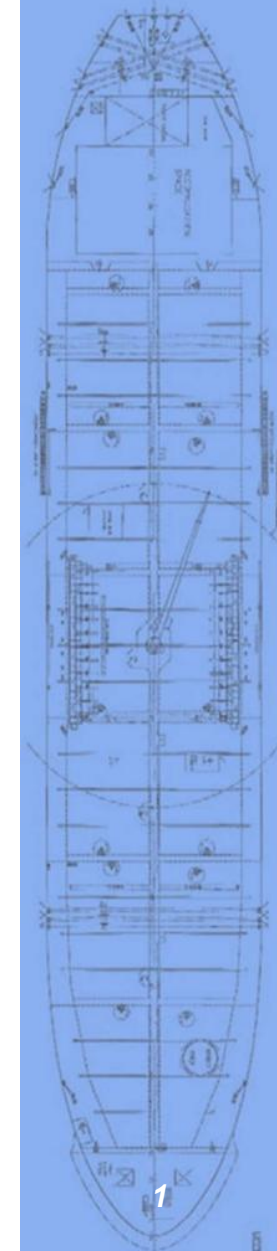
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# IMPORTANT NOTICE

*The statements in this presentation that are not historical facts, including, among other things, the expected financial performance of CPLP's business, CPLP's ability to pursue growth opportunities, CPLP's expectations or objectives regarding future distributions, and market and charter rate expectations and, in particular, the effects of COVID-19 on the financial condition and operations of CPLP and the container industry in general 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.*

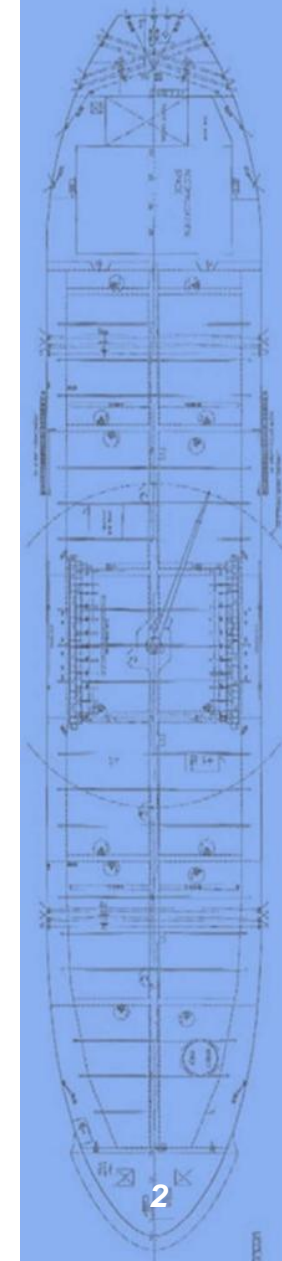
## Non-GAAP Measures

*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.*



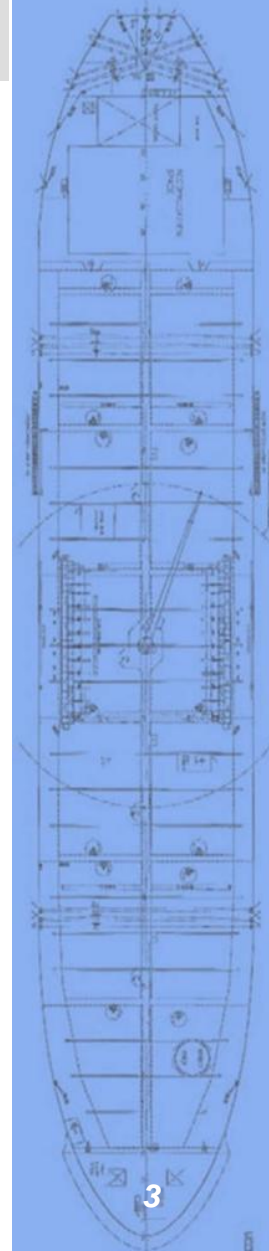
# First Quarter 2020 Highlights & Update

- Net income for 1Q2020: \$6.7 million.
- Cash distribution of \$0.35 per common unit.
- Completed the acquisition of 3 x 10,000 TEU containers with long term charters to Hapag-Lloyd.
- Successfully installed scrubbers on remaining two container vessels, completing scrubber installation program for the Partnership.
- Average remaining charter duration 4.4 years with 90% charter coverage for 2020 and 73% for 2021.



# Statements Of Comprehensive Income

(\$ In Thousands)



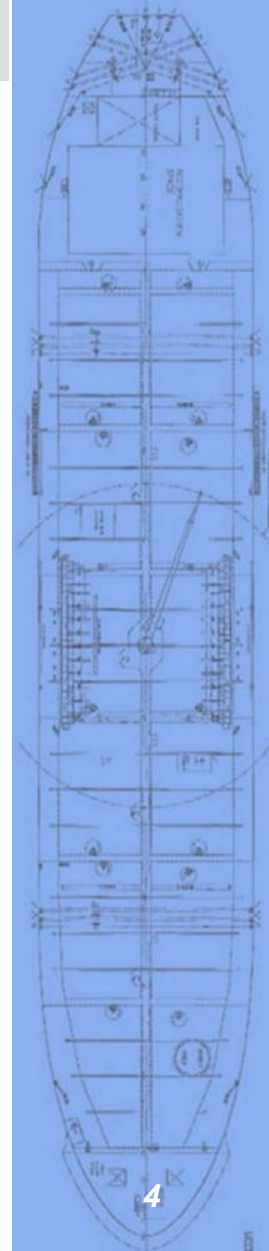
|  | For the Three-Month<br>Period Ended<br><u>March 31, 2020</u> | For the Three-Month<br>Period Ended<br><u>March 31, 2019</u> |
|--|--|--|
| Revenues                                     | 33,687   | 26,817   |
| <b>Total Revenues</b>                        | <b>33,687</b>  | <b>26,817</b>  |
| <b>Expenses:</b>                             |  |  |
| Voyage expenses                              | 1,202  | 534  |
| Vessel operating expenses                    | 8,729  | 5,658  |
| Vessel operating expenses – related party    | 1,188  | 957  |
| General and administrative expenses          | 1,789  | 1,007  |
| Vessel depreciation and amortization         | 9,631  | 7,236  |
| <b>Operating income</b>                      | <b>11,148</b>  | <b>11,425</b>  |
| Other income / (expense), net:               |  |  |
| Interest expense and finance cost            | (4,672)  | (4,614)  |
| Interest and other income                    | 198  | 419  |
| <b>Total other expense, net</b>              | <b>(4,474)</b>   | <b>(4,195)</b>   |
| <b>Net income from continuing operations</b> | <b>6,674</b>   | <b>7,230</b>   |
| Net loss from Discontinued operations        | -  | (146,535)  |
| <b>Net income / (loss)</b>                   | <b>6,674</b>   | <b>(139,305)</b>   |

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

(\$ In Thousands)

|  | For the Three-Month<br>Period Ended<br>March 31, 2020 |                 | For the Three-Month<br>Period Ended<br>December 31, 2019 |                 |
|--|---|-----------------|--|-----------------|
| Net income from continuing operations  |   | 6,674           |  | 5,796           |
| <b>Adjustments to net income from continuing operations</b>                          |   |                 |  |                 |
| Depreciation and amortization  | 10,671  |                 | 8,174  |                 |
| Amortization of above market acquired charters and straight line revenue adjustments | 3,732   |                 | 1,047  |                 |
| <b>OPERATING SURPLUS FROM CONTINUING OPERATIONS</b>                                  |   | <b>21,077</b>   |  | <b>15,017</b>   |
| OPERATING SURPLUS FROM DISCONTINUED OPERATIONS                                       |   | -               |  | 172             |
| <b>TOTAL OPERATING SURPLUS PRIOR TO CAPITAL RESERVE</b>                              |   | <b>\$21,077</b> |  | <b>\$15,189</b> |
| Capital reserve  |   | (10,163)        |  | (7,703)         |
| <b>OPERATING SURPLUS AFTER CAPITAL RESERVE</b>                                       |   | <b>10,914</b>   |  | <b>7,486</b>    |
| Increase in recommended reserves   |   | (4,274)         |  | (846)           |
| <b>AVAILABLE CASH</b>  |   | <b>\$6,640</b>  |  | <b>\$6,640</b>  |

**Common Unit Coverage: 1.6x**



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

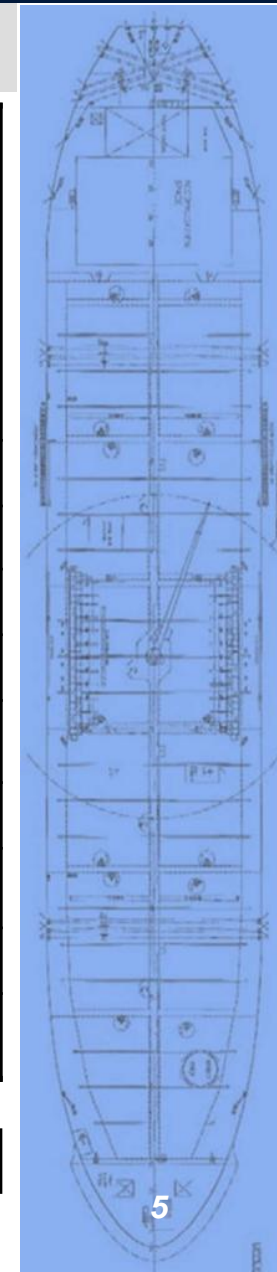
# Strong Balance Sheet

(\$ In Thousands)

|  | As Of<br><u>March 31, 2020</u> | As Of<br><u>December 31, 2019</u> |
|--|--------------------------------|-----------------------------------|
| <b>Assets</b>                                  |                                |                                   |
| <b>Current Assets</b>                          | \$24,235                       | \$65,946                          |
| <b>Fixed Assets</b>                            | 740,091                        | 576,891                           |
| <b>Other Non-Current Assets</b>                | 59,044                         | 60,625                            |
| <b>Total Assets</b>                            | <b>\$823,370</b>               | <b>\$703,462</b>                  |
|  |                                |                                   |
| <b>Liabilities and Partners' Capital</b>       |                                |                                   |
| <b>Current Liabilities</b>                     | \$87,065                       | \$64,736                          |
| <b>Long-Term Liabilities</b>                   | 329,024                        | 231,989                           |
| <b>Partners' Capital</b>                       | 407,281                        | 406,737                           |
| <b>Total Liabilities and Partners' Capital</b> | <b>\$823,370</b>               | <b>\$703,462</b>                  |

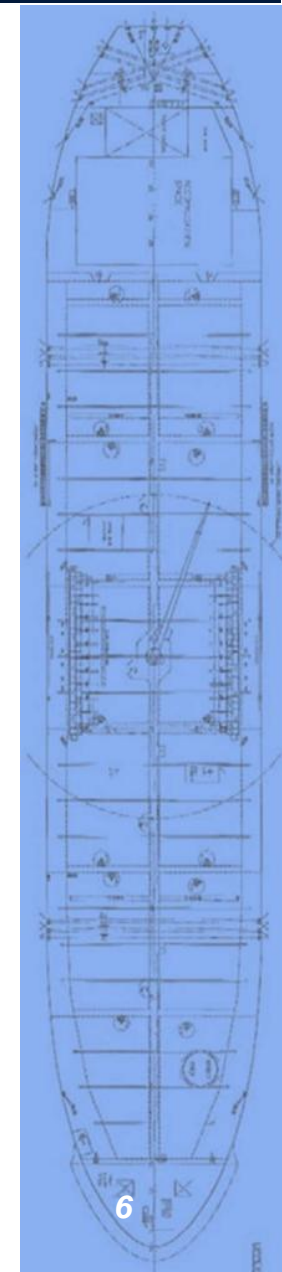
**Net Debt<sup>(1)</sup>/Capitalization: 44.6%**

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



# Covid-19 Impact

- Significant delays and increased costs associated with the two vessels that had scrubbers retrofitted during the COVID-19 outbreak in China.
  - Delays on average of additional ~ 35 days.
  - CPLP's scrubber retrofit program completed.
- Expected material reduction in market charter rates in the short to medium term due to weaker demand:
  - CPLP has four vessels coming off charter in next 12 months. Next charter renewal in 2024.
- ICBC \$155.4 million refinancing delayed due the Covid-19 outbreak in China. Expected to be completed in May 2020.
  - Expected to generate up to \$38.8 million of additional liquidity.
  - Reduce pro rata annual debt amortization for the three vessels by \$3.4 million and decrease interest margin.
- Potential adverse impact on asset values, if we see a prolonged weakness in charter market.
  - Partnership's net charter free LTV\* as of 31/3/2020 at 46.8%
- Increased operating costs and potential for operational disruptions for our vessels due to travel restrictions and quarantine rules:
  - Managers implementing comprehensive COVID-19 policies to protect health of onshore and offshore employees and minimize operational disruptions.
- HIGH DEGREE OF UNCERTAINTY ASSOCIATED WITH EXTENT OF COVID-19 ADVERSE IMPACT.



# Strong Charter Coverage

- **Strong charter coverage on CPLP assets.**
  - ▶ 13 containerships and 1 drybulk vessel with 4.4 years remaining on charter on average.
- **90% and 73% charter coverage for 2020 and 2021, respectively.**

## Charter Profile

### Expiry of Current Charters

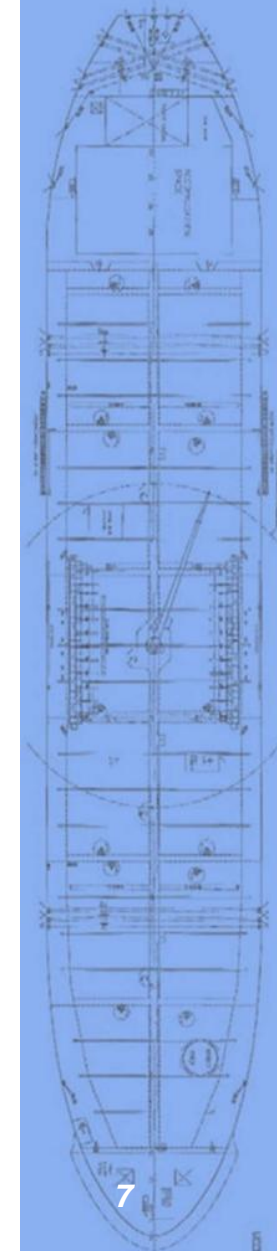
### Rates

| Vessel Type   |                   | May-20 | May-21 | May-22 | May-23 | May-24 | May-25 | Gross Rate Per Day    |
|---------------|-------------------|--------|--------|--------|--------|--------|--------|-----------------------|
| 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 | Agamemnon         |        |        |        |        | ■      |        | -1                    |
| Containership | Archimidis        |        |        |        |        | ■      |        | -1                    |
| Containership | Aristomenis       |        |        |        |        | ■      |        | \$28,000 <sup>2</sup> |
| Containership | Athos             |        |        |        |        | ■      |        | \$28,000 <sup>3</sup> |
| Containership | Athenian          |        |        |        |        | ■      |        | \$28,000 <sup>3</sup> |
| Containership | Hyundai Prestige  |        |        |        |        | ■      |        | \$34,250              |
| Containership | Hyundai Premium   |        |        |        |        | ■      |        | \$34,250              |
| Containership | Hyundai Paramount |        |        |        |        | ■      |        | \$34,250              |
| Containership | Hyundai Privilege |        |        |        |        | ■      |        | \$34,250              |
| Containership | Hyundai Platinum  |        |        |        |        | ■      |        | \$34,250              |

## High Quality Customer Base



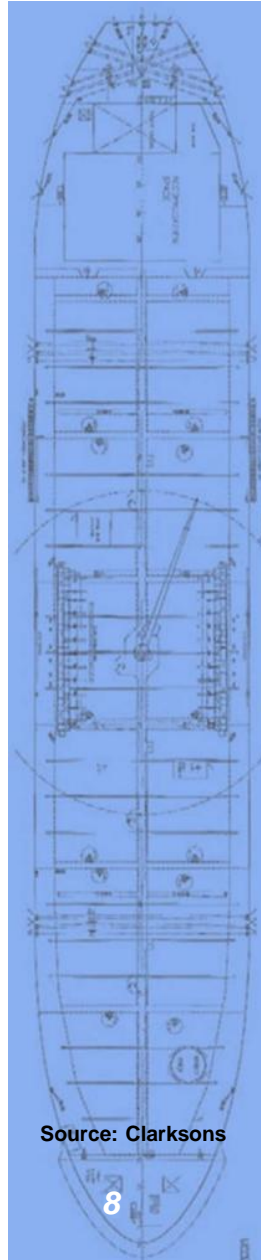
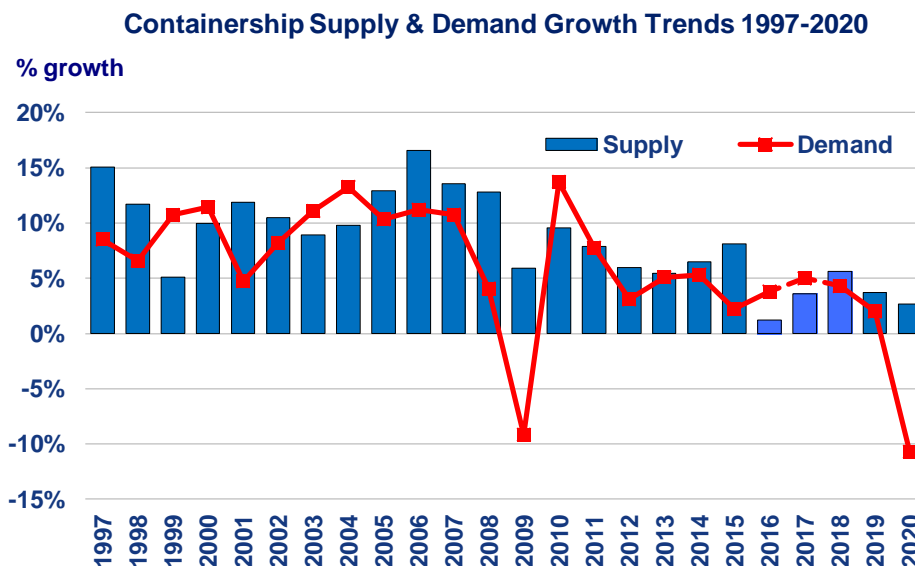
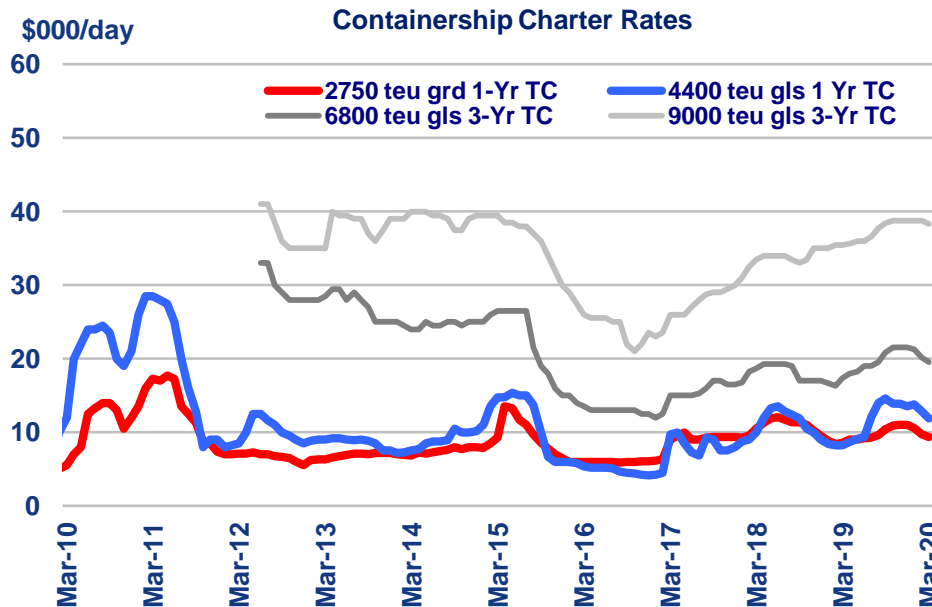
<sup>1</sup> Expected to generate collectively an EBITDA of approximately \$44.5 million. <sup>2</sup> \$27,000pd until Oct/2020. <sup>3</sup> \$27,000pd until Jul/2021





# Container Charter Market Review

- Covid-19 pandemic has led to disruption in consumer activity, supply chains and global economic growth.
- Widespread blanked sailings and service suspension in all trade lanes.
- Base-case scenario for container trade for 2020 has been revised down to -10.7%.
- Expected strong rebound by 9.3% in 2021, assuming unhindered return of economic activity.
- By late April the SCFI Comprehensive Index was down by 20% since start 2020.
- Neo-panamax market better insulated from Covid-19 impact due to limited number of available ships.
- Operators taking a 'wait and see' stance until the full impact of Covid-19 is understood. Focus on own tonnage and long term charter in tonnage.
- Difficult to call period market for 9,000TEU ships, but expect substantially reduced numbers compared to beginning of the year.

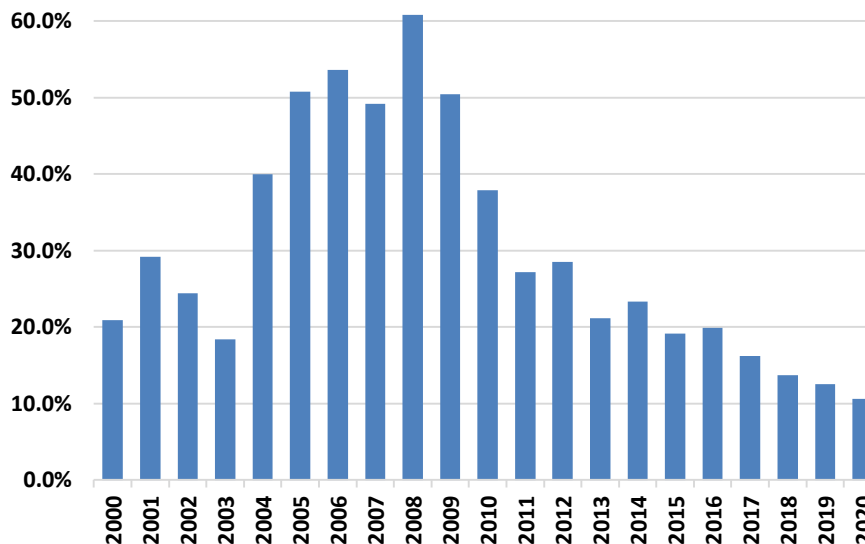


Source: Clarksons

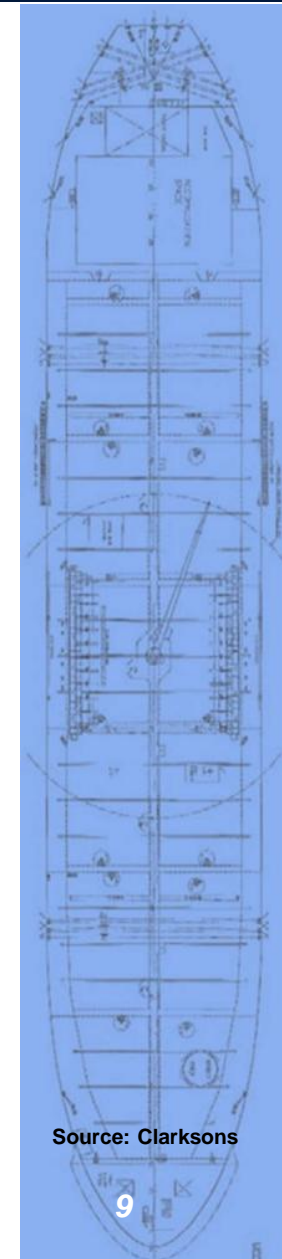
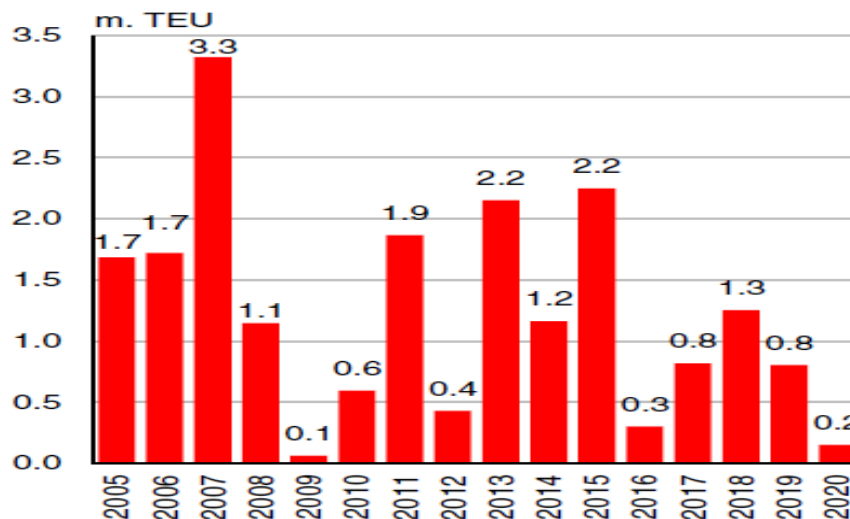
# Container Charter Market Review

- Supply also impacted by Covid-19.
- Shipyard deliveries affected by travel disruption and equipment shortages.
- Slippage and potentially cancellations are expected to increase materially for this year.
- Minimal contracting with just 13 containers ordered YTD.
- Container orderbook at 10.2% of the total fleet.
- Idle fleet presently stands at 11% of total fleet. This includes vessels in dock for scrubber installation (2.9%).
- Reduction of HSFO/VLSFO spread might lead to scrubber installation cancellations.
- Demolition: FY2019 stood at 182,600 TEU. Scrapping YTD at ca. 35,000 TEU. Scrapyards presently affected by lockdowns.
- Supply growth forecast full year 2020: 2.7%.
- Provisional supply forecasts for FY2021 at 3.0%.

Containership Orderbook

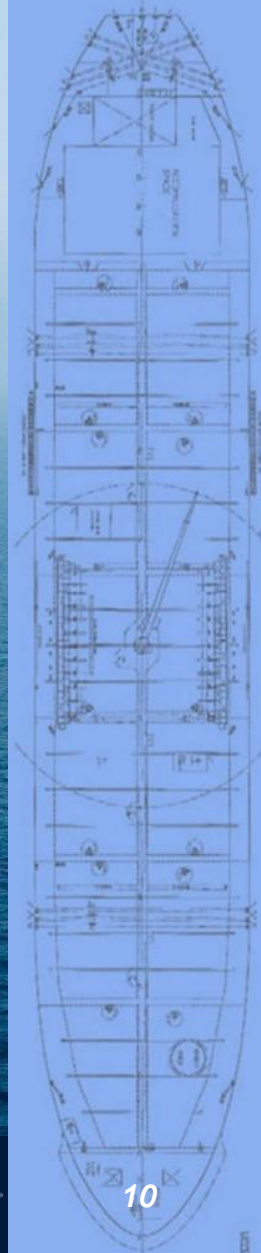


Containership Contracting



Source: Clarksons

# Capital Product Partners L.P.



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