

Fourth Quarter 2018 Earnings Presentation

January 31, 2019

Capital Product Partners L.P.



PRODUCT PARTNERS L.P.

www.capitalpplp.com

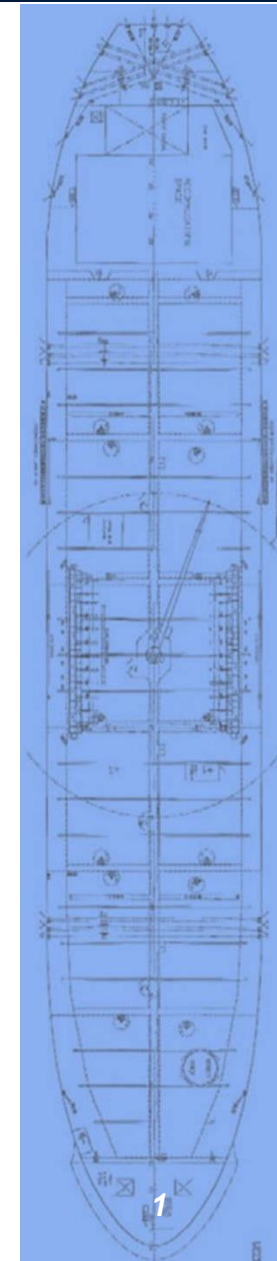
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IMPORTANT NOTICE

The statements in this presentation that are not historical facts, including, among other things, CPLP's ability to pursue growth opportunities, CPLP's expectations or objectives regarding future distributions, market and charter rate expectations, the consummation of the transaction with DSS Holdings L.P. (the "Transaction") and the expected financial performance of Diamond S Shipping Inc. and any remaining business of CPLP, 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. Insofar as the Transaction is concerned, these risk and uncertainties include, among others: (1) the risk that the Transaction may not be completed on terms or in the timeframe expected by DSS Holdings L.P. or CPLP or at all; (2) the possibility that various closing conditions to the Transaction may not be satisfied or waived; (3) the risk that committed financing may not be available or may not be available in an amount sufficient, together with cash to be procured by DSS Holdings L.P., to complete the Transaction; (4) risks and uncertainties related to the expected tax treatment of the spin-off; (5) failure to realize the anticipated benefits of the Transaction; (6) the impact of the spin-off on the business of CPLP and (7) the potential impact of major shareholdings on the trading price of the new company shares. For further 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 and in Diamond S Shipping Inc.'s joint Form 10 / information statement. 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.

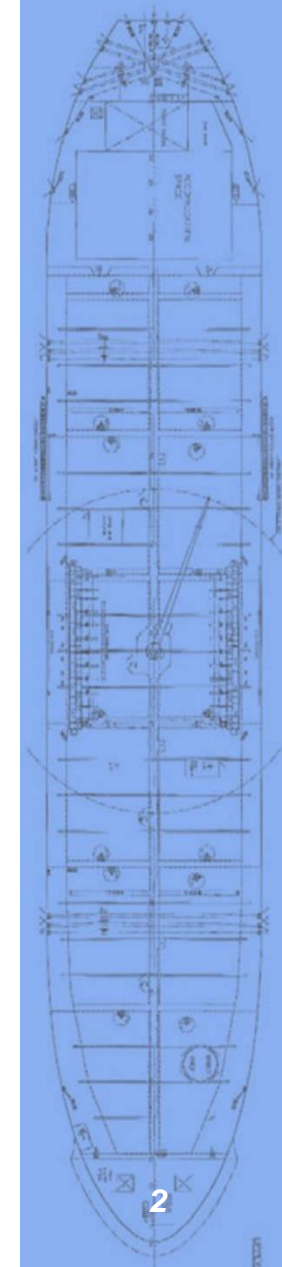
Non-GAAP Measures:

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.



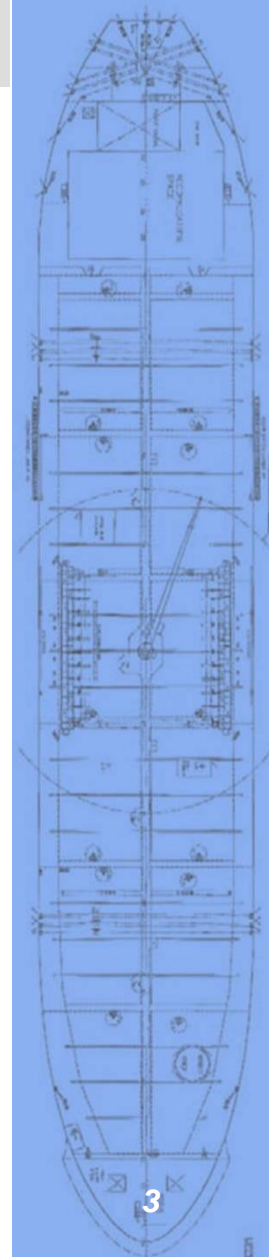
Fourth Quarter 2018 Highlights

- Announced spin-off of CPLP crude and product tanker fleet and merger with DSS Holdings L.P. business to form one of the largest publicly traded tanker companies (“Diamond S Shipping Inc.” or “DSSI”).
- New quarterly cash distribution of \$0.045 per common unit.
- Cash distribution of \$0.21375 per class B unit.
- Net income for 4Q2018: \$13.2 million.
- 2.9x common unit distribution coverage after the Capital Reserve of \$13.6 million per quarter and Class B distributions.
- Average remaining charter duration 4.6 years with 65% charter coverage for 2019.



Statements Of Comprehensive Income

(\$ In Thousands)



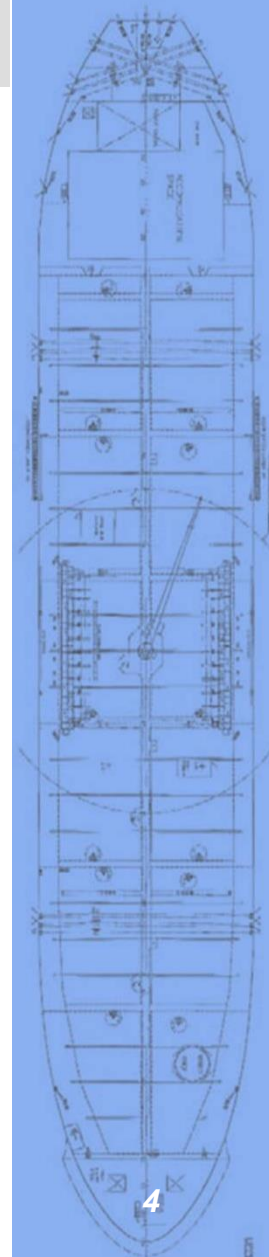
	For the Three-Month Period Ended <u>December 31, 2018</u>	For the Three-Month Period Ended <u>December 31, 2017</u>
Revenues	\$74,751	\$52,758
Revenues – related party	-	11,347
Total Revenues	74,751	64,105
Expenses:		
Voyage expenses	13,237	5,080
Vessel operating expenses	19,723	20,059
Vessel operating expenses – related party	3,218	2,974
General and administrative expenses	1,191	1,672
Vessel depreciation and amortization	17,498	18,379
Vessels' impairment charge	-	3,282
Operating income	19,884	12,659
Other income / (expense), net:		
Interest expense and finance cost	(6,853)	(6,061)
Interest and other income	207	162
Total other expense, net	(6,646)	(5,899)
Partnership's net income	\$13,238	\$6,760

Operating Surplus For Calculation Of Unit Distribution¹

(\$ In Thousands)

	For the Three-Month Period Ended December 31, 2018		For the Three-Month Period Ended September 30, 2018	
Partnership's net income/(loss)		\$13,238		(\$22,629)
Adjustments to net income				
Depreciation and amortization	17,924		19,102	
Amortization of above market acquired charters and straight line revenue adjustments	2,217		2,082	
Impairment of vessel	-		28,805	
OPERATING SURPLUS PRIOR TO CAPITAL RESERVE AND CLASS B PREFERRED UNITS DISTRIBUTION		\$33,379		\$27,360
Capital reserve		(13,597)		(13,597)
Class B preferred units distribution		(2,775)		(2,776)
OPERATING SURPLUS AFTER CAPITAL RESERVE AND CLASS B PREFERRED UNITS DISTRIBUTION		17,007		10,987
Increase in recommended reserves		(11,171)		(612)
AVAILABLE CASH		\$5,836		\$10,375

Common Unit Coverage: 2.9x



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

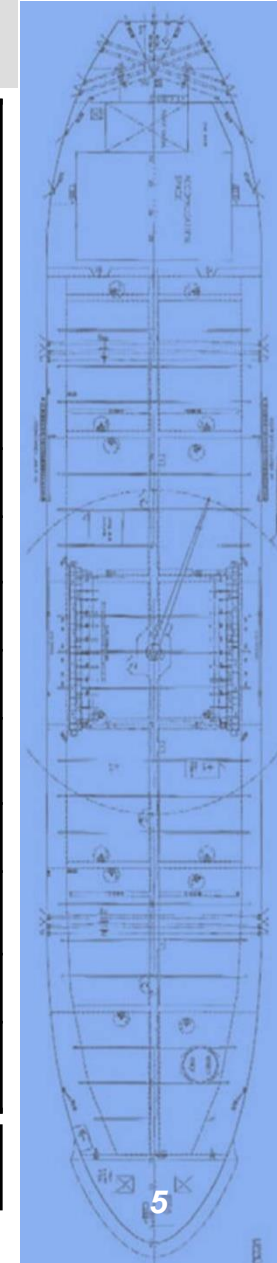
Strong Balance Sheet

(\$ In Thousands)

	As Of <u>December 31, 2018</u>	As Of <u>December 31, 2017</u>
Assets		
Total Current Assets	64,560	105,457
Total Fixed Assets	1,229,782	1,265,196
Other Non-Current Assets	90,903	95,563
Total Assets	\$1,385,245	\$1,466,216
Liabilities and Partners' Capital		
Total Current Liabilities	\$115,159	\$123,071
Total Long-Term Liabilities	388,772	409,740
Total Partners' Capital	881,314	933,405
Total Liabilities and Partners' Capital	\$1,385,245	\$1,466,216

Low Leverage: Net Debt⁽¹⁾/Capitalization: 30.0%

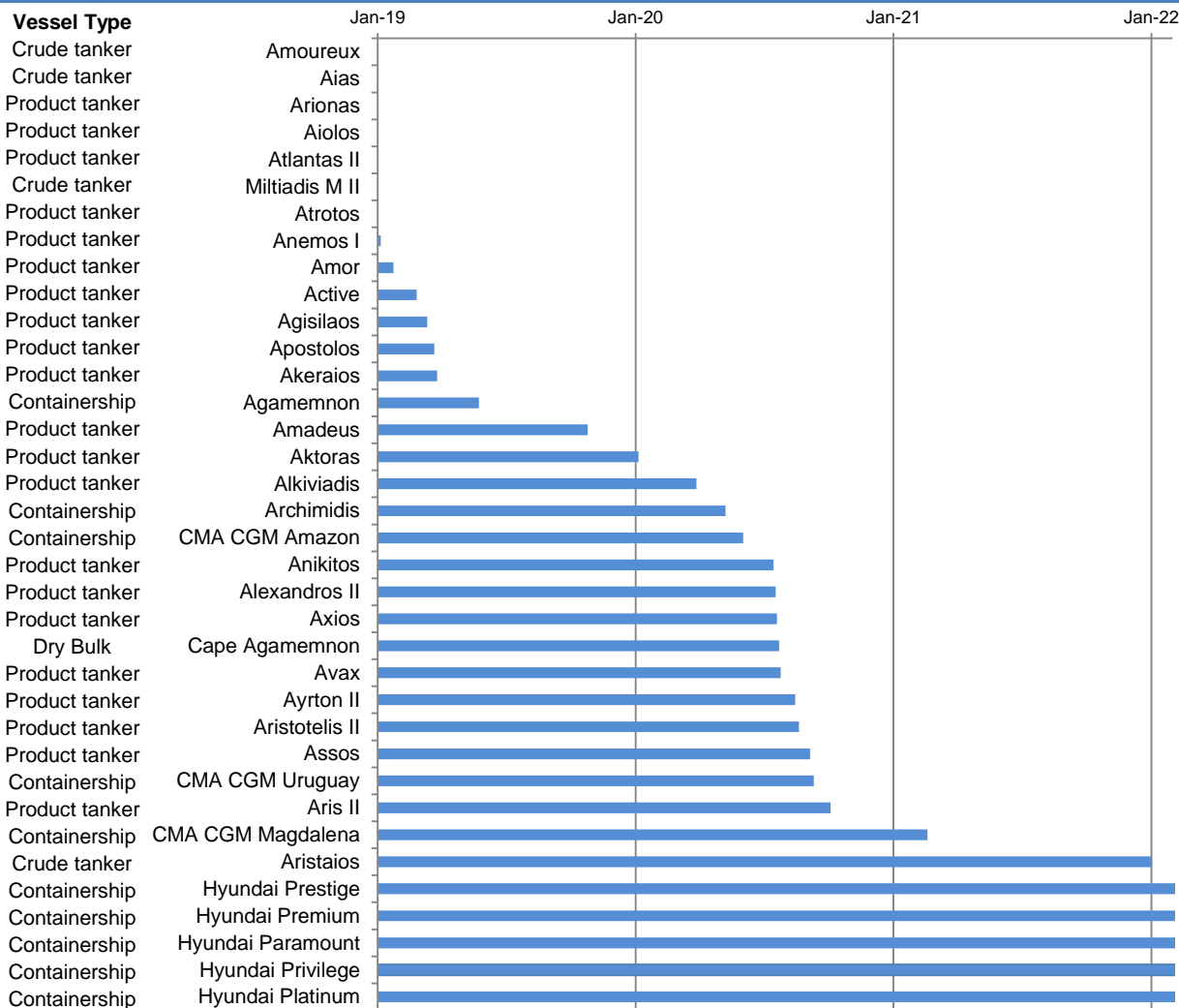
⁽¹⁾ Gross of deferred loan issuance costs



Strong Charter Coverage

Charter Profile

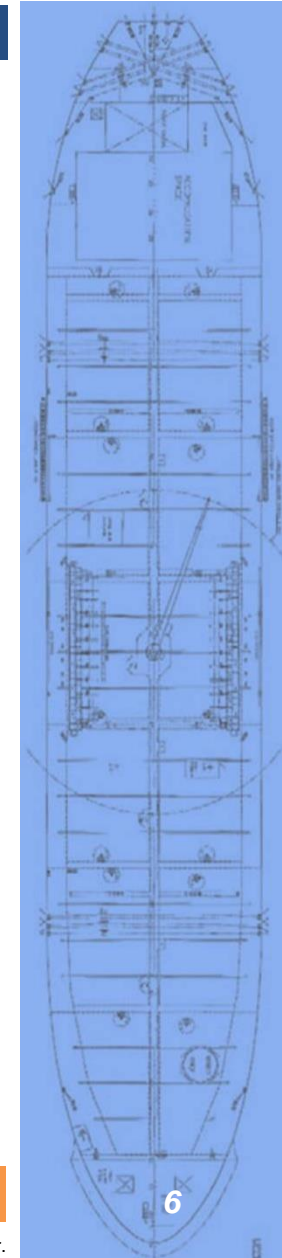
Expiry Of Current Charters



Rates

Gross Rate Per Day
Spot
Spot
Spot
Spot
Spot
Spot
Spot
\$17,750
\$16,000
\$17,000
\$13,750
\$13,000
\$17,750
\$20,000
\$14,750
\$12,000
\$12,500
\$18,000
\$39,250
\$15,300
\$14,700
\$13,850
\$42,200
\$13,850
\$14,700
\$14,700
\$13,850
\$39,250
\$14,700
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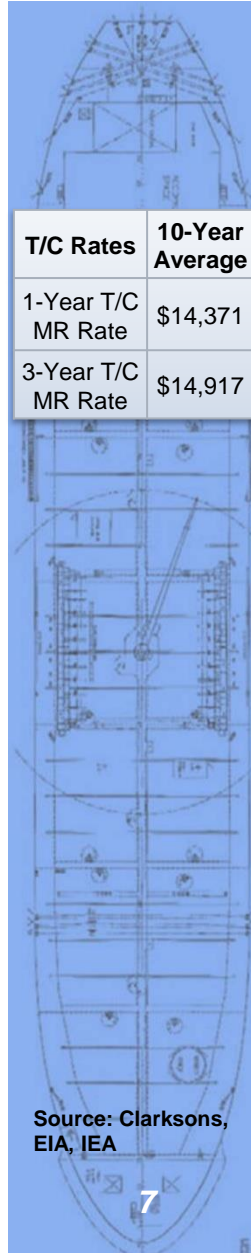
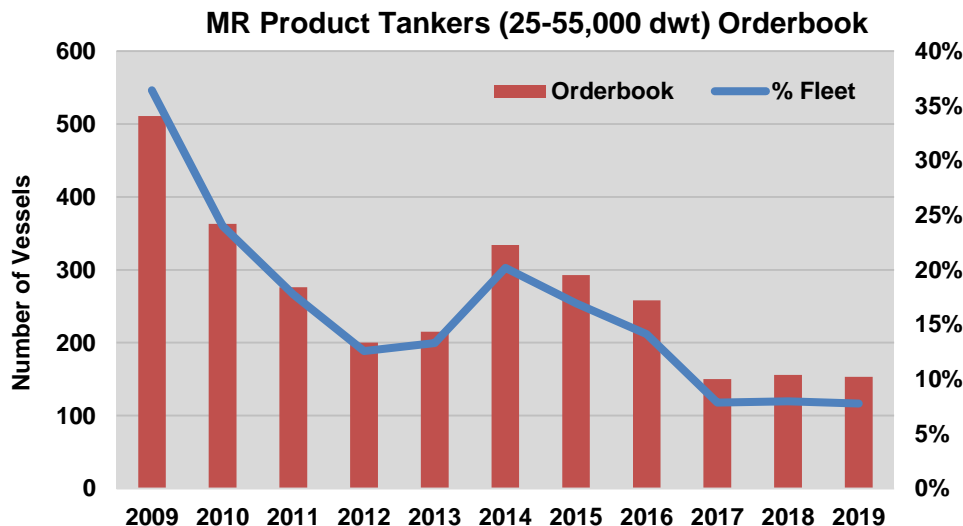
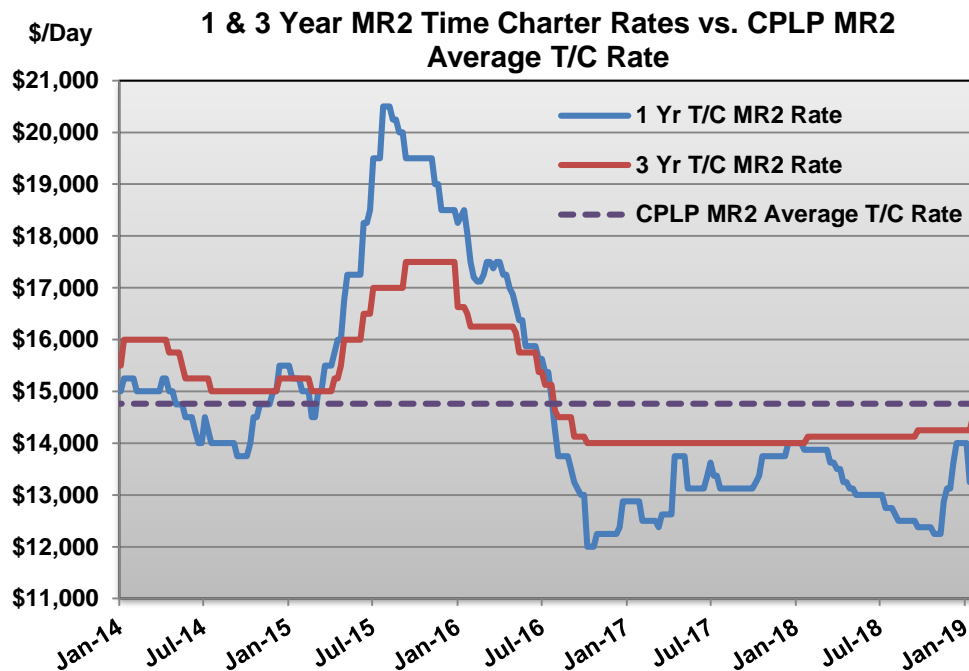
Revenue Weighted Average Remaining Charter Duration: 4.6 Years



¹ \$23,480pd between July 18, 2016 to Dec 31, 2019. The rate will increase to \$29,350pd thereafter and will further increase to \$34,250pd once scrubbers are installed or Jan 2020, whichever later.

Product Tanker Market Overview

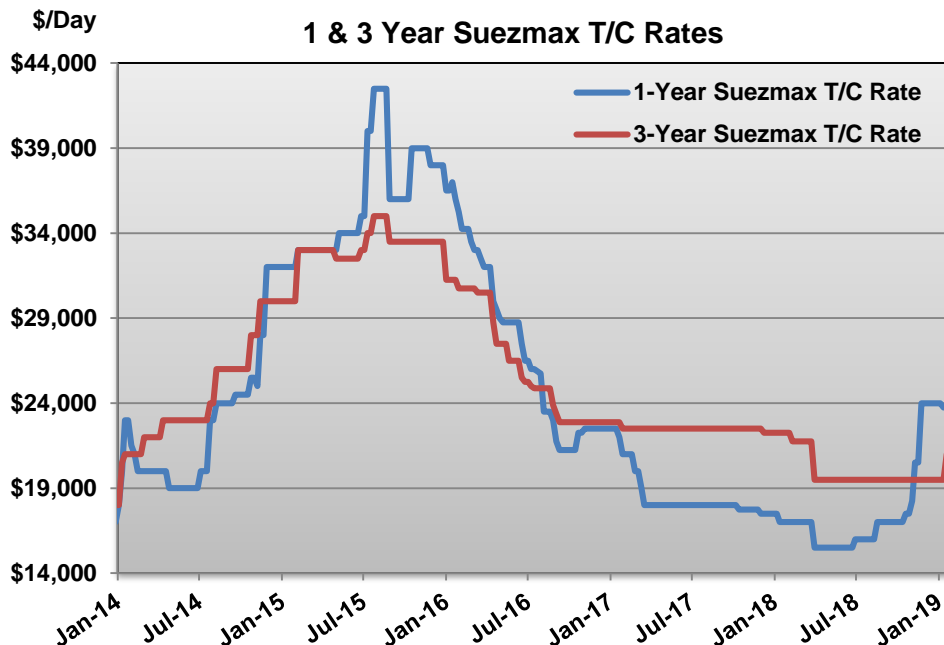
- MR spot charter rates improved significantly in 4Q2018 on the back of:
 - Strong recovery in crude tanker rates.
 - Refinery outages in L.America and arbitrage opportunities.
 - Long period activity remained limited but period rates increased.
 - Improving fundamentals to support the market going forward:
 - Refinery capacity expansion East of Suez increasing tonne/miles.
 - Orderbook for MR product tankers close to record low levels at 7.8% of total fleet.
 - Product tankers to benefit from IMO 2020 regulation.
 - Slippage amounting to 34% (FY2018).
 - Product tanker dwt demand to grow by 3.2% in 2019 vs. supply growth of 2.6%.



Source: Clarksons, EIA, IEA

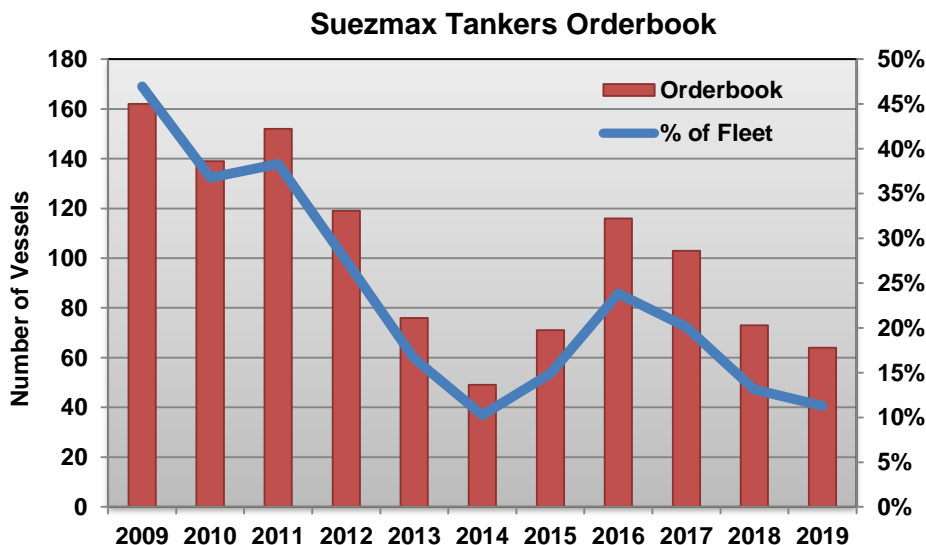
Suezmax Tanker Market Overview

- Suezmax spot market experienced substantially higher rates in 4Q2018 as a result of:
 - Seasonally stronger demand and increased oil production.
 - Record Chinese crude imports surpassing the 10 mb/d mark.
 - Rates for period firmed with liquidity improving.
- Suezmax tanker orderbook through 2021 corresponding to 11.3% of current fleet.
- Slippage at 22% (FY2018).
- Strong demolition activity: 20 Suezmaxes scrapped in FY2018.
- World oil demand growth estimated at 1.4 mb/d in 2019.
- Increasing long-haul crude exports from the U.S. and firm Chinese crude imports to support the market in 2019.
- Overall, Suezmax tanker dwt demand is forecast to grow by 2.0% in 2019 vs. supply growth of 1.9%.



Suezmax T/C Rates – 10 Year Average

1-Year Rate	\$23,396
3-Year Rate	\$24,537



Source: Clarksons, IEA

A graphic of a compass rose is positioned on the left side of the slide, partially overlapping the dark blue background. The compass rose is rendered in a dark blue color and shows cardinal and intercardinal directions (N, NE, E, SE, S, SW, W, NW) with corresponding degree markings.

Spin-off of Crude and Product Tanker Business

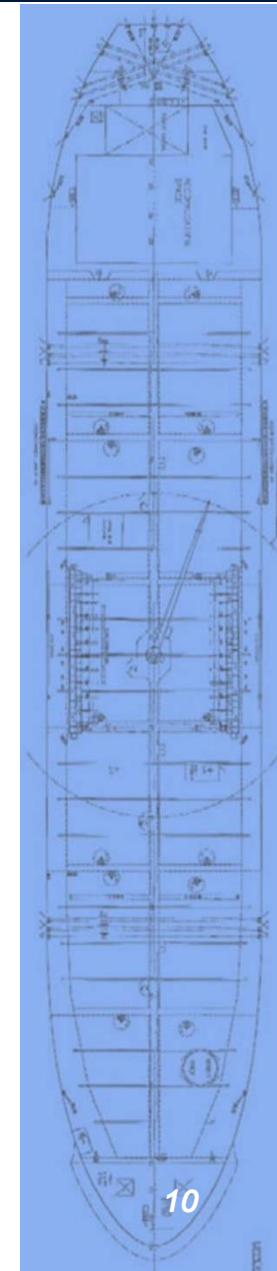
Transaction Description

- 1 CPLP's tanker fleet to be spun-off and merged with DSS Holdings L.P. business forming one of the largest publicly traded tanker companies ("Diamond S Shipping Inc." or "DSSI").
 - ▶ DSSI will have a large and modern tanker fleet of 68¹ vessels and a combined NAV of approx. \$700² million.
 - ▶ CPLP unitholders will receive approx. 33% of DSSI shares³ implying a total equity value of approx. **\$236 million** at NAV.
 - Transaction valued on a NAV-to-NAV basis with CPLP receiving a \$23.0 million premium.
- 2 New CPLP will be a highly attractive MLP with a modern fleet of 10 containerships and 1 drybulk vessel, with an average charter duration of 5.2 years.
 - ▶ Current CPLP unitholders will retain **100% ownership**.
 - ▶ Reverse split to be effected on closing of transaction.
 - ▶ New quarterly distribution guidance: \$0.045 per unit.

1. Pro forma for sale of Alpine Minute and Alpine Magic in Q4 of 2018

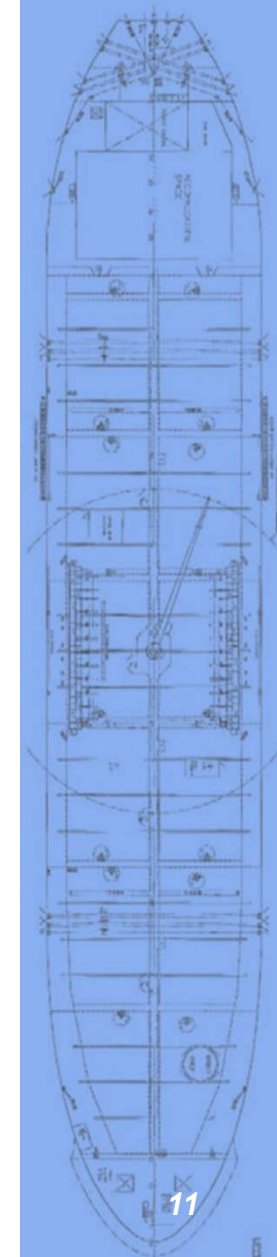
2. Assumes CPLP tanker NAV of \$236 million and DSSH NAV of \$477 million after premium adjustment and before transaction fees and expenses

3. Based Clarkson's fleet appraisal value; subject to closing adjustments



Transaction Rationale

- 1** CPLP's modern containership assets and multi-year time charters are highly suitable for the MLP model
- 2** CPLP retains the ability to grow with a broad set of strategic opportunities based on a visible pipeline of dropdowns
- 3** CPLP unitholders will receive an implied premium on a NAV-for-NAV basis of \$23 million that will increase their equity ownership interest in DSSI
 - ▶ Implies an approximate 10.8% premium to NAV contributed as part of the transaction
- 4** CPLP unitholders maintain upside in improving tanker charter market and asset values with the DSSI shares through a larger, dedicated tanker vehicle
- 5** CPLP's tanker assets fit better as part of a high quality tanker company, versus as part of an MLP




Unlocking Value Through This Transformative Transaction

We expect the transaction will unlock value as the sum-of-the-parts is anticipated to be in excess of the current CPLP implied equity valuation

33% Owned by CPLP Unitholders

100% Owned by CPLP Unitholders



33% of approx. \$700 million PF NAV¹
(i.e. approx. \$236 million of NAV to Current CPLP Unitholders)



\$0.045 per unit quarterly or \$23 million expected PF NTM Distribution

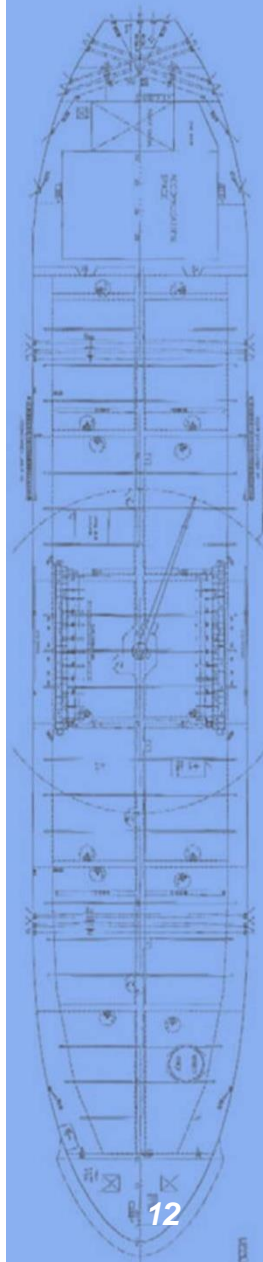


- 68 tanker vessels (average age 7.8 years²)
 - ▶ 52 product tankers
 - ▶ 16 crude tankers
- Market exposure through spot voyages

- 11 total vessels (average age 6.8 years²)
 - ▶ 10 containerships
 - ▶ 1 drybulk vessel
- Medium to long term charters

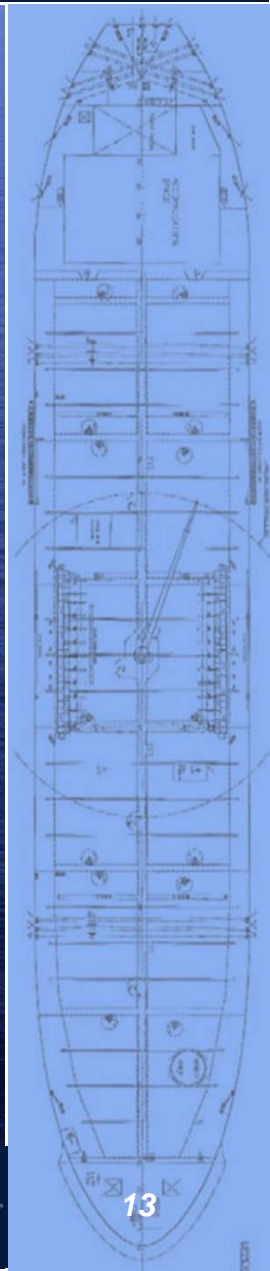
NAV and Cash Flow Valuation

Yield and Cash Flow Valuation



1. Estimated NAV as of September 30, 2018; all pro forma ownership percentages are indicative and subject to closing adjustments
 2. Weighted by DWT or TEU

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