



## TEEKAY SHIPPING CORPORATION

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P.O. Box AP-59213, Nassau, Bahamas

### EARNINGS RELEASE

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#### TEEKAY SHIPPING CORPORATION REPORTS SECOND QUARTER PROFIT OF \$46.7 MILLION

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Nassau, The Bahamas, July 19, 2000 - Teekay Shipping Corporation today reported net income of \$46.7 million, or \$1.22 per share, for the quarter ended June 30, 2000, compared to \$732,000, or 2 cents per share, for the quarter ended June 30, 1999. Net voyage revenues for the quarter were \$142.6 million, compared to \$70.9 million recorded in the same period last year, while income from vessel operations increased to \$61.1 million, from \$11.9 million. The results for the current quarter reflect an improvement in tanker charter rates and an increase in fleet size as a result of the acquisition of Bona Shipholding Ltd. on June 11, 1999.

Net income for the six months ended June 30, 2000 was \$66.7 million, or \$1.75 per share, compared to \$2.6 million, or 8 cents per share, for the same period last year. Net voyage revenues for the six months ended June 30, 2000 were \$262.7 million, compared to \$140.9 million in the same period last year, while income from vessel operations increased to \$98.9 million from \$22.5 million.

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

	Three Months Ended			Six Months Ended		
	June 30,		%	June 30,		%
	2000	1999	Change	2000	1999	Change
<b>International Fleet (excluding ex-Bona OBOs and Australian crewed vessels):</b>						
Revenue-generating ship-days:	5,125	4,014	27.7%	10,378	7,607	36.4%
TCE per revenue-generating ship-day:	\$23,557	\$15,239	54.6%	\$21,259	\$16,142	31.7%
Operating cash flow per calendar ship-day:	\$14,631	\$6,755	116.6%	\$12,505	\$7,364	69.8%
<b>Australian Crewed Vessels:</b>						
Operating cash flow per calendar ship-day:	\$13,590	\$14,590	-6.9%	\$13,947	\$14,347	-2.8%
<b>Total Fleet operating cash flow per calendar ship-day:</b>						
	\$13,671	\$7,161	90.9%	\$11,738	\$7,791	50.7%

The Company benefited from higher Aframax tanker charter rates, which rose throughout the quarter and into July, as oil production increases by the OPEC producers significantly raised the demand for crude oil tankers, while tanker supply remained largely unchanged. Most of the world's spare oil production capacity is currently held by the Middle East OPEC producers. As a result, further production increases would have positive implications for tanker demand, as a high proportion of Middle East oil production is exported via long-haul tanker routes.

The International Energy Agency estimated that global crude oil consumption, an indicator of tanker demand, averaged 74.4 million barrels per day during the quarter, up 2.1% from the quarter ended June 30, 1999 and is forecasting that oil consumption during the remainder of 2000 will be 2.7% higher than in the corresponding period in 1999.

The size of the world tanker and ore/bulk/oil ("OBO") fleet increased to 303.8 million deadweight tonnes ("mdwt") at the end of the quarter, up 0.9% from last quarter, as deliveries of newbuildings exceeded the pace of scrapping. Deliveries of tanker newbuildings during the quarter totalled 5.9 mdwt, up from 5.6 mdwt in the previous quarter, while scrapping totalled 3.3 mdwt, compared to 6.5 mdwt scrapped in the previous quarter. The Company believes that the oil spill off the coast of France by a 25 year old tanker in January 2000 has led to an increased preference for modern tonnage by European charterers. This has had the effect of reducing tanker supply, as older tankers are now lying idle for longer periods between voyages.

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The world tanker and OBO orderbook increased from 39.5 mdwt last quarter to 44.2 mdwt at June 30, 2000, or from 13.1% to 14.5% of the total world tanker and OBO fleet. The Aframax tanker orderbook increased from 36 vessels last quarter to 49 vessels as of June 30, 2000, or from 5.8% to 7.8% of the world Aframax fleet (including OBOs).

During the quarter, Teekay extended three of its five existing time-chartered-in contracts for additional periods ranging from one to four years with options to extend for a further one to two years. In addition, the Company entered into a contract to time-charter-in a newbuilding Aframax tanker for a period of three years commencing January 2001. The Company also acquired a 1998-built double-hull Aframax tanker at the end of the quarter.

The following is a summary of the Teekay fleet as of this date:

Type	Number	Dwt
Double-hull or double-sided Aframaxes (1):	39	3,872,600
Single-hull Aframaxes:	18	1,828,300
Ore/Bulk/Oil Carriers (2):	8	625,900
Time-chartered-in Aframaxes:	5	514,000
Other size tankers (3):	5	670,200
<b>Total:</b>	<b>75</b>	<b>7,511,000</b>

(1) Includes one 50%-owned Aframax tanker.

(2) Includes one 67%-owned OBO carrier & one 52%-owned OBO carrier.

(3) Includes two 50%-owned Suezmax tankers.

During the quarter, the Company applied surplus operating cash flow and cash balances to reduce long-term debt by \$141 million.

Teekay Shipping Corporation is a leading provider of international crude oil and petroleum product transportation services through the world's largest fleet of medium-sized oil tankers. Headquartered in Nassau, Bahamas, with offices in eleven other countries, Teekay employs approximately 300 on-shore and more than 2,700 seagoing staff around the world. The Company's modern fleet has earned a reputation for safety and excellence in providing transportation services to major oil companies, oil traders and government agencies worldwide.

Teekay's common stock is listed on the New York Stock Exchange where it trades under the symbol "TK".

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## SUMMARY CONSOLIDATED STATEMENTS OF INCOME

(in thousands of U.S. dollars, except share and per share data)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	\$	\$	\$	\$
	<u>(unaudited)</u>		<u>(unaudited)</u>	
<b>NET VOYAGE REVENUES</b>				
Voyage revenues	201,200	98,626	383,462	191,638
Voyage expenses	58,580	27,707	120,775	50,721
Net voyage revenues	142,620	70,919	262,687	140,917
<b>OPERATING EXPENSES</b>				
Vessel operating expenses	34,723	23,326	69,492	45,584
Time-charter hire expense	13,114	8,880	26,080	16,650
Depreciation and amortization	24,624	19,645	49,666	41,671
General and administrative	9,059	7,137	18,581	14,464
	81,520	58,988	163,819	118,369
Income from vessel operations	61,100	11,931	98,868	22,548
<b>OTHER ITEMS</b>				
Interest expense	(19,275)	(10,738)	(39,265)	(20,505)
Interest income	4,137	1,629	7,390	2,990
Other income (loss)	785	(2,090)	(307)	(2,429)
	(14,353)	(11,199)	(32,182)	(19,944)
Net income	46,747	732	66,686	2,604
Earnings per common share				
- Basic	1.22	0.02	1.75	0.08
- Diluted	1.19	0.02	1.72	0.08
Weighted-average number of common shares outstanding	38,205,775	32,987,909	38,137,694	32,321,751

## SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at June 30,</u>	<u>As at December 31,</u>
	<u>2000</u>	<u>1999</u>
	\$	\$
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Cash and marketable securities	143,153	226,381
Other current assets	75,719	60,332
Vessels and equipment	1,644,090	1,666,755
Other assets	32,672	29,216
<b>Total Assets</b>	1,895,634	1,982,684
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	68,306	59,946
Current portion of long-term debt	83,826	66,557
Long-term debt	849,754	1,018,610
Other long-term liabilities and minority interest	7,658	5,504
Stockholders' equity	886,090	832,067
<b>Total Liabilities and Stockholders' Equity</b>	1,895,634	1,982,684

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## **FORWARD LOOKING STATEMENTS**

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This release contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements regarding tanker charter rates, the increased preference for modern tankers, and the balance of supply and demand in the crude tanker market. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: changes in production of or demand for oil and petroleum products, either generally or in particular regions; greater than anticipated levels of tanker newbuilding orders or less than anticipated rates of tanker scrapping; changes in trading patterns significantly impacting overall tanker tonnage requirements; and changes in the typical seasonal variations in tanker charter rates.

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