



## TEEKAY SHIPPING CORPORATION

Fourth Floor, Euro Canadian Centre, Marlborough Street and Navy Lion Road,  
P.O. Box SS-6293, Nassau, Bahamas

### EARNINGS RELEASE

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#### TEEKAY SHIPPING CORPORATION REPORTS SECOND QUARTER PROFITS OF \$12.3 MILLION

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Nassau, The Bahamas, October 21, 1997 - Teekay Shipping Corporation today reported net income of \$12.3 million, or 43 cents per share, for the quarter ended September 30, 1997, compared to \$9.1 million, or 32 cents per share, for the quarter ended September 30, 1996. The current quarter's results include \$3.9 million, or 14 cents per share, in gains on asset sales. Results for the quarter ended September 30, 1996 did not include any gains or losses on asset sales. Net voyage revenue for the quarter was \$72.1 million, compared to \$69.5 million last year, while income from vessel operations was \$21.9 million compared to \$23.3 million.

Net income for the first half was \$26.3 million, or 92 cents per share, compared to a net income of \$14.5 million, or 52 cents per share, in the first half of the previous fiscal year. Net voyage revenue for the six months ended September 30, 1997 was \$146.0 million, compared to \$134.6 million in the same period of the previous fiscal year. Asset sales resulted in gains of \$3.9 million in the first half of the current fiscal year, or 14 cents per share, while there were no asset sales in the same period of the prior year.

Results for the quarter and six-months period include a loss of \$761,000, or 3 cents per share, resulting from the Company's repurchase during the current quarter of \$8.9 million of its 9 5/8% First Preferred Ship Mortgage Notes. Subsequent to the end of the quarter, the Company repurchased an additional \$15.4 million of such notes.

The following key indicators serve to highlight the changes in financial performance:

	Three Months Ended			Six Months Ended		
	September 30,		%	September 30,		%
	1997	1996	Change	1997	1996	Change
Revenue-generating ship-days:	3,729	3,544	5.2%	7,290	7,034	3.6%
TCE per revenue-generating ship-day:	\$ 19,834	\$ 20,045	-1.1%	\$ 20,508	\$ 19,557	4.9%
Operating cash flow per calendar ship-day:	\$ 11,158	\$ 11,691	-4.6%	\$ 11,793	\$ 11,253	4.8%

Seasonal weakness in Aframax freight rates, which began in May, continued for a longer period than it had in the previous year, and did not recover until September. As a result, Aframax rates on the Gulf-East route were slightly lower on average during the summer of 1997 than in the corresponding period in the previous year. Since September, Aframax rates on this route have recovered, and are now approximately \$2,000 per day above the levels of one year ago.

Global oil consumption, a key indicator of tanker demand, continued to grow during the past quarter, particularly in the United States and in Asia. The Energy Intelligence Group (EIG) estimates that oil consumption grew by 3.5% in the United States, 7% in South Korea, and more than 10% in both India and China. A larger portion of this demand increase was met by Mideast suppliers than has typically been the case in the past few years. This has positive implications for tanker demand, which is measured in tonne-miles, due to the long distances that Mideast crudes must be transported to reach markets. The outlook for the current winter continues to be positive, as the International Energy Agency is predicting that global oil consumption will rise by 2.5% in 1997, and 2.4% in 1998.

The size of the world tanker fleet remained virtually unchanged over the previous quarter at 298.6 million dwt, while the world tanker fleet orderbook increased from 34.4 million dwt to 38.0 million dwt, or 12.7% of the world tanker fleet. The Aframax tanker orderbook rose from 72 vessels to approximately 85 vessels, representing 14.6% of the world Aframax fleet.

At the end of the quarter the Company sold the TASMANN SPIRIT, a 1979-built Aframax tanker, for \$9.8 million. The following is a summary of the Teekay fleet as of this date:

Type	Number	Dwt
Double-hull Aframax:	11	1,087,925
Modern single-hull Aframax:	27	2,661,721
Time-chartered Aframax:	2	198,085
Other size tankers:	3	382,322
Total:	43	4,330,053

Subsequent to September 30, 1997, the Company entered into an agreement to sell two of its older Aframax tankers, for delivery during the third quarter of fiscal 1998, for a total sales price of \$25.7 million.

On October 3, 1997, the Company declared a quarterly dividend of 21.5 cents per share, payable on October 30, 1997 to shareholders of record as at October 15, 1997.

Teekay Shipping Corporation is a leading provider of international crude oil and petroleum product transportation services. The Company's modern fleet provides such transportation services to major oil companies, major oil traders and government agencies, principally in the region spanning from the Red Sea to the United States West Coast.

The Company's common stock is listed on the New York Stock Exchange and trades under the symbol "TK".

Contact: Peter Antturi  
(604) 688-6654

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## SUMMARY CONSOLIDATED STATEMENTS OF INCOME

(in thousands of U.S. dollars)

	<u>Three Months Ended September 30,</u>		<u>Six Months Ended September 30,</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
<b>NET VOYAGE REVENUES</b>				
Voyage revenues	99,705	94,158	197,979	184,173
Voyage expenses	27,597	24,646	52,014	49,553
Net voyage revenues	72,108	69,512	145,965	134,620
<b>OPERATING EXPENSES</b>				
Vessel operating expenses	18,610	17,744	36,584	35,412
Time-charter hire expense	2,764	1,680	4,056	3,343
Depreciation and amortization	23,924	22,136	47,594	44,146
General and administrative	4,916	4,699	9,689	9,095
	50,214	46,259	97,923	91,996
Income from vessel operations	21,894	23,253	48,042	42,624
<b>OTHER ITEMS</b>				
Interest expense	(14,688)	(15,406)	(28,780)	(30,832)
Interest income	2,089	1,674	3,892	3,153
Other income (loss)	2,977	(444)	3,131	(474)
	(9,622)	(14,176)	(21,757)	(28,153)
Net income	12,272	9,077	26,285	14,471
Net income per common share	0.43	0.32	0.92	0.52
Average number of common shares	28,617,157	28,088,370	28,515,470	28,033,393

## SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at September 30, 1997</u>	<u>As at March 31, 1997</u>
	<u>(Unaudited)</u>	
<b>ASSETS</b>		
Cash and marketable securities	136,103	117,523
Other current assets	48,136	41,477
Vessels and equipment	1,188,887	1,196,337
Other assets	10,621	17,501
<b>Total Assets</b>	1,383,747	1,372,838
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	40,736	43,297
Current portion of long-term debt	65,132	36,283
Long-term debt	624,257	663,443
Stockholders' equity	653,622	629,815
<b>Total Liabilities and Stockholders' Equity</b>	1,383,747	1,372,838

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## FORWARD LOOKING STATEMENTS

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The reference in this release regarding the outlook for the winter tanker market is a forward-looking statement that involves risks and uncertainties, including whether, as is typical, oil consumption in the northern hemisphere will increase in the winter months and unpredictable weather patterns in the winter months will tend to disrupt vessel scheduling, factors that historically have resulted in increased oil price volatility and increased oil trading activity. These factors affect whether oil consumption growth is met by increased production in the Mideast, or by suppliers closer to markets, a variable which affects tonne-mile demand growth. Accordingly, actual results may differ materially.

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