Teekay Shipping

Teekay's Third Quarter 2004 Earnings Presentation

Oct. 21, 2004

NYSE: TK

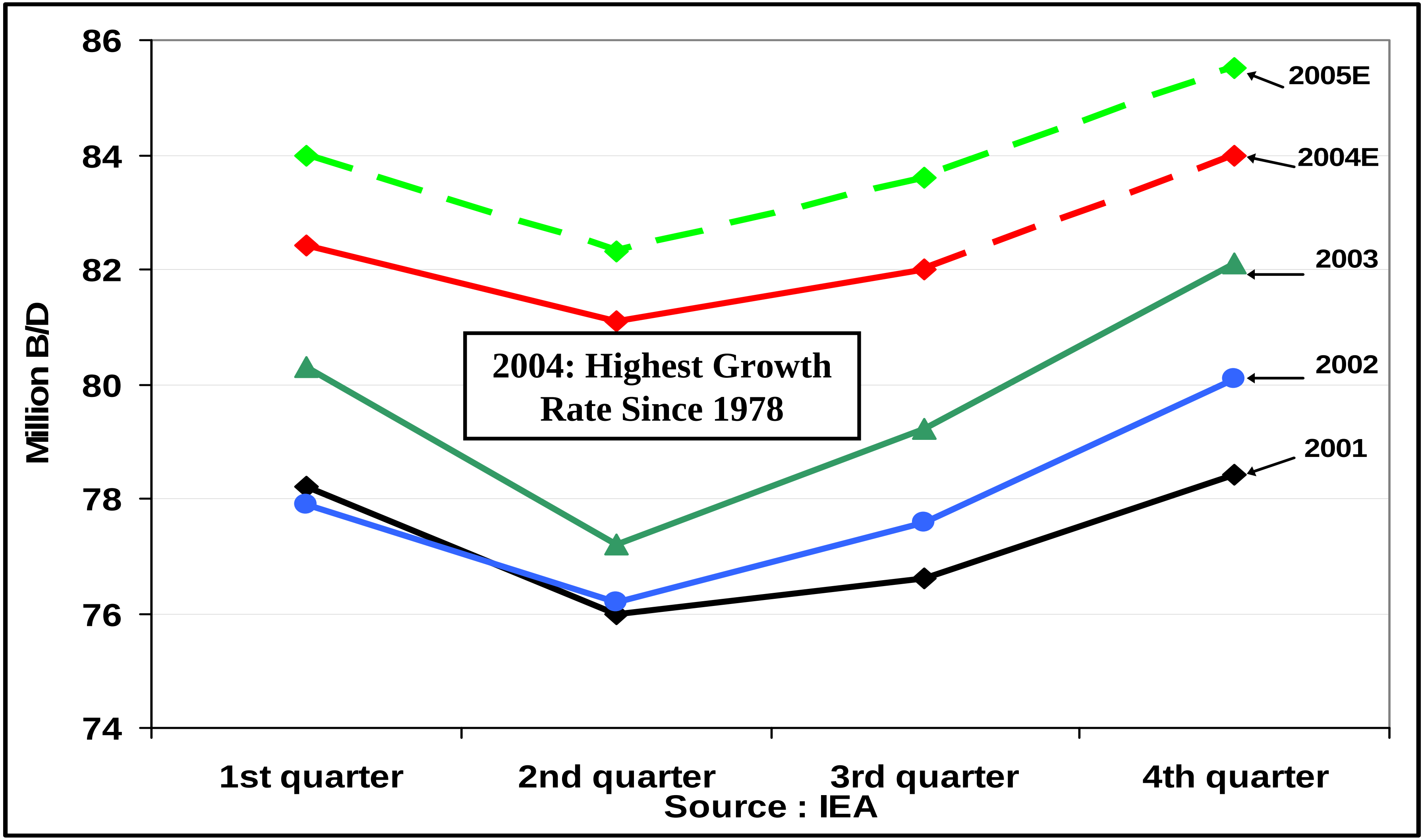
Forward Looking Statements

This presentation 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 the Company's future growth prospects; tanker market fundamentals, including the balance of supply and demand in the tanker market and sources of incremental oil production, and spot tanker charter rates; newbuilding delivery dates and the commencement of service under long-term contracts; the Company's future capital expenditure commitments and the financing requirements for such commitments; shipyard capacities and mix of vessels produced; and proceeds and gain in the fourth quarter of 2004 relating to the sale of five of its older vessels. 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 and LNG, either generally or in particular regions; greater or less than anticipated levels of tanker newbuilding orders or greater or less than anticipated rates of tanker scrapping; changes in trading patterns significantly affecting overall tanker tonnage requirements; changes in the number of shipyards and demand for certain types of vessels; 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; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts; shipyard production delays; the Company's future capital expenditure requirements; 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, 2003. 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.

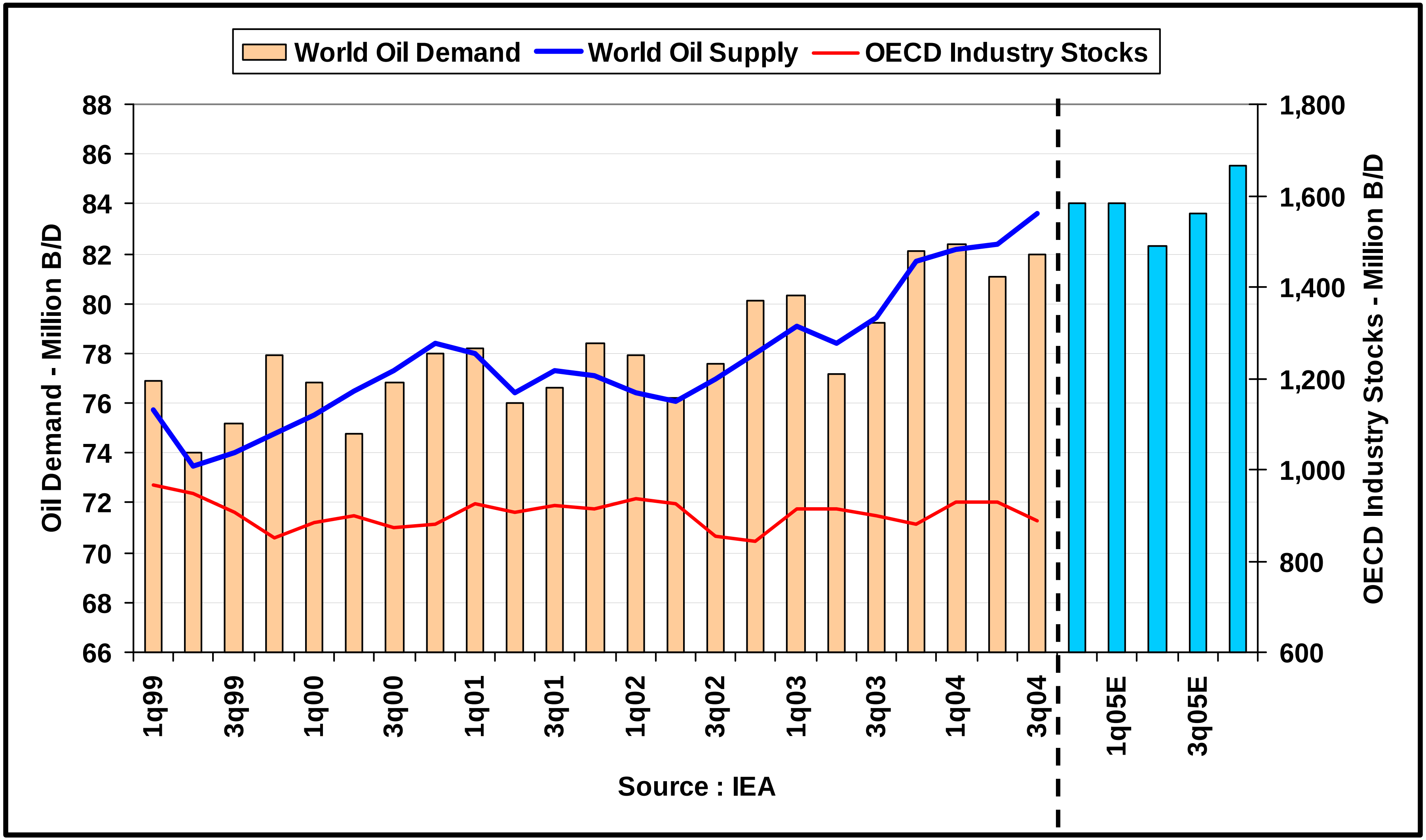
3rd Quarter Highlights

- Achieved highest ever quarterly net income of $245.3 million, or $2.77 per share
- Realized $143.6 million gain on sale of vessels and investment in Torm
- Increased dividend for second consecutive year – 28% cumulative increase over last two years
- Tapias integration progressing smoothly – 1 LNG delivered in Q3, another delivering before year end
- World economy and global oil demand growing at fastest pace in 30 years
- Current voyages being booked at $60,000 to $100,000 per day

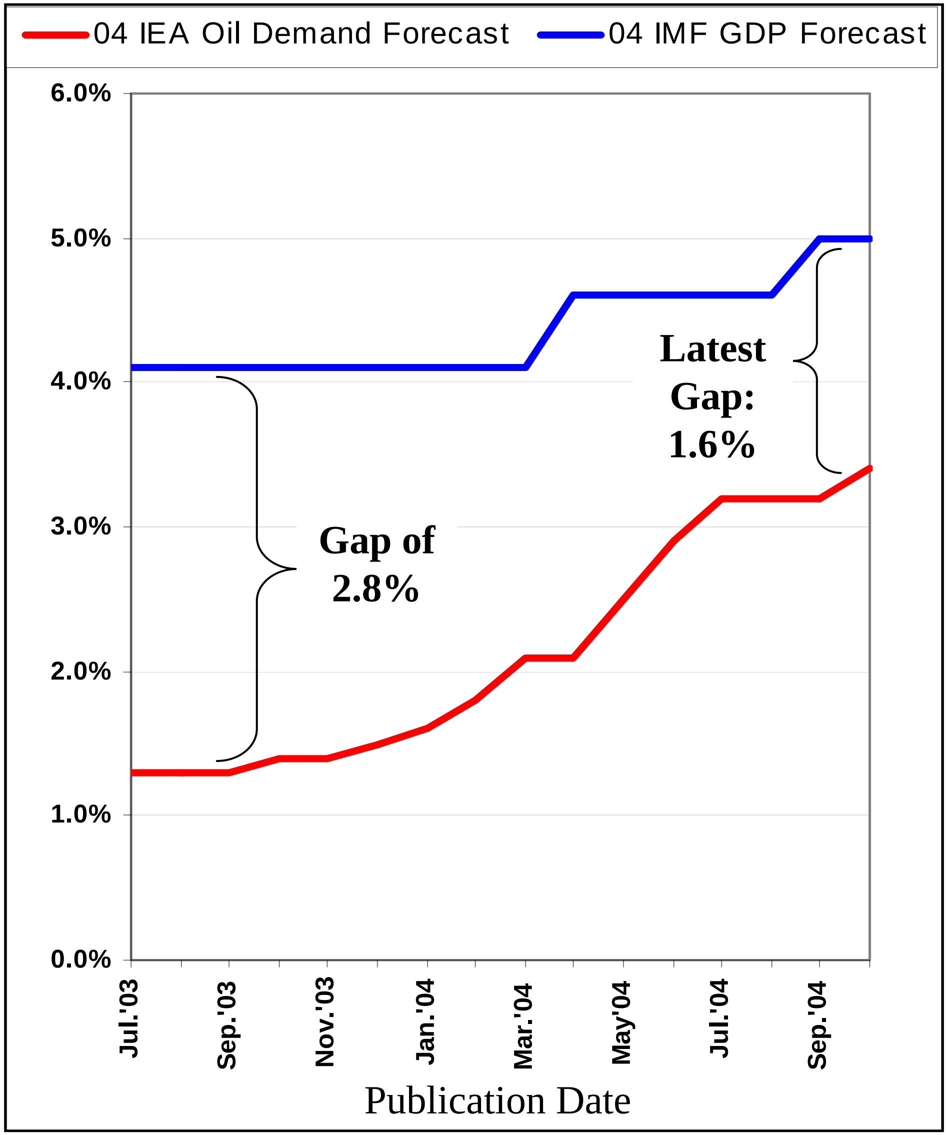
Continued Strong Global Oil Demand Growth

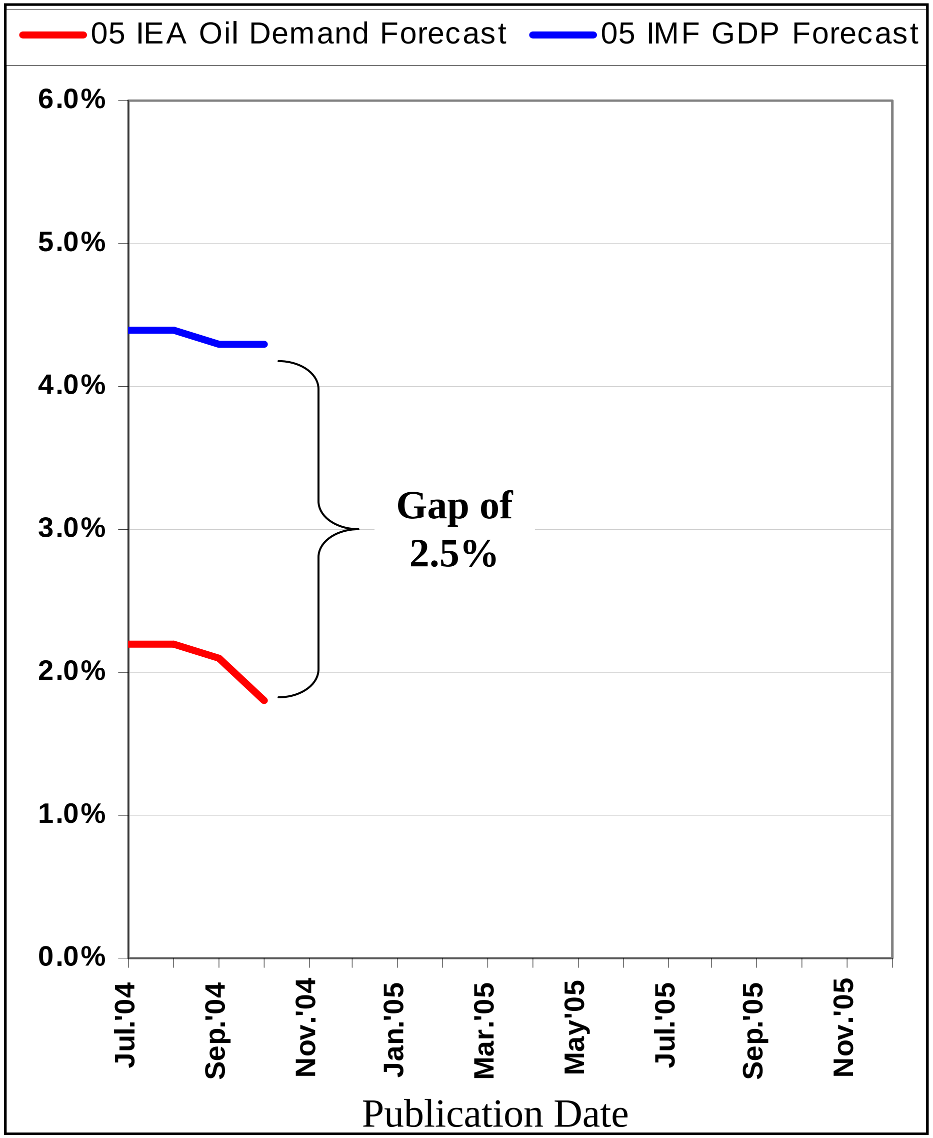


Growing Oil Production Supported by Increased Demand



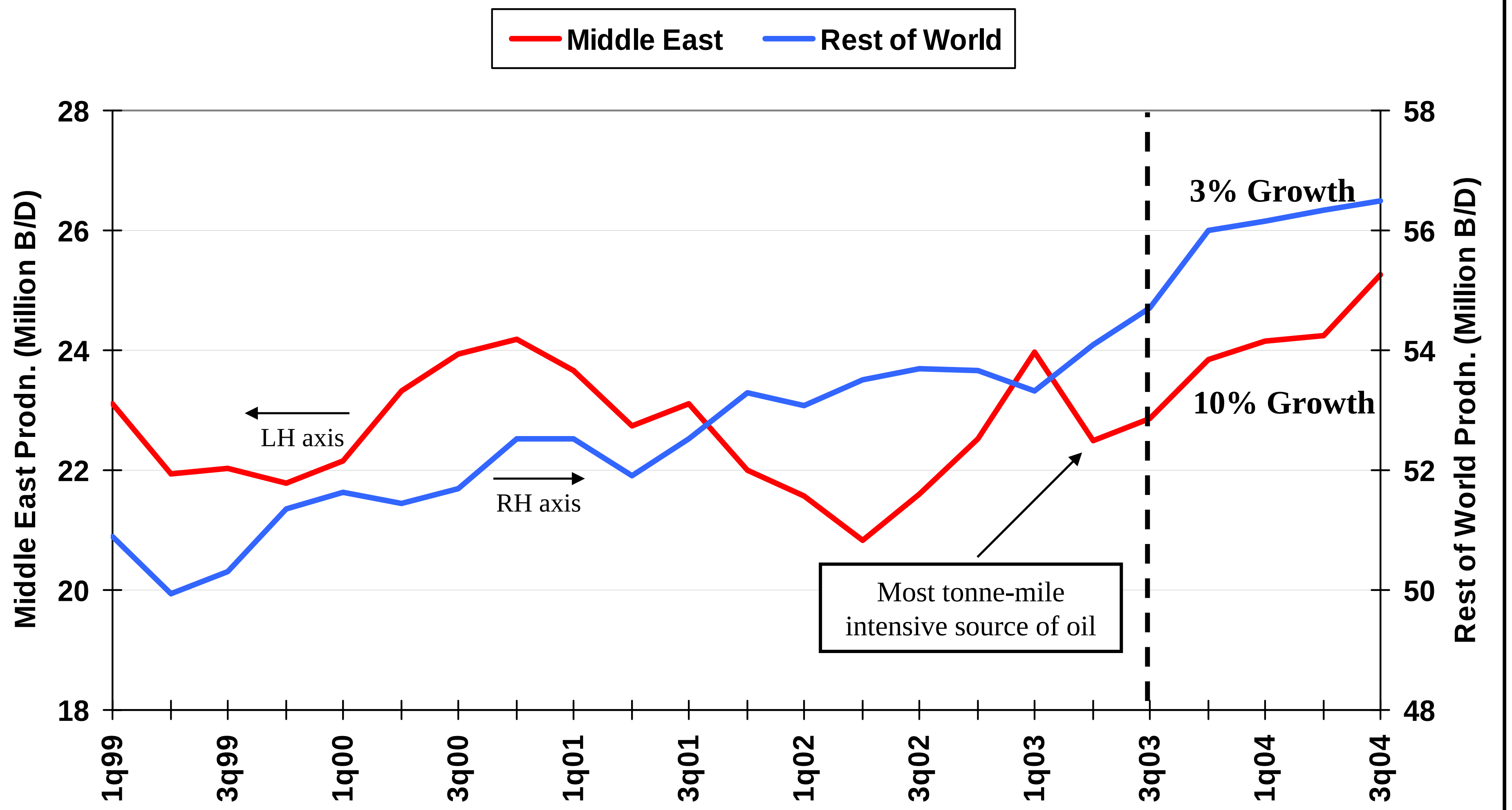
Conservative Bias in Demand Estimates?





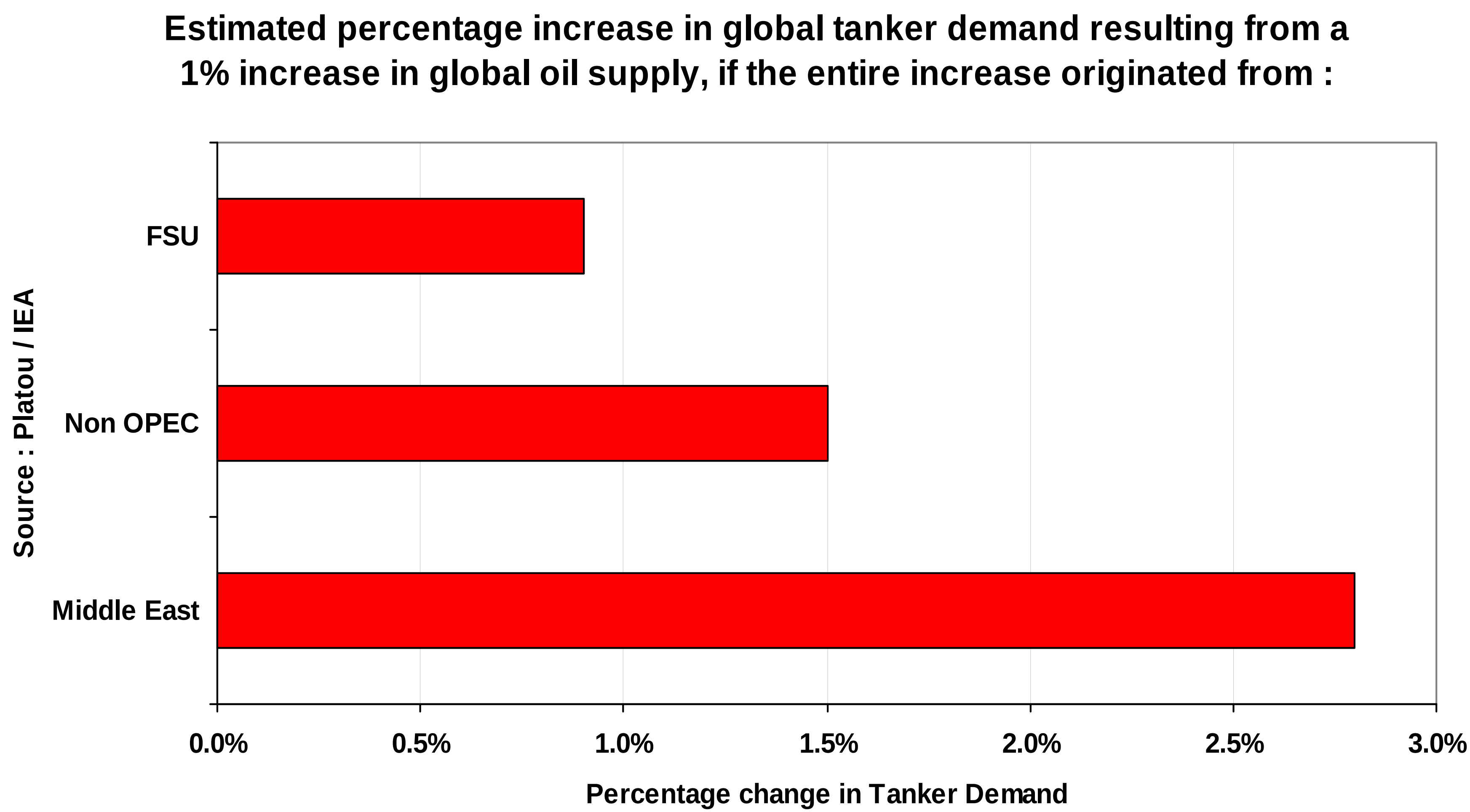
Note: the IEA publishes oil demand estimates on a monthly basis. The IMF publishes global GDP forecasts in April and September every year.

Long-haul Middle East Oil Gaining Market Share…



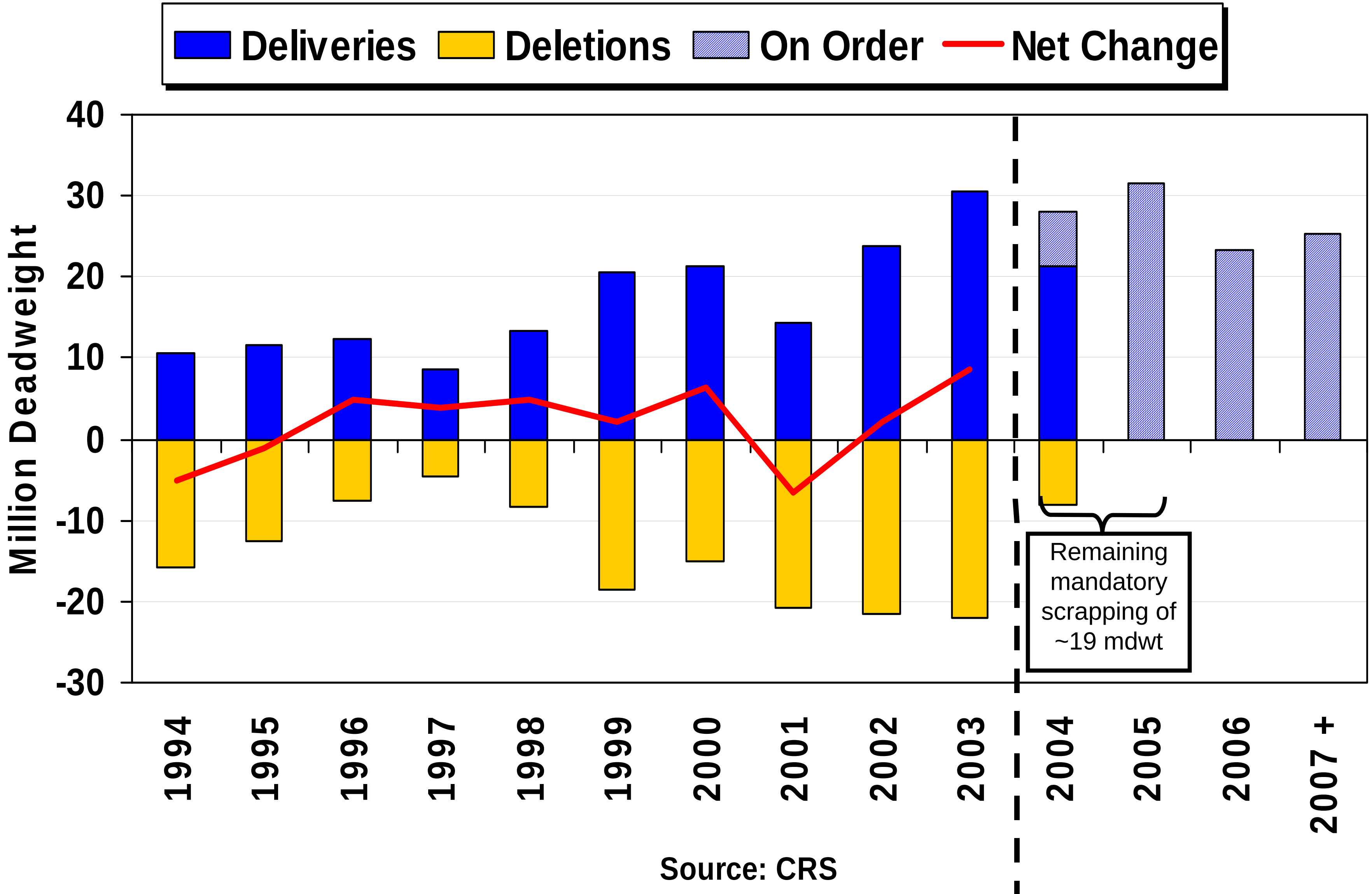
Source: IEA

…And Middle East Oil Creates Significant Tonne Mile Demand



(The Middle East no. is based on an equal increase in oil exports to Japan and the US)

Tanker Supply



Source: CRS

Market to Remain Largely Balanced Through 2006……

	2005 (mdwt)	2006 (mdwt)
Newbuilding Deliveries	32	23
less: Mandatory scrapping *	(19)	(1)
Net fleet growth	13	22
Tanker demand growth (1)	(11)	(12)
Change in supply / demand balance	2	10

(1) Assumptions	2005	2006
Oil demand growth (p.a.)	1.8%	2%
Tanker demand growth (p.a.) at 1:1.75	3.2%	3.5%

* Assumes no scrapping for the balance of 2004

……But Tight Fundamentals Through 2010

	2005 (mdwt)	2006 (mdwt)	Total during 2007 - 2010 (mdwt)
Newbuilding Deliveries	32	23	133
less: Mandatory scrapping *	(19)	(1)	(78)
Net fleet growth	13	22	55
Tanker demand growth [(1)]	(11)	(12)	(55)
Change in supply / demand balance	2	10	0

Required newbuilding deliveries to meet fleet replacement and demand growth

25 mdwt **2007** (est.)
36 mdwt **2008** (req'd)
36 mdwt **2009** (req'd)
36 mdwt **2010** (req'd)

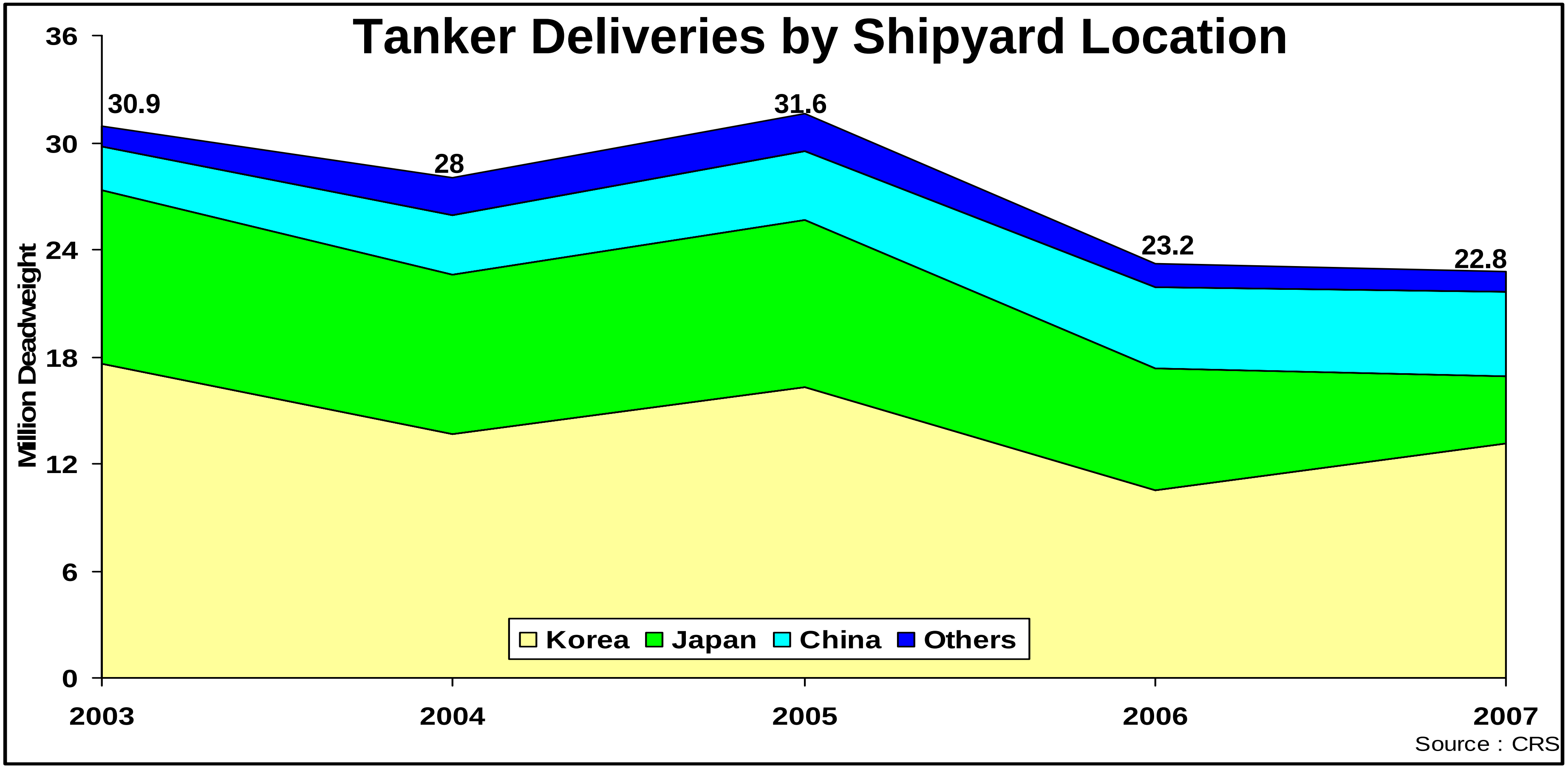
133 mdwt

[(1)] **Assumptions**	**2005**	**2006**	**2007-2010 ****
Oil demand growth (p.a.)	1.8%	2%	2%
Tanker demand growth (p.a.) at 1:1.75	3.2%	3.5%	3.5%

* Assumes no scrapping for the balance of 2004 and no exemptions assumed for single hull tankers beyond 2010

** Tanker demand growth of 3.5% assumed for 2007-2010 on a compounded annual growth basis

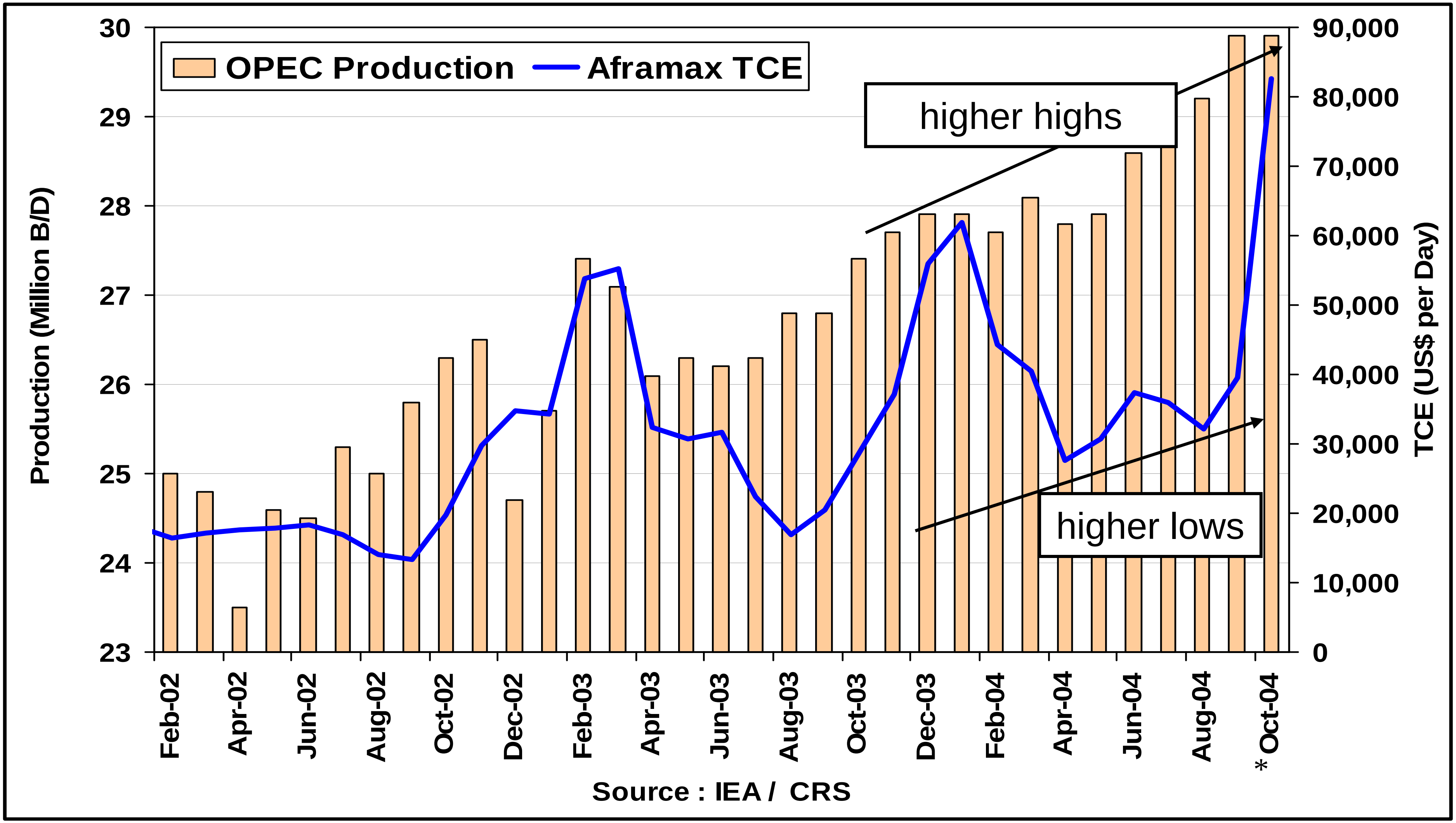
Aggregate Tanker Output Declining



Shift in Shipyard Priorities →

Shipyard Capacity Allocation by Ship Type		
	2003	**2007**
Tanker	37%	28%
Container	20%	32%
LNG	5%	15%
Source : CRS		

OPEC Production vs. Aframax TCE



* OPEC production in Oct. 2004 assumed to remain unchanged from Sept. 2004

Developments in Spot Tanker Segment

- Q3 average Aframax TCE of $31,100 per calendar-ship-day, up from $27,600 in Q2
- 9 owned and 2 in-chartered newbuildings on order in spot segment
- Profitable fleet renewal through well-timed arbitrage; example:
  - In Q3, took delivery of Aframax newbuilding at cost of $37.5 million (ordered 2002)
  - In early Q4, sold an 11 year-old Aframax for $35 million
- Average age of Teekay fleet now 7.5 years (excluding newbuildings)
- Maintaining high tanker operating leverage through combination of newbuilding deliveries and in-charters

Renewing the Fleet While Maintaining Operating Leverage

Spot Tankers: # of ships *						
	1q04	2q04	3q04	4q04 **	2005 **	2006+ **
Additions	5	6	6	2	5	6
Deletions	8	3	9	3		
Net Change	-3	3	-3	-1		

* Owned and in-chartered

**Transactions concluded as of October 20, 2004

Highly Profitable In-charter Strategy

	A				B	C	D=C-B	Cflow=D*365*A
	No. of ships	Avg. Remaining in years *	Ship Years	Optional Ship Years	Avg. break-even rates / day (LTM)	Rates achieved / day (LTM)	Profit / day	Annualized Cash flow
VLCC	2	1.8	3.6	2	$ 38,000	$ 61,100	$ 23,100	$ 16,863,000
Suezmax	4	1.9	7.5	3	$ 25,100	$ 45,000	$ 19,900	$ 29,054,000
Aframax (includes 2 ships joining in 4q04)	19	2	37.4	16.5	$ 18,600	$ 31,000	$ 12,400	$ 85,994,000
Large product tankers	6	1.4	8.4	2	$ 19,500	$ 21,800	$ 2,300	$ 5,037,000
Small product tankers	10	1.8	20	44	$ 11,100	$ 12,900	$ 1,800	$ 6,570,000
							Annualized cash-flow from TC-in fleet	**$ 143,518,000**

ROIC of ** **Teekay's Spot Fleet for 9 months of 2004: 36%**

* Excludes option years
** Excludes gains on vessel and Torm sales

Developments in Fixed-rate Segments

- Awarded 5-year shuttle tanker contract for new North Sea oil field, “Alvheim”
- Took delivery of third LNG newbuilding which commenced 25-year charter
- Delivered another shuttle tanker on minimum 13-year charter to Petrobras
- Record quarterly cash-flow from vessel operations from fixed-rate segments of $77 million

Segment Operating Results

(in thousands of U.S. dollars)	Three Months Ended 30-Sep-04 (unaudited) Spot Tanker Segment	Fixed-Rate Tanker Segment	Fixed-Rate LNG Segment	Total	Three Months Ended 30-Sep-03 (unaudited) Spot Tanker Segment	Fixed-Rate Tanker Segment	Total
Net voyage revenues	237,843	159,033	17,270	414,146	150,471	124,387	274,858
Vessel operating expenses	23,457	31,635	3,107	58,199	31,793	23,488	55,281
Time-charter hire expense	71,346	49,552	-	120,898	50,112	45,843	95,955
Depreciation & amortization	24,913	34,739	5,150	64,802	27,004	22,881	49,885
Cash flow from vessel operations*	129,460	63,634	12,905	205,999	53,727	45,777	99,504

* Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense and vessel write-downs/(gain) loss on sale of vessels. Cash flow from vessel operations is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies

Summary Income Statement

Three months ended 000s of USD (except per share data)	Sept. 30, 2004 (unaudited)	Sept. 30, 2003 (unaudited)
Voyage Revenues	520,612	380,544
General and administrative expenses	(29,050)	(23,461)
Other Operating Expenses	(296,853)	(313,307)
Income from vessel operations	194,709	43,776
OTHER ITEMS		
Net interest expense	(29,325)	(21,028)
Income tax expense	(8,066)	(6,000)
Equity income from joint ventures	2,535	1,357
Gain (loss) on sale of marketable securities	90,070	(28)
Other items	(4,591)	2,250
Subtotal of other items	50,623	(23,449)
Net income	**245,332**	**20,327**
Earnings per common share - diluted	$2.77	$0.25
Weighted-avg # shares outstanding - diluted *	88,718,531	81,884,344

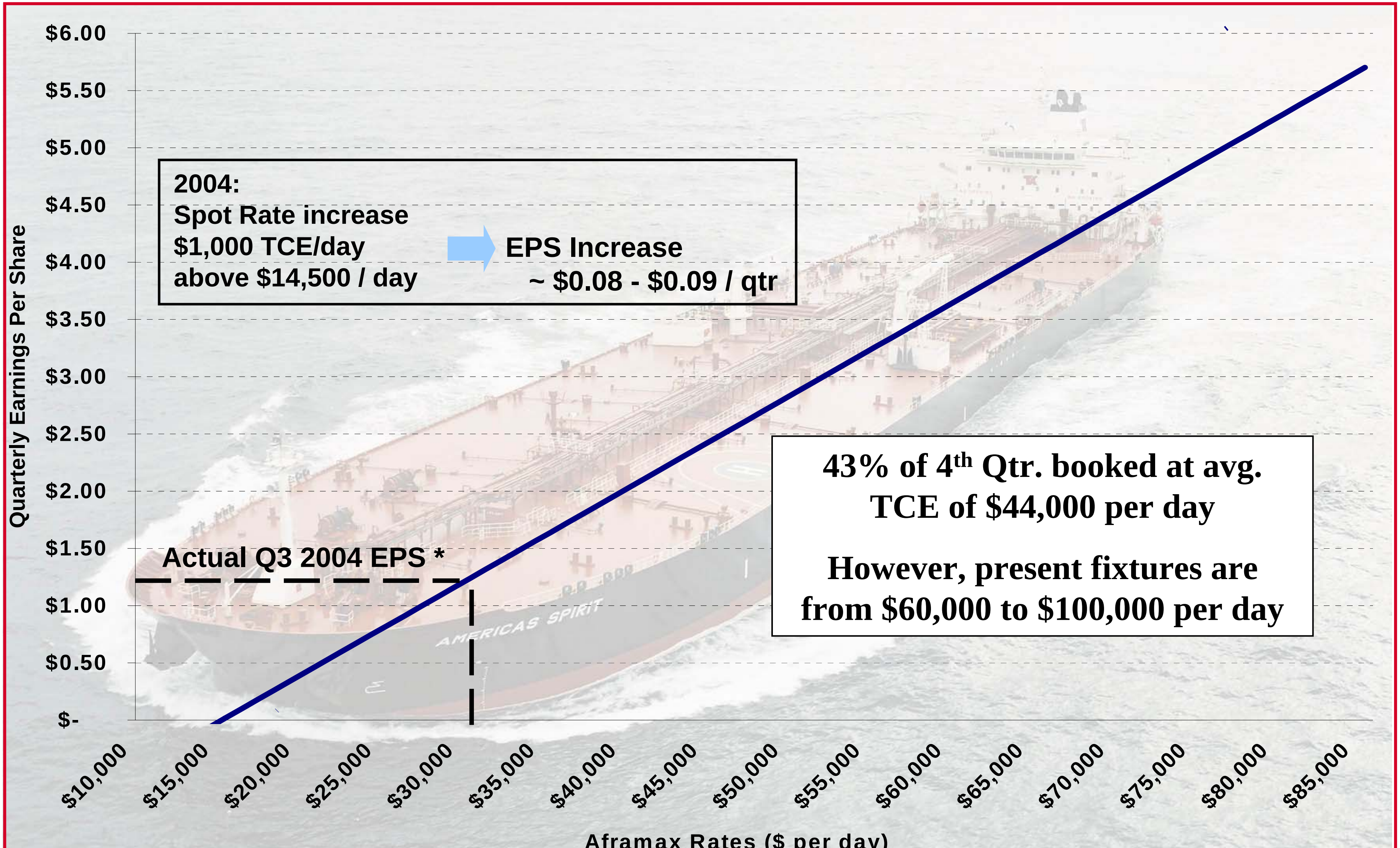
*Reflects the effect of outstanding stock options and the $143.75 million mandatory convertible preferred PEPS units, computed using the treasury stock method

Summary Balance Sheet

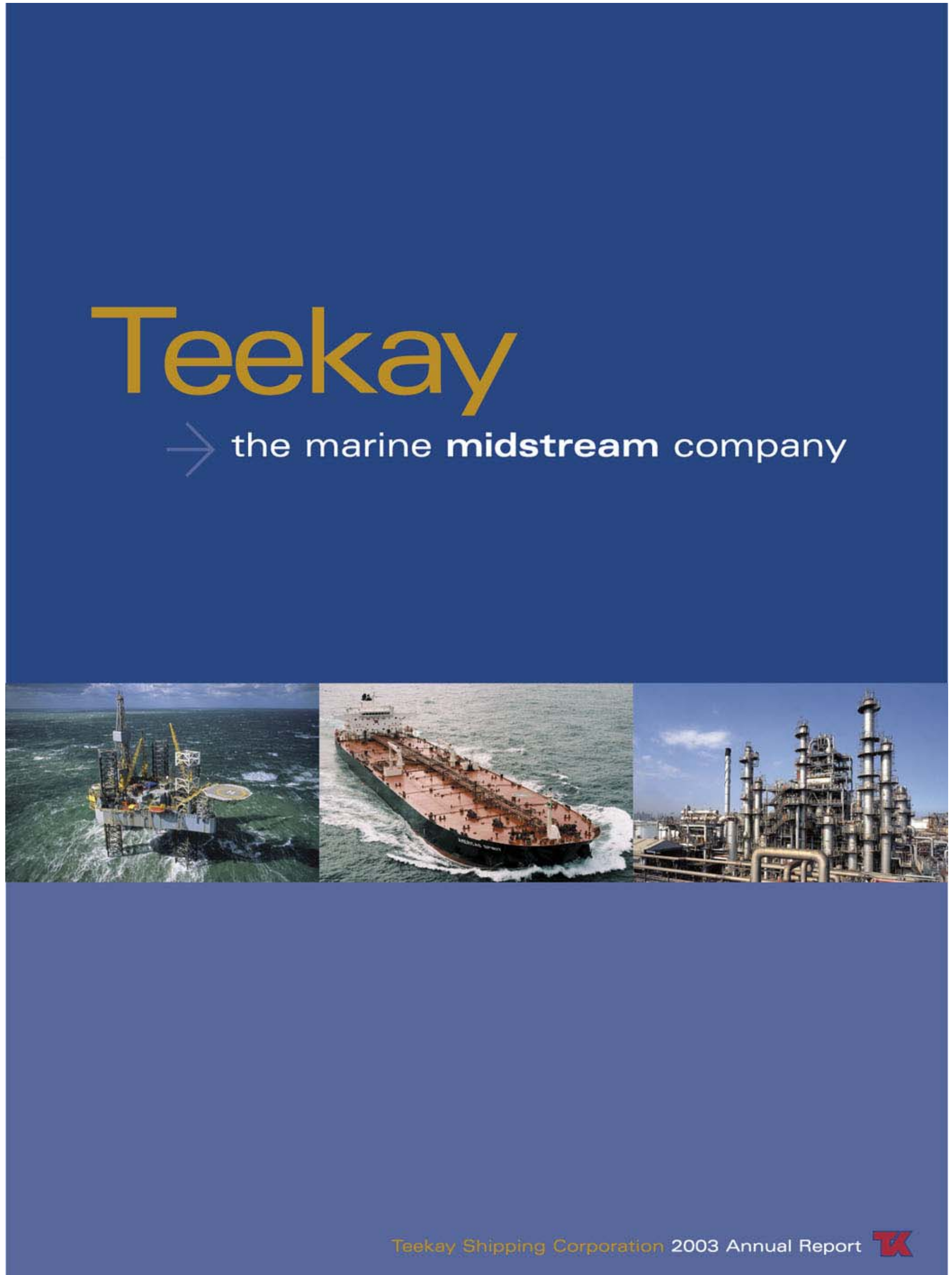
	As at Sept. 30, 2004 (unaudited)	As at June 30, 2004 (unaudited)
ASSETS		
Cash and cash equivalents	308,034	215,743
Other current assets	205,626	242,557
Total Restricted cash	413,706	395,459
Marketable Securities	-	139,654
Total vessels and equipment	3,540,936	3,505,633
Other assets	212,531	203,874
Intangibles and goodwill	458,437	473,271
Total Assets	5,139,270	5,176,191
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	154,873	148,262
Current portion of long-term debt *	199,395	213,000
Long-term debt *	2,447,895	2,605,789
Other long-term liabilities	245,798	211,637
Minority interest	14,563	14,179
Stockholders' equity	2,076,746	1,983,324
Total Liabilities and Stockholders' Equity	5,139,270	5,176,191

*includes capital lease obligations

Significant Operating Leverage



*excluding non-operating items of $133.7 million


Teekay
the marine midstream company
Teekay Shipping Corporation 2003 Annual Report