TEEKAY

# TEEKAY CORPORATION Q1-2017 EARNINGS PRESENTATION

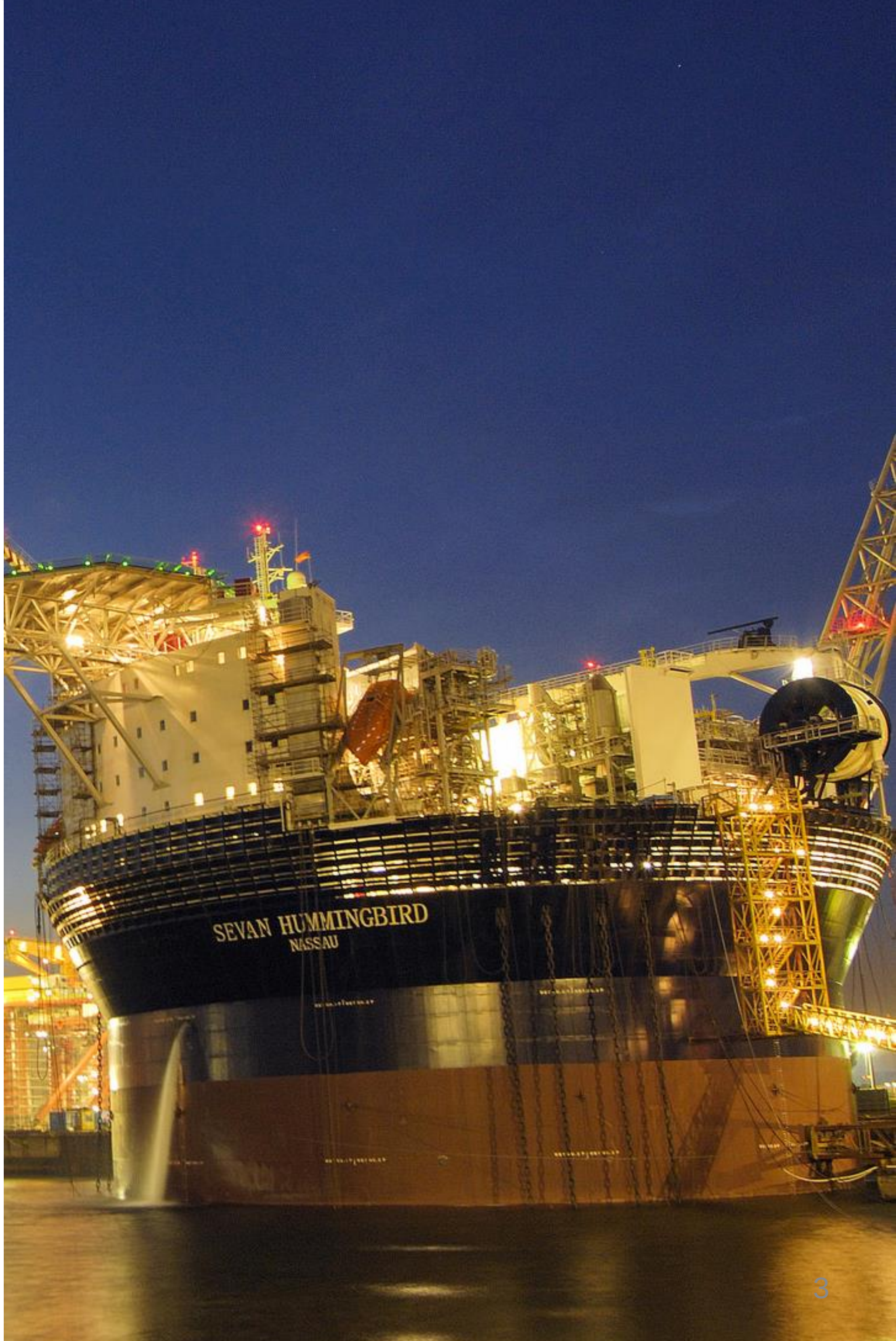
May 19, 2017

# Forward Looking Statements

This presentation contains forward-looking statements (as defined in Section 21E of the U.S. Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements regarding: the *Arendal Spirit* UMS charter contract termination, including the outcome of Teekay Offshore's dispute of the contract termination by Petrobras and ability to collect amounts under the contract, discussions with the lenders under the unit's related credit facility and the potential for alternative employment of the unit; the timing, amount and certainty of securing financing for Teekay LNG's committed growth projects; the timing of delivery and start-up and costs of various newbuildings and conversion/upgrade projects and the commencement of related contracts, including potential delays and additional costs on the *Petrojarl I* FPSO unit and *Gina Krog* FSO unit; the outcome of discussions with the charterers, shipyards and lenders about delivering the *Petrojarl I* FPSO unit and *Gina Krog* FSO unit for operation; the timing of charter contract amendments taking effect; the financing for Exmar LPG Joint Ventures mid-size LPG carrier newbuilding acquisition; the commencement of the charter contract for one of the MALT LNG Joint Venture vessels; the outcome of charter contract extension and deferral negotiations with Awilco LNG; the timing of start-up and the vessel equivalent requirements of the new CoAs; the timing and certainty of Teekay Tankers' sale-leaseback financing transaction relating to four modern Suezmax tankers and the expected impact on its balance sheet and liquidity; the timing and certainty of vessel sales; and the charter payment deferral on six LPG carriers on charter to Skaugen, including the temporary nature of such deferrals. 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, petroleum products, LNG and LPG, either generally or in particular regions; greater or less than anticipated levels of newbuilding orders or greater or less than anticipated rates of vessel scrapping; changes in trading patterns significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil or demand for shuttle tankers, FSOs, FPSOs, UMS, and towage vessels; changes in oil production and the impact on the Company's tankers and offshore units; fluctuations in global oil prices; trends in prevailing charter rates for the Company's vessels and offshore unit contract renewals; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts; the inability of charterers to make future charter payments; the inability of Teekay Offshore to successfully make a claim against, and collect from, Petrobras for the *Arendal Spirit* UMS; inability of Teekay Offshore to obtain a replacement charter for the *Arendal Spirit* UMS or a waiver from the lenders of the *Arendal Spirit* UMS term loan; the inability of Teekay Offshore to negotiate acceptable terms with the charterers, shipyards and lenders related to the delay of the *Petrojarl I* FPSO and *Gina Krog* FSO projects; Teekay LNG's and Teekay LNG's joint ventures' ability to secure financing for its existing newbuildings and projects; the inability of Teekay Offshore to negotiate acceptable lease and operate terms related to the *Varg* FPSO; the ability to fund Teekay Offshore's remaining capital commitments and debt maturities; the inability to complete or changes to the terms of Teekay Tankers' sale-leaseback financing transaction relating to four modern Suezmax tankers; potential shipyard and project construction delays, newbuilding specification changes or cost overruns; costs relating to projects; delays in commencement of operations of FPSO and FSO units at designated fields; the inability of Teekay LNG to collect the deferred charter payments from Skaugen; delays in CoA project startups; changes in the Company's expenses; a delay in, or failure to complete, vessel sales; and other factors discussed in Teekay's filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2016. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

# Recent Highlights

- Generated Q1-17 consolidated cash flow from vessel operations (*CFVO*)[1] of $275.0 million
- Reported Q1-17 adjusted net loss[1] of $35.7 million, or $0.41 per share
- Two new contracts expected to increase Teekay Parent CFVO
  - Finalized contract amendment to extend the firm period of the *Hummingbird Spirit* FPSO charter until September 2020
  - Secured a new one-year charter contract for the *Polar Spirit* LNG carrier with a major energy company, which commenced in April 2017, increasing CFVO by ~$3.5 million per quarter




1) See the Q1-17 earnings release for explanations and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures under GAAP.

# Recent Daughter Highlights

**Teekay LNG Partners**

- Generated Q1-17 distributable cash flow[1] of $43.2 million, or $0.54 per common unit
- Declared Q1-17 cash distribution of $0.14 per unit
- Growth projects and related financing plan remains on track

**Teekay Tankers**

- Generated Q1-17 adjusted net income[1] of $7.0 million, or $0.04 per share, and free cash flow[1] of $34.4 million
- Declared Q1-17 cash dividend of $0.03 per share for Q1-17, consistent with dividend policy
- Positioning business for next up cycle - asset prices approaching bottom

**Teekay Offshore Partners**

- Generated Q1-17 distributable cash flow[1] of $30.6 million, or $0.20 per common unit
- Declared Q1-17 cash distribution of $0.11 per unit
- Shuttle tanker business performing well and secured new contracts at higher rates
- Focused on existing project execution and strengthening balance sheet

(1) See Teekay Offshore's, Teekay LNG's and Teekay Tankers' Q1-17 earnings releases for explanations and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures under GAAP.
(2) Based on Teekay LNG's proportionate ownership interests in the projects.

# Signs of “Green Shoots” in Core Offshore Markets

Shell Pledges $10 Billion For Brazil Projects

Petrobras launches Buzios FPSO tender

Statoil Agrees on $2.5 Billion Deal for Brazil Oil License

Premier eyes Catcher output hike

Norway doubles Barents resource tally

Exxon, Petrobras Said to Have Discussed Strategic Partnership

Centrica to extend life of Chestnut field

Petrobras posts best quarterly results in two years

Statoil approaches vital Barents Sea campaign

Presalt oil production offshore Brazil reaches milestone

Three in race for Libra FPSO

# Hummingbird Spirit FPSO

## Finalized three-year contract extension to 2020

- Effective date of contract extension: Oct. 1, 2017
- OPEX fully reimbursable, plus tariff revenue based on oil production and oil price above $45
- Based on 14,000 bbls/day => CFVO range of $10 - $40 million per annum at oil prices of $50 to $70/bbl (vs. $0 CFVO currently)

centrica energy

- Centrica announced plans to boost production and extend the life of the Chestnut oil field, which otherwise would have been shut-in later this year
- Chestnut's current production from two existing wells stands at just under 4,000 bbl/day
- After a new $45 million drilling campaign during Q3-17, production is expected to bring a further 10,000 bbls/day
- Centrica expects daily production could increase to nearly 14,000 bbls/day

# Appendix

# Q2 2017 Outlook – Teekay Consolidated

| Income Statement Item | Q2 2017<br>Outlook (expected changes from Q1-17) |
|---|---|
| Net Revenues (1) | Teekay Parent:<br>• $7m increase due to the maintenance shutdowns in Q1-17 for the *Foinaven* and *Banff* FPSOs<br>• $4m increase from the commencement of the time-charter out contract for the *Polar Spirit* in Q2-17<br>Teekay Offshore<br>• $1m increase due to an increase in rates from certain time-charter out contracts in Q2-17<br>Teekay LNG<br>• $3m increase from the commencement of the time-charter out contract for the *Torben Spirit* in late Q1-17<br>• $2m increase from the dry dock of the *Hispania Spirit* in Q1-17<br>Teekay Tankers<br>• Decrease to approximately 275 net revenue days, mainly due to the redeliveries of four in-charters to their owners at various times in Q1-17 and Q2-17, changes to vessel employment and the sale of vessels in Q1-17 and Q2-17<br>• Approximately 52% and 55%, or 360 and 680 spot revenue days for Aframaxes and Suezmaxes have been fixed at $15,000/day and $19,200/day, respectively, so far in Q2-17 compared to actual rates of $18,900/day and $21,900/day, respectively, in Q1-17 |
| Vessel Operating Expenses (OPEX) (1) | • Teekay Offshore - $2m increase from the timing of maintenance costs in the FPSO and towage fleets<br>• Teekay LNG - $2m increase from the timing of maintenance costs and the delivery of the *Torben Spirit* in late Q1-17<br>• Teekay Parent - $2m increase primarily from the timing of maintenance costs on the *Foinaven* FPSOs |
| Time-Charter Hire Expense | • Teekay Tankers - $5m lower from the redeliveries of four in-chartered vessels in late Q1-17 and Q2-17<br>• Teekay Offshore - $2m lower primarily due to fewer shuttle spot-in days in Q2-17 |
| Depreciation and Amortization | • Expected to be consistent with Q1-17 |
| Net Interest Expense (1) | • Expected to be consistent with Q1-17 |
| General & Administrative (1) | • Expected to range from $30m - $32m on a consolidated basis |
| Equity Income (1) | • Teekay Offshore - decrease of $2m due to the Q1-17 recognition of annual maintenance bonus from the *Itajai* FPSO in Q1-17 |
| Non-controlling Interest Expense (1) | • Expected to range from $28m to $30m primarily due to lower expected adjusted net income in Teekay Tankers |

(1) Changes described are after adjusting Q1-17 for items included in Appendix A to our First Quarter 2017 Results Earnings Release and realized gains and losses on derivatives (see slide XX to this presentation for the Consolidated Adjusted Line Items for Q1-17)

# Q1-17 Consolidated Adjusted Line Items

| Income Statement Item | As Reported | Appendix A Items (1) | Reclassification for Realized Gains/ Loss on Derivatives (2) | As Adjusted |
|---|---|---|---|---|
| Revenues | 543,505 | - | 780 | 544,285 |
| Vessel Operating Expenses (OPEX) | (191,260) | - | 26 | (191,234) |
| General & Administrative Expenses | (31,348) | - | (380) | (31,818) |
| Loss on Sale of Vessels | (4,427) | 4,427 | - | - |
| Restructuring Charges | (2,176) | 2,176 | - | - |
| Interest Expense | (70,355) | (67) | (23,296) | (93,718) |
| Realized and Unrealized Losses on Derivative Instruments | (6,475) | (9,655) | 16,130 | - |
| Equity Income | 10,347 | (1,313) | - | 9,034 |
| Income Tax Expense | (3,019) | 974 | - | (2,045) |
| Foreign Exchange Loss | (2,904) | (3,836) | 6,740 | - |
| Net Income Attributable to Non-Controlling Interests | (56,231) | 16,879 | - | (39,352) |

1 Please refer to Appendix A in the Q1-17 earnings release for a description of Appendix A items.
2 Please refer to footnote (2) to the Summary Consolidated Statements of Income in the Q1-17 earnings release.

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