



**CAPITAL**

PRODUCT PARTNERS L.P.

# Investor Presentation

June 2022

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CPLP  
NASDAQ  
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# Investment Highlights

## 1. Diversified, modern assets with contracted revenue:

- Fleet includes 7 latest generation LNG carriers ('LNGC'), 17 container vessels and 1 dry bulk capesize vessel of 7.0<sup>1</sup> years average age
- Long-term employment in place with market leading creditworthy counterparties
- Average remaining charter duration of 6.1<sup>1</sup> years, offering 95% charter coverage for 2022 and 93% for 2023

## 2. Shareholder returns:

- Paid unitholders a total amount of \$964.7 million in distributions, over 60 consecutive quarters since listing
- Common unit quarterly distribution guidance of \$0.15; implied 3.9%<sup>2</sup> annual distribution yield
- Active common unit repurchase program in place for up to \$30.0 million; have repurchased 548,830 units since inception of the program<sup>3</sup>

## 3. Committed Sponsor support:

- Capital Maritime & Trading Corp., together with key shareholder's family, own 26.1%<sup>4</sup> of the Partnership including the GP
- Sponsor support includes, among others, priority access to dropdown opportunities, equity offering participation and seller's credit at preferential terms
- Recently concluded the dropdown of one LNGC and three container vessels with contracted gross revenues of \$580.7 million

1. As of May 31, 2022, including recent acquisitions

2. As of closing unit price of \$15.44 on June 14, 2022

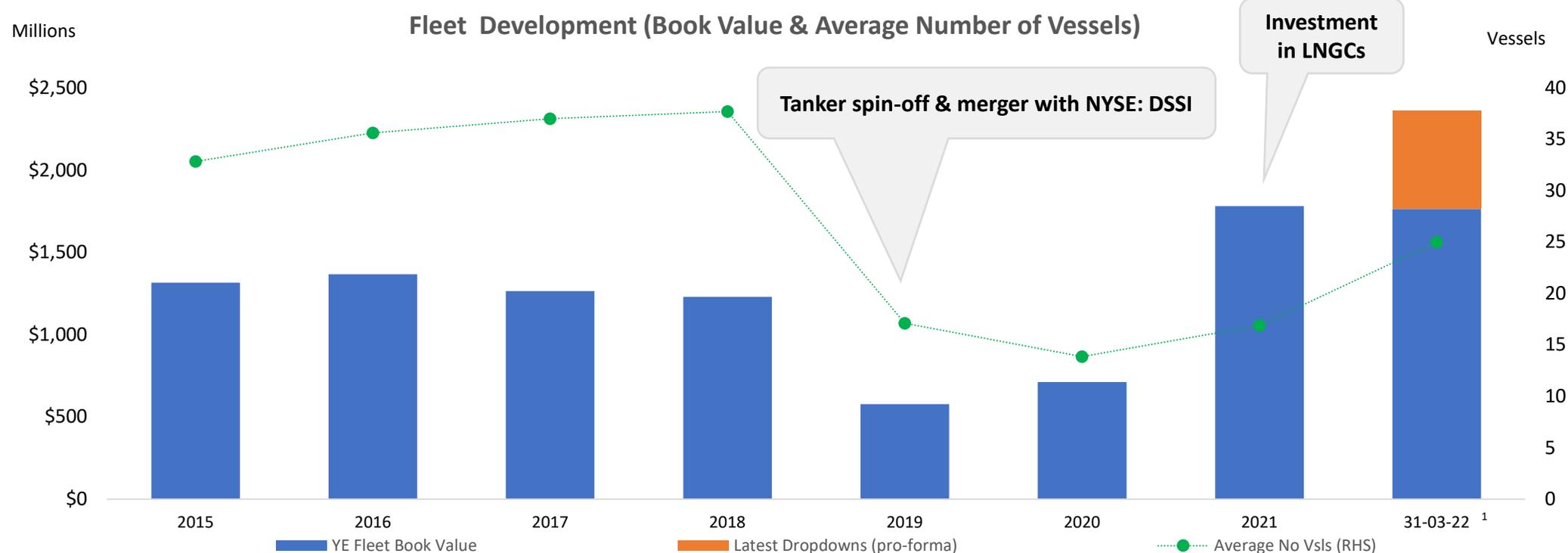
3. As of June 14, 2022

4. Excluding treasury units



# Strategic Evolution

Constant fleet growth since our IPO fleet of 8 vessels



- 2019 marked the year of our **strategic exit from the crude and product tanker** segment through a spin-off and subsequent merger with NYSE:DSSI, which merged with NYSE: INSW in 2021
- 2021 saw our **timely entry in the LNGC sector** with the acquisition of six X-DF LNGC sister vessels

1. Pro forma book value and average number of vessels for the acquisition of the four newbuilding vessels recently announced.

# Modern & High-Specification Diversified Fleet

## CPLP FLEET<sup>1</sup>

7 LNG Carriers



17 Containers



1 Bulk Carrier

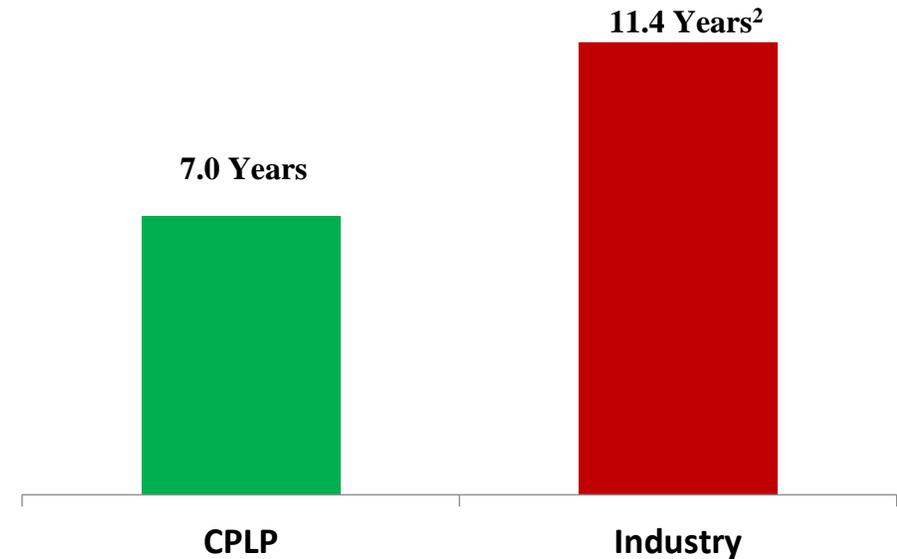


25 Vessels – 2.4 mm DWT – 1.2 mm CBM - 136k TEU

95% and 93% charter coverage for 2022 and 2023, respectively

6.1 years remaining on charter on average

## Fleet Age



- Diversified fleet across sectors and vessel types
- LNGCs represent over 60% of our vessels' book value.
- We remain active in renewing our fleet, with three newbuilding containers and one LNGC to be added to our fleet over next 3 quarters

1. Includes recent dropdowns to be delivered by 2023 and vessels to be sold. DWT includes containers, drybulk and LNGCs, CBM includes LNGCs, TEU includes containers

2. Industry average age data from Clarksons as of May 2022 weighted by dwt for the composition of the CPLP fleet

# Recent Transactions

## 1. Divestment of our two oldest container vessels

Vessel	Type	TEU	Built	Yard	Remaining Charter	Charterer
Archimidis	Container Carrier	8,266	2006	DSME	1.8 Years	MSC
Agamemnon	Container Carrier	8,266	2007	DSME	1.8 Years	MSC

- Sold to an unaffiliated party taking advantage of historically high container vessels asset values.
  - Total consideration: \$130.0 million
  - Carrying value<sup>1</sup>: (\$ 80.5 million)
  - Estimated gain: \$ 49.5 million
- Delivery to new owner is expected in the third quarter of 2022
  - Gross cash proceeds<sup>2</sup>: \$99.5 million



1. As of May 31, 2022

2. Based on the debt amount outstanding and vessel charter-free fair market values as of March 31, 2022

# Recent Transactions (contd.)

## 2. \$597.5 million investment in four newbuildings, latest technology eco vessels with long-term charters in place

Vessel	Type	Capacity	Contractual Delivery	Yard	Firm Period	Optional Periods	Charterer
<b>Asterix I</b>	LNG Carrier	174,000 CBM	Jan-23	HHI	5 Years	2 + 2 Years	
<b>Manzanillo Express</b>	Container Carrier	13,278 TEU	Oct-22	HHI	10 Years	2 + 2 +2 Years	
<b>Itajai Express</b>	Container Carrier	13,278 TEU	Jan-23	HHI	10 Years	2 + 2 +2 Years	
<b>Buenaventura Express</b>	Container Carrier	13,278 TEU	May-23	HHI	10 Years	2 + 2 +2 Years	

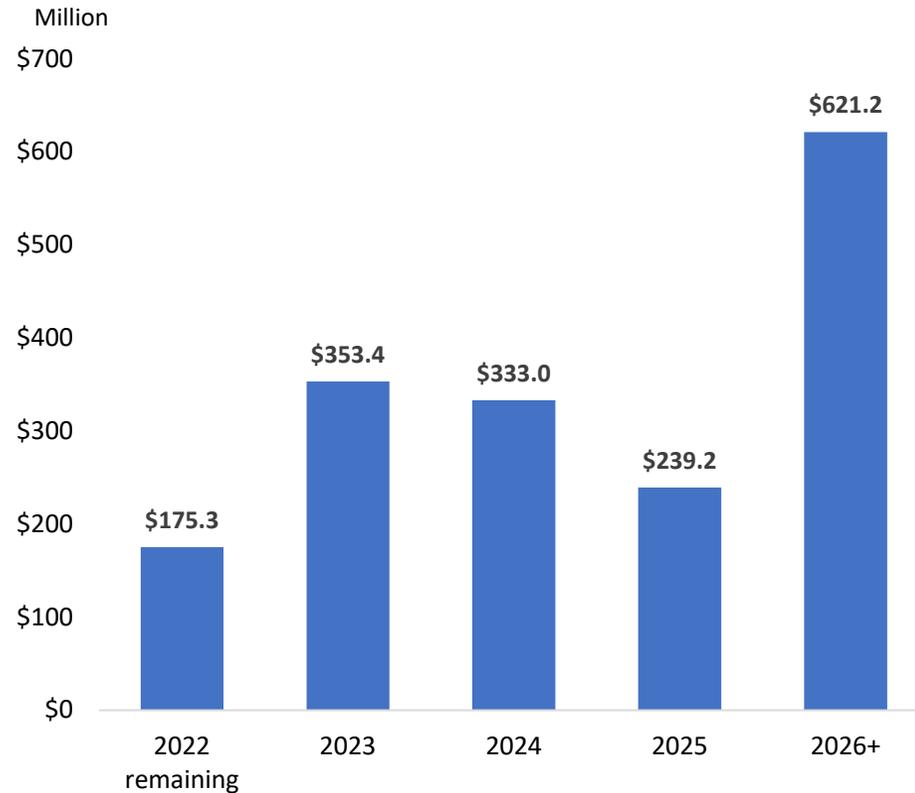
- 8.8 years on average firm period
- Charters expected to add \$580.7 million of total contracted gross revenue
- Further diversification of our client base with the addition of Hartree

Sources (million)		Uses (million)	
Debt	\$468.0	Asterix I	\$597.5
Cash	\$122.0	Manzanillo Express	
CPLP common units	\$7.5	Itajai Express	
		Buenaventura Express	
<b>Total</b>	<b>\$597.5</b>	<b>Total</b>	<b>\$597.5</b>

# Diversified Contracted Revenue

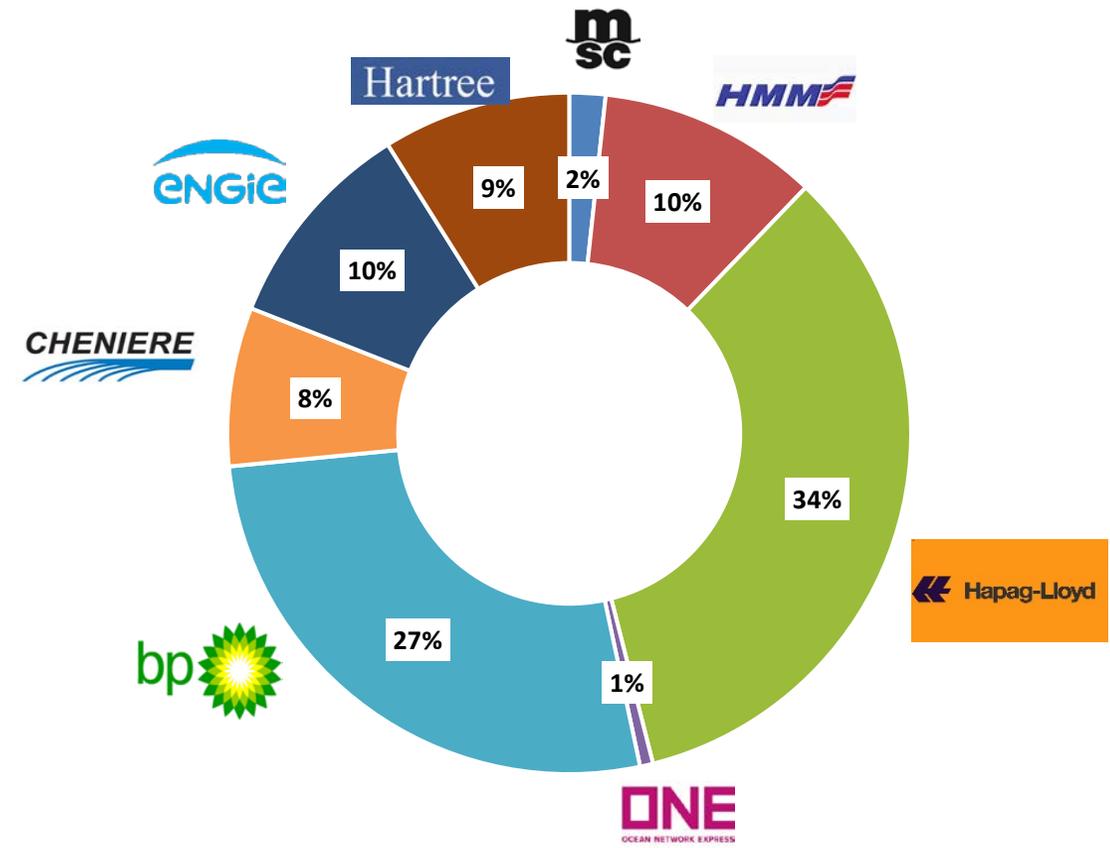
## Contracted Revenue\*

Contracted Revenue Backlog: \$1.72 billion



## Contracted Revenue Contribution\*

High Quality & Diversified Customer Base

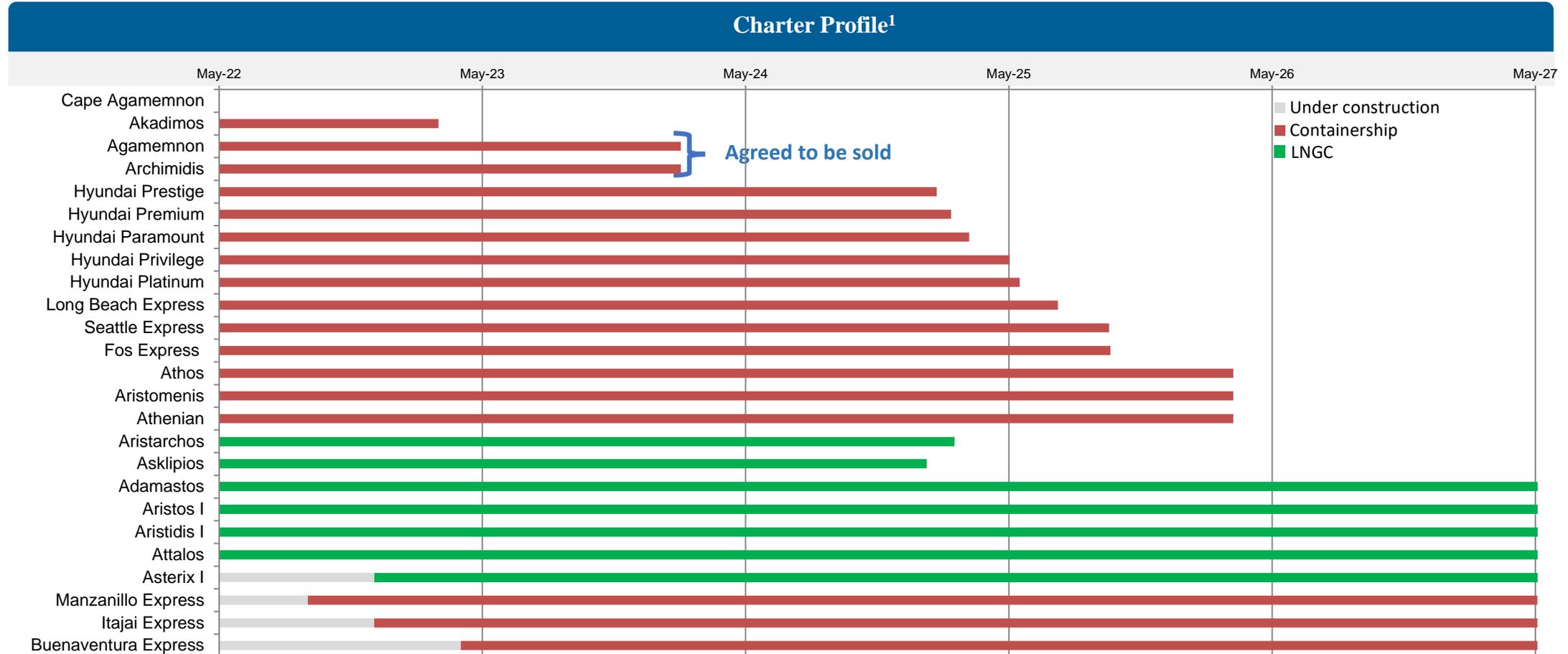


Over 60% of our contracted revenue come from LNG assets

Latest acquisitions expected to add \$580.7 million of gross contracted revenue

\* Including recently announced four vessel acquisitions.

# Strong Charter Coverage & Duration

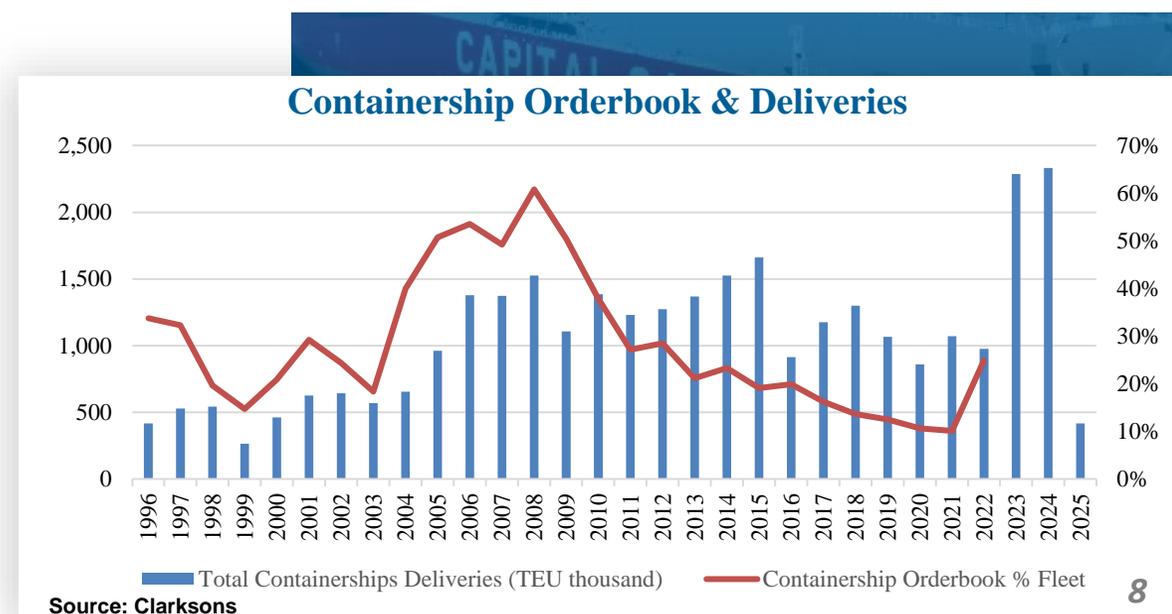
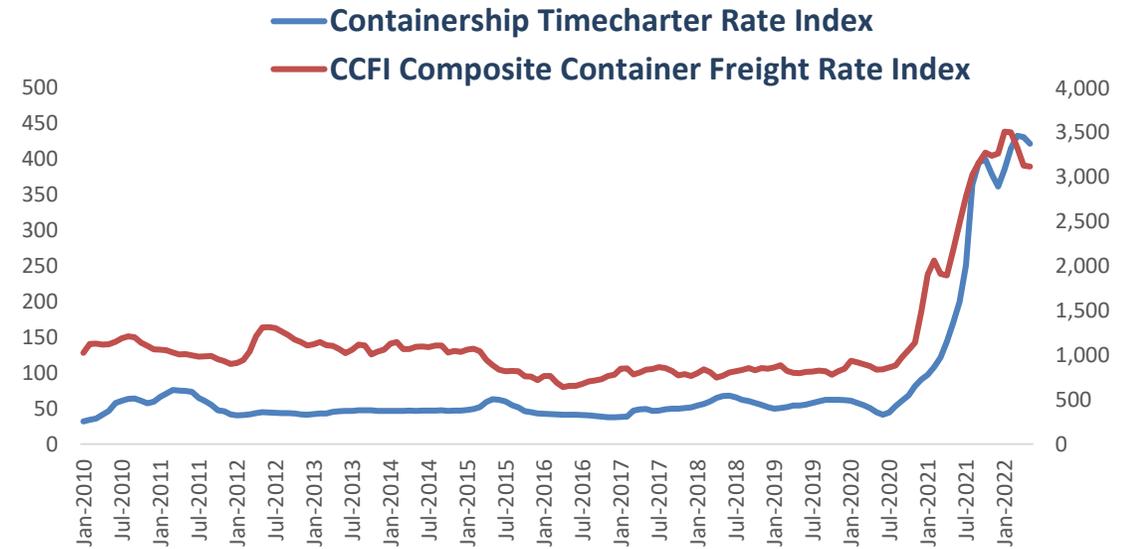


Charter Coverage				Remaining Charter Duration (Years)
2022	2023	2024	2025	
95%	93%	86%	61%	<b>6.1</b>

1. We assume throughout this presentation the exercise of first two options (total 4 years per vessel) for the vessels on charter to BP, as the structure of the time charter party makes the exercise of these options highly likely

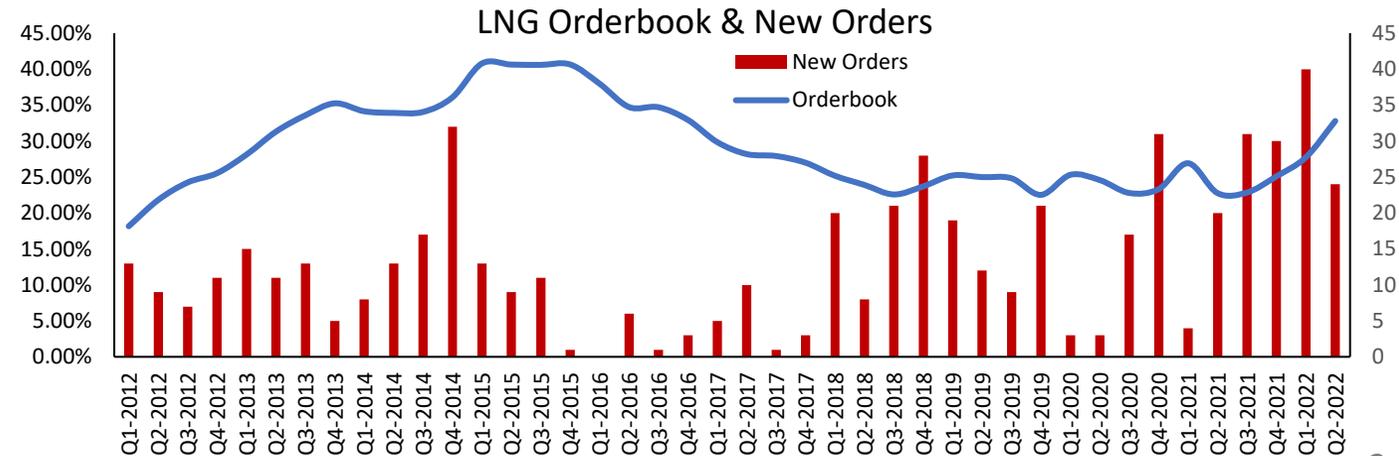
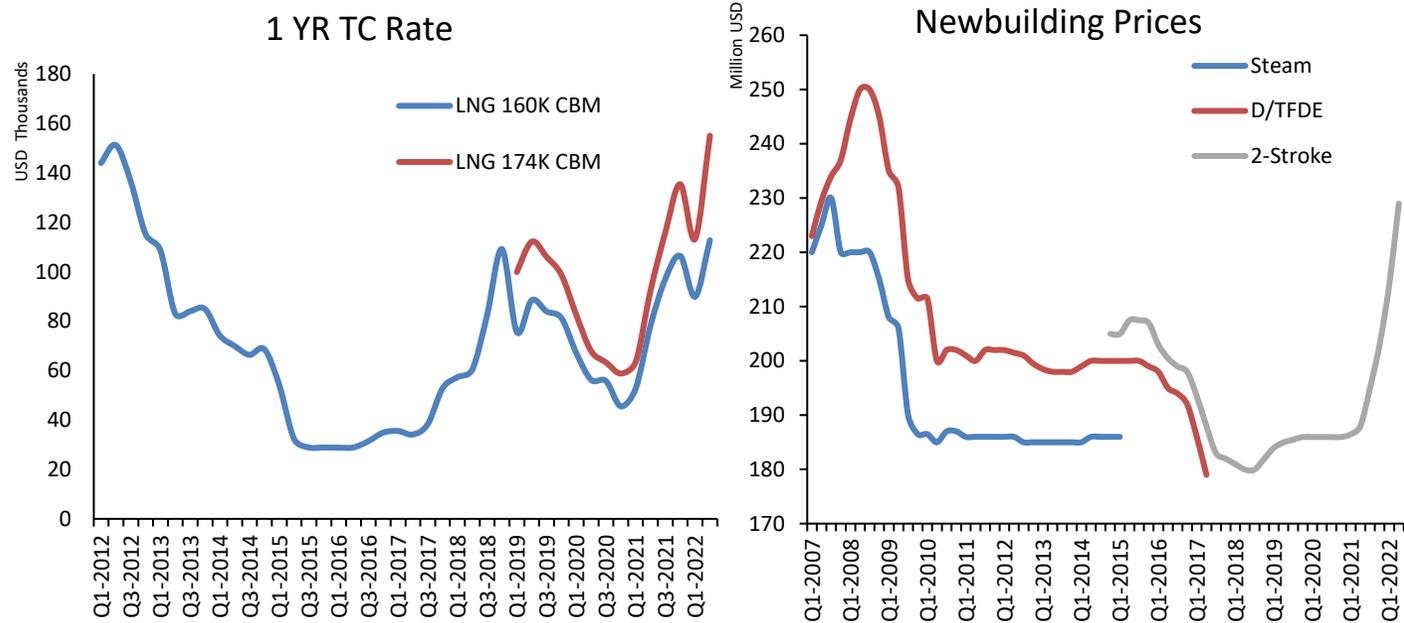
# Container Charter Market Review

- Container shipping markets continue to remain exceptionally strong, with both freight and charter rates still close to record highs.
- The Clarkson Containership Charter Rate Index stood at 422 points in May, up 332% since the beginning of 2021.
- Market conditions have continued to be supported by severe logistical disruption including port congestion, which has absorbed a significant share of scheduled capacity. Meanwhile the lockdowns in China appear to have had some impact, contributing to a slightly softer sentiment in Q2.
- Low newbuild deliveries (1 mil TEU in 2022), and vessels that have been fixed on medium to long term period charters in 2021 will keep tonnage availability limited in 2022.
- The container vessel orderbook stood at 27% at end May 2022, with newbuilding activity showing signs of slowing down so far in 2Q 2022 compared to 1Q 2022 with just 60 ships being ordered so far this quarter compared to 150 vessels in the previous quarter.
- Macroeconomic headwinds and uncertainty are building up with GDP forecasts cut by 1%. Geopolitical uncertainties and the ongoing war in Ukraine, lockdowns in China, inflationary pressures and increasing energy prices are expected to add pressure on box trade growth.
- However severe port congestion and logistical disruption continue to have a pivotal market impact and offer support to the market. Congestion levels at ports in mainland China have increased by 40% since end of March according to market reports, delays in shipments from China to Europe are subsequently causing shortages of containers, while transport and unloading at some ports is reportedly taking as much as 45 days, compared with a normal average of 20 days.
- According to analysts, global container trade will grow by 1.3% in 2022, while fleet growth of 3.5% is expected. Despite this, major logistical disruption (notably port congestion) which will take time to ease it is expected to continue to outweigh demand downside and support the current market conditions.



# LNGC Market Update

- Spot market** : After a soft start in the beginning of the year, market has started showing signs of improvement. Spot rate for a D/TFDE vessel reached \$97,500/day in June, 178% higher compared to 1Q 2022 average, while the spot rate for a two-stroke vessel reached \$120,000/day, 114% higher compared to 1Q 2022. Spot market softened last week following Freeport shutdown - Freeport currently utilizes ~25 vessels.
- Term rates remain healthy**: the 1-Yr TC rate for a DFDE unit stands at \$125,000/day and for a 2 stroke vessel at 160,000/day.
- Strong preference for latest generation vessels**: Differentials between modern two-stroke vessels with low boil-off rates, versus higher boil-off, less efficient steam turbine vessels are expected to increase: the recent, current and forecast LNG price environment ensures that vessel size and boil-off rates are increasingly important.
- European imports increase on the back of the Russian-Ukraine conflict**: Europe's share has more than doubled since last year: 24% of US LNG to Europe in 1Q 2021, and 57% in 1Q 2022. This has resulted in an increase of over 130 US cargoes going to Europe this first quarter vs 1Q 2021.
- Orderbook**: Currently stands at 36% of total fleet. Shipyards have no capacity left for 2025 with very limited capacity for 2026.
- NB activity**: Continued the bullish trajectory with 64 NB orders confirmed in 2022 so far.
- Asset prices**: Newbuilding prices continue to rise – currently around \$240 million per vessel for higher spec LNGCs.
- Outlook**: Positive on the back of supportive fundamentals. Longer term, firm flows of investment into LNG carrier newbuilds and both import and export infrastructure demonstrates the positive sentiment surrounding the sector.



# Strong Financial Performance

Have raised \$794.9 million of equity since listing on the NASDAQ in 2007

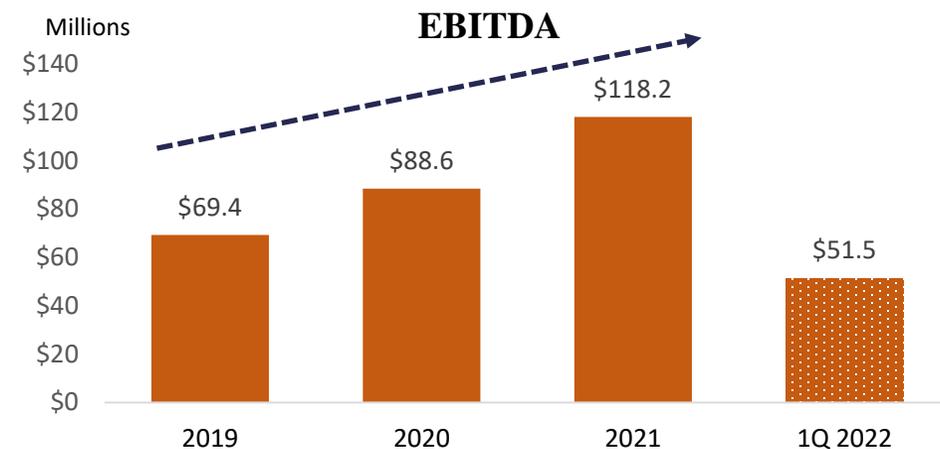
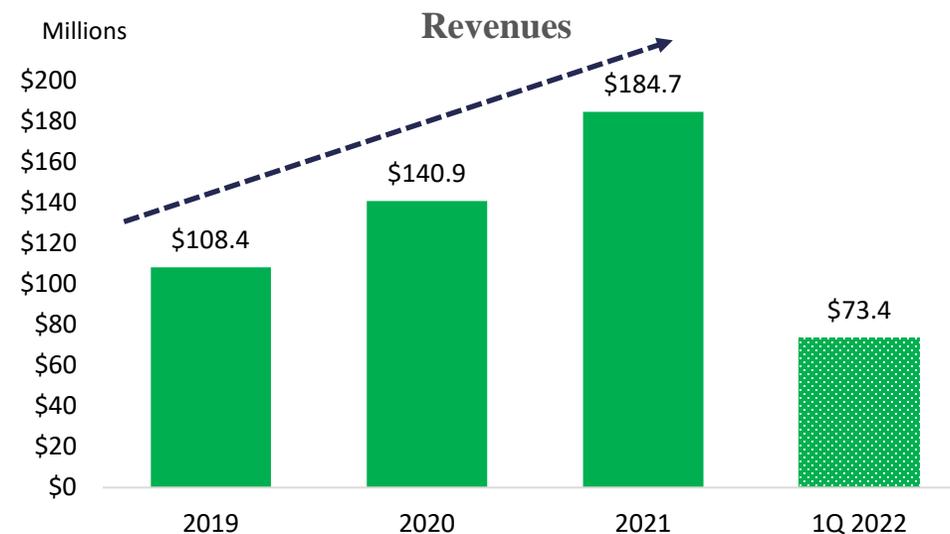
Have consistently paid distributions for 60 consecutive quarters, corresponding to a total of \$964.7 million

\$1.9 billion total assets as of 31/03/2022

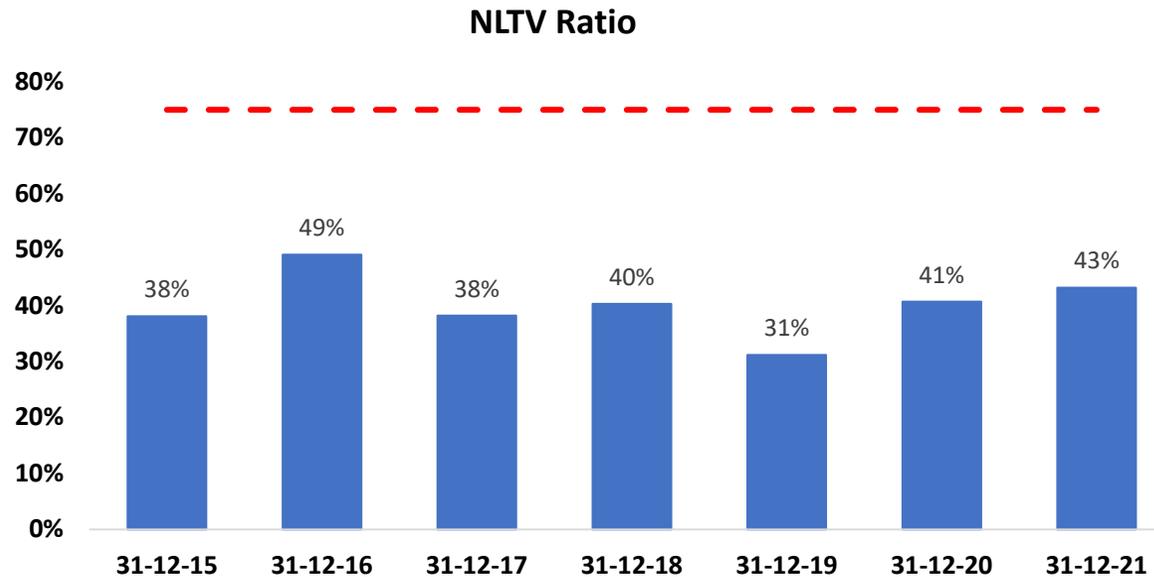
Never restructured debt, delayed service payments or asked for loan agreement waivers

Net debt to fleet fair market value at 41.1% as of 31/03/2022

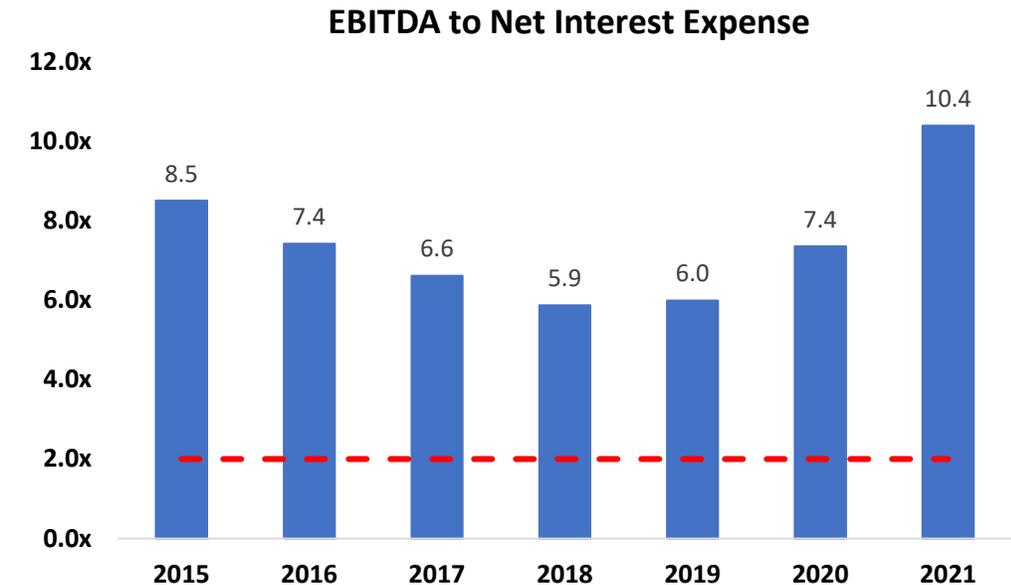
No significant debt maturities until end 2026



# Debt Access & Leverage



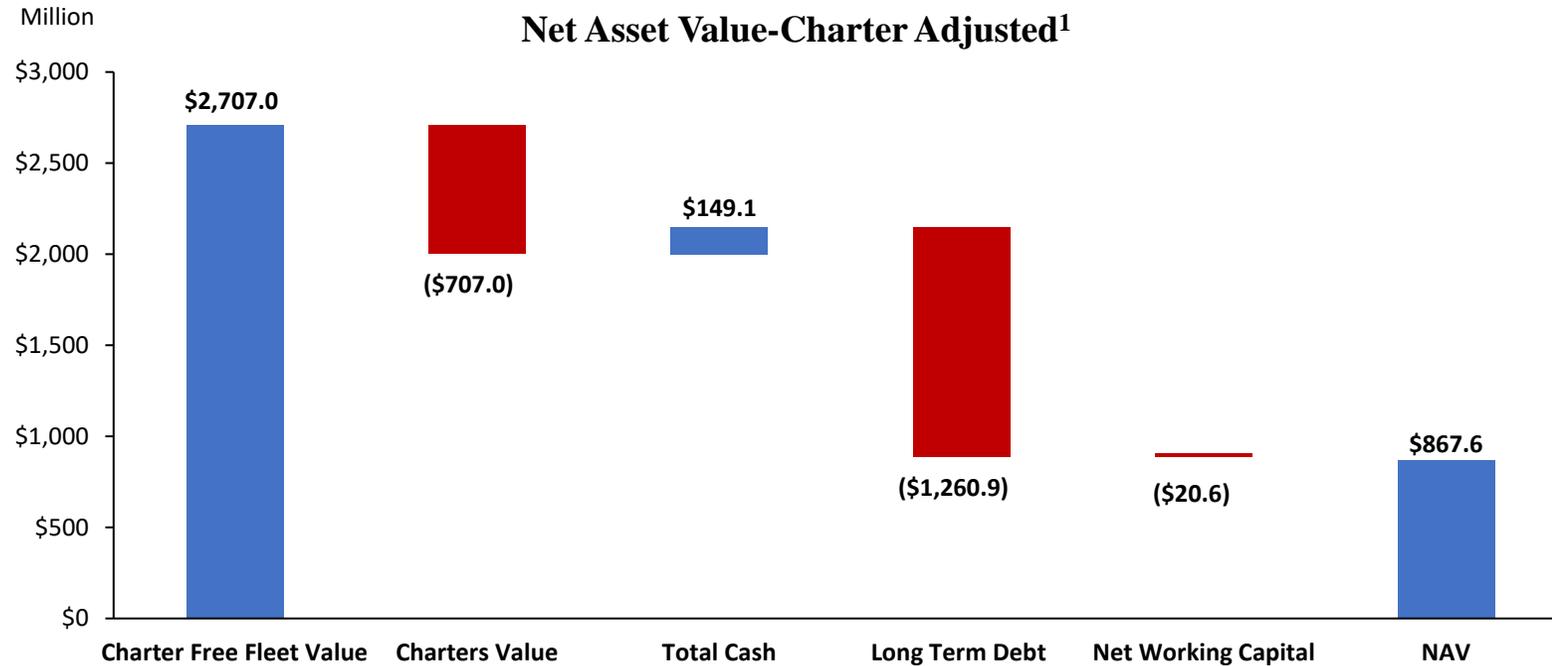
Financial covenant<sup>1</sup> - - - -



- **Conservative leverage profile**, safeguarding against market volatility
- As of 31/03/2022, **25% of our debt is not subject to fluctuations in interest rates**
- **Strong relationships with market lenders** across the world, providing necessary capital for growth
- **Access to all spectrum of available financing sources**, ensuring cost optimization

1. As defined in our current financing arrangements

# In Summary



- ✓ Valuation well underpinned by intrinsic value  
Estimated NAV of \$42.1/share is **over 2.7x** the share price of \$15.44<sup>2</sup>
- ✓ Consistent return to unitholders through uninterrupted dividend payments and buy-back programs  
Total distributions of **\$964.7 million**, **\$30.0 million** buyback program under way
- ✓ Continued fleet growth from recent acquisitions and additional drop-down opportunities within the LNGC sector  
New acquisitions adding **\$580.7 million of contracted gross revenue**

1. NAV estimated basis balance sheet as of March 31, 2022 pro forma for the sale of the two vessels and adjusted for the indicative charter attached fair market value of the fleet as of May 31, 2022 provided by a third party appraiser  
2. As of June 14, 2022



# Appendix

# Strong Levered Returns

## Track record of ~15% levered returns

Access to a wide range of investment opportunities:

- ✓ Newbuildings, Second-hand vessels
- ✓ LNGCs, Containers, Tankers, Drybulk carriers
- ✓ Long term charters at attractive rates

Deep relationships with financial institutions globally:

- ✓ Commercial shipping banks
- ✓ Financial leasing institutions
- ✓ Sponsor sellers' credit at preferential terms

## Case study: M/V Adonis & M/V CMA CGM Magdalena

Built and acquired in 2015 and 2016 respectively from our sponsor, minimizing carry and sourcing costs

Sold in 2021 to unaffiliated 3<sup>rd</sup> party at a gain of \$46.8m

Estimated levered IRR: 26%

## Recent Investments – Indicative Levered Returns

LNGC fleet: 15%

Panamax fleet: 25%

**Capital allocation balanced between growth at attractive returns & returning capital to unitholders via distributions & unit buybacks**

**Note:** IRR calculation estimates based on free cash flow generated based on following key assumptions:

LNGCs: 10 year period with OPEX: \$14,000 /day and G&A: \$1,000/day escalating at 1.5%/ year, 99% utilization rate, \$75,000/day recharter rate, refinancing at 70% depreciated value, sale at depreciated book value.

Panamax fleet: 5 year period with OPEX: \$6,300 /day and G&A: \$1,000/day escalating at 1.5%/ year, 99% utilization rate, sale at depreciated book value.

# LNG Dropdown Opportunities

## Right of First Offer:

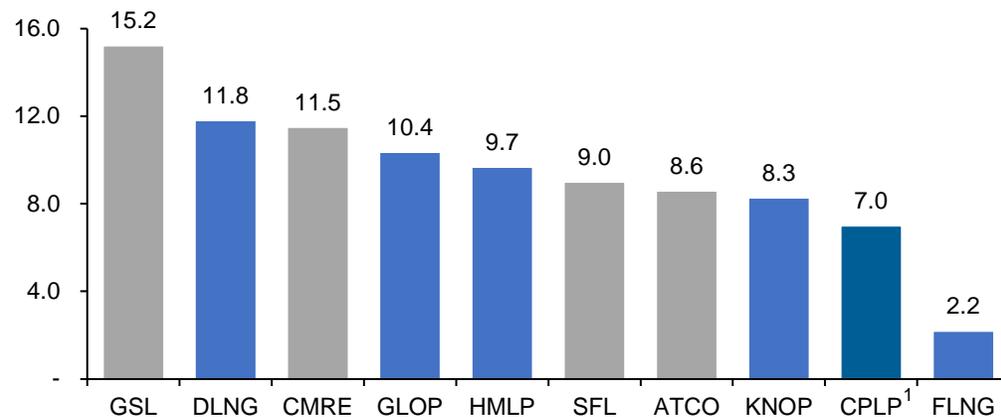
Vessel Name	Type	TEU / CBM	Delivery	Yard	Charterer
Amore Mio	LNG Carrier	174,000 CBM	Oct-23	HHI	-
Axios II	LNG Carrier	174,000 CBM	Jan-24	HHI	-

## Additional Opportunities:

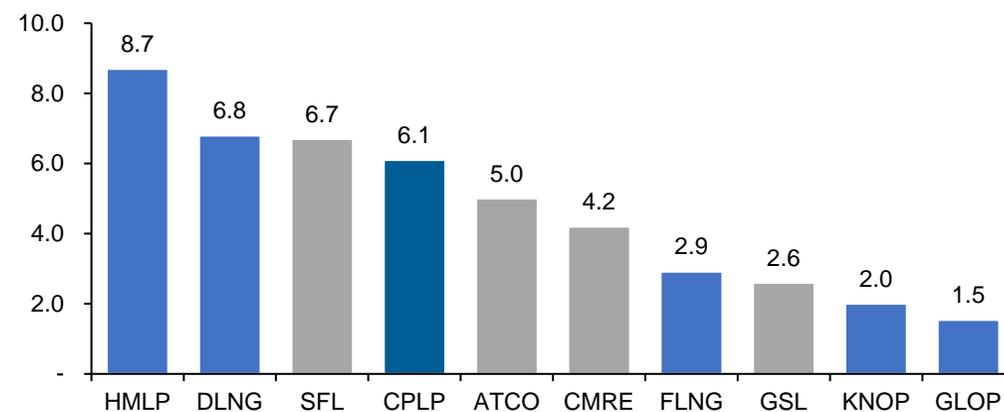
Vessel Name	Type	TEU / CBM	Delivery	Yard	Charterer
Assos	LNG Carrier	174,000 CBM	May-24	HHI	-
Apostolos	LNG Carrier	174,000 CBM	Jun-24	HHI	-
Aktoras	LNG Carrier	174,000 CBM	Jul-24	HHI	-
Hull 8198	LNG Carrier	174,000 CBM	Jan-26	HHI	
Hull 8199	LNG Carrier	174,000 CBM	Mar-26	HHI	

# Operational and Financial Peer Benchmarking

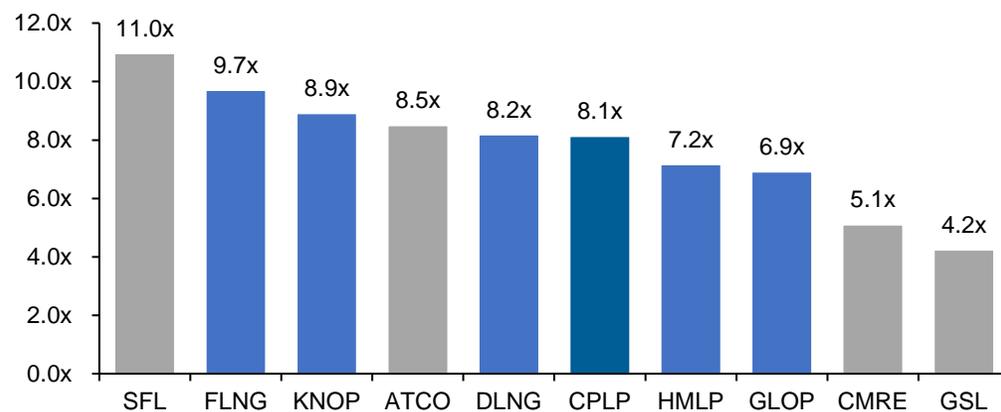
### Young, Modern Fleet (Years)



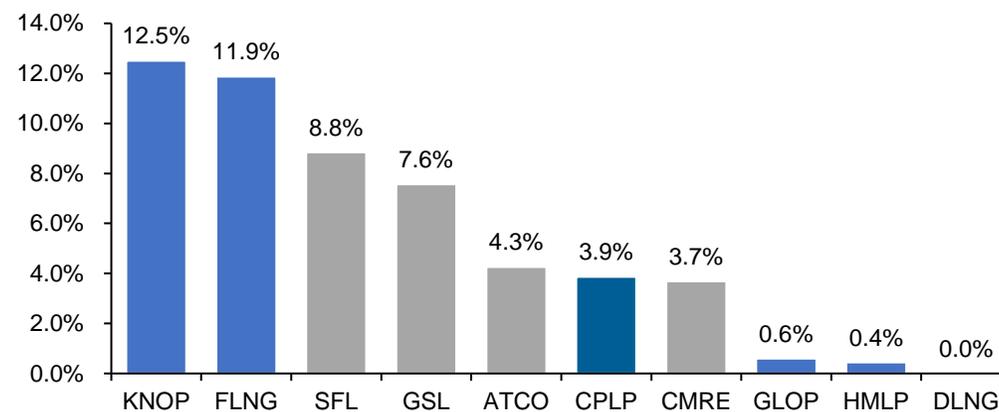
### Significant Remaining Charter Duration (Years)



### Attractive Valuation Relative to Peers (EV / 2022E EBITDA)



### Stable Yield with High Distribution Coverage



■ Marine MLP    ■ Yield Cos

Source: Company filings, FactSet (6/15/22), Clarksons

1. Includes recent dropdowns to be delivered by 2023 and vessels to be sold

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