



TEEKAY



TEEKAY LNG PARTNERS Q2-2016 EARNINGS PRESENTATION

August 4, 2016

Forward Looking Statement

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: expected profitability of existing growth projects; the timing of newbuilding vessel deliveries and project start-up and the commencement of related contracts; the stability and growth of the Partnership's business and future cash flows, including the cash flow impact relating from the two MEGI LNG carrier newbuildings which commenced charters to Cheniere during 2016; and the amount, timing and certainty of securing financing for the Partnership's committed growth projects. 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: potential shipyard and project construction delays, newbuilding specification changes or cost overruns; changes in production of LNG or LPG, either generally or in particular regions; changes in trading patterns or timing of start-up of new LNG liquefaction and regasification projects significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; the potential for early termination of long-term contracts of existing vessels in the Teekay LNG fleet; the inability of charterers to make future charter payments; the inability of the Partnership to renew or replace long-term contracts on existing vessels; the Partnership's and the Partnership's joint ventures' ability to raise financing for its existing newbuildings and projects; and other factors discussed in Teekay LNG Partners' filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2015. The Partnership expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Partnership's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.



Recent Highlights

- Generated distributable cash flow¹ of \$76.1 million and cash flow from vessel operations² of \$135.1 million in Q2-16
 - DCF per LP unit of \$0.95 per unit
 - Distribution coverage ratio of 6.7 times
- Both Cheniere MEGI LNG newbuildings now delivered and have commenced 5-year charters to Cheniere Energy
- Exmar LPG joint venture took delivery of seventh of its 12 mid-size LPG carrier newbuildings
 - Vessel will commence a five-year charter to Statoil in August
- Making significant progress on debt financings for committed growth projects
 - Since May 2016, have secured lender credit approvals on over \$900³ million of new debt financings



¹ Distributable cash flow (DCF) is a non-GAAP measure used by certain investors to measure the financial performance of Teekay LNG and other master limited partnerships.

² Cash flow from vessel operations (CFVO) is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies.

³ Based on Teekay LNG's proportionate ownership interests in the projects.



World's First MEGI LNG Carrier Newbuildings

Both vessels now delivered and on-contract to Cheniere Energy

- **Creole Spirit**

- Delivered February 2016 and commenced five year charter to Cheniere Energy on February 29th

- **Oak Spirit**

- Delivered July 19th 2016 and commenced five year charter to Cheniere Energy on August 1st

- Both vessels will lift volumes from Cheniere's Sabine Pass LNG export facility on 5-year charter contracts
- Combined estimated annual CFVO of \$50 million and DCF of \$30 million
- Completed a \$355 million long-term lease facility with ICBC Leasing



Financing of Growth Projects On Track

Project	Remaining CAPEX (\$ millions as at June 30, 2016) ⁽¹⁾	Committed and Anticipated Debt Financing ⁽¹⁾	Financing Status	2016	2017	2018	2019	2020
Oak Spirit LNG Carrier (100%)	138	176	Financing Completed	5-year charter contract				
8 MEGI LNG Carriers (100%)	1,344	1,420	3 vessels credit approved: Delivery 2017/18 3 vessels term sheet negotiation : Delivery 2017/18 2 vessels to be financed in 2017: Delivery 2019	5 vessels with 6 – 8 year charter contracts, plus extension options with Shell, 1 vessel with 13-year charter contract with BP				
Shell (ex. BG) LNG Carriers (20-30%)	193 ⁽²⁾	150	Financing Completed	20-year charter contracts, plus extension options				
Yamal LNG Carriers (50%)	922	770	2 vessels credit approved: Delivery 2018 4 vessels term sheet stage: Delivery 2019/20	Charter contracts through to 2045, plus extension options				
Bahrain FSU (100%) and Regas Terminal (30%)	464	380	Regas Terminal financial close expected in Q4-16. FSU to be financed in 2017.	20-year FSU and terminal contracts				
Exmar LPG Carriers (50%)	99	131	Agreed terms and in documentation on anticipated debt financings	3 vessels with 2 – 5 year charter contracts, plus extension options				
Total	\$3,160	\$3,027		<div style="display: flex; justify-content: space-around;"> ■ Contracted ■ Uncontracted </div>				

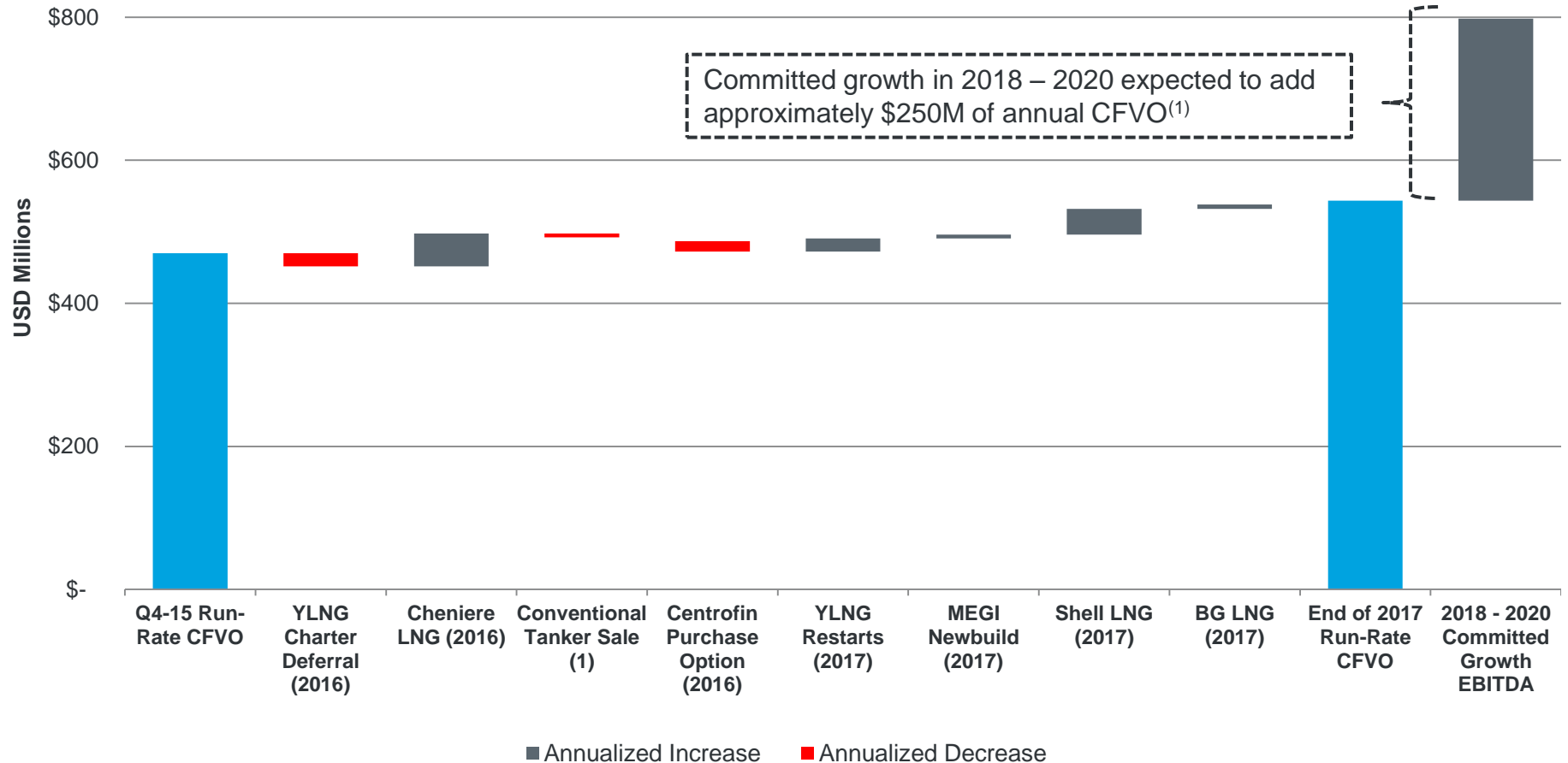
New debt financings expected to fund substantially all remaining CAPEX



(1) Teekay LNG's proportionate share
 (2) Excludes shipbuilding and crew training costs reimbursable by Shell (ex. BG)

Committed Growth Driving Increase in CFVO

Includes TGP's proportionate share of equity-accounted investment CFVO



CFVO expected to grow moderately through 2017, with majority of growth coming in 2018 - 2020



1) Assumes sale of the Teide Spirit in Q4-2017.

Appendix

Distributable Cash Flow

Q2-16 vs. Q1-16

	Three Months Ended June 30 2016 (unaudited)	Three Months Ended March 31 2016 (unaudited)	Explanation
(Thousands of U.S. Dollars except units outstanding or unless otherwise indicated)			
Net voyage revenues ⁽¹⁾	98,699	95,944	Increase due to the full-quarter impact of the charter commencement for the <i>Creole Spirit</i> , partially offset by the sales of the <i>Bermuda Spirit</i> and <i>Hamilton Spirit</i> in April 2016 and May 2016, respectively.
Vessel operating expenses	(22,412)	(21,853)	
Estimated maintenance capital expenditures	(11,968)	(11,976)	
General and administrative expenses	(5,864)	(5,428)	
Partnership's share of equity accounted joint ventures' DCF net of estimated maintenance capital expenditures	39,442	20,573	Higher equity income from the MALT joint venture due to a favourable settlement of a disputed charter contract termination on one of its LNG carriers.
Adjusted interest expense ⁽²⁾	(22,862)	(21,620)	
Interest income	545	602	
Income tax expense	(252)	(261)	
Other adjustments - net	6,005	3,913	
Distributable Cash Flow before Non-Controlling Interests	81,333	59,894	
Non-controlling interests' share of DCF	(5,266)	(5,490)	
Distributable Cash Flow⁽³⁾	76,067	54,404	
Cash distributions to the General Partner	(227)	(227)	
Limited partners' Distributable Cash Flow	75,840	54,177	
Weighted-average number of common units outstanding	79,571,820	79,557,872	
Distributable Cash Flow per limited partner unit	0.95	0.68	

1) Reconciliation of Net Voyage Revenues

Voyage revenues	99,241	95,771
Voyage expenses	(542)	(457)
Realized losses on charter contract derivative instrument	-	630
Net Voyage Revenues	98,699	95,944

2) Reconciliation of Adjusted Interest Expense

Interest expense as reported	(13,269)	(13,997)
Ineffectiveness of hedge-accounted interest rate swaps	(484)	1,398
Realized losses on derivative instruments and other	(9,109)	(9,021)
Adjusted Interest Expense	(22,862)	(21,620)

3) For a reconciliation of Distributable Cash Flow, a non-GAAP measure, to the most directly comparable GAAP figures, see Appendix B in the Q2-16 and Q1-16 Earnings Releases.



2016 Drydock Schedule

Segment	March 31, 2016 (A)		June 30, 2016 (A)		September 30, 2016 (E)		December 31, 2016 (E)		Total 2016 (E)	
	Vessels	Total Dry-dock Days	Vessels	Total Dry-dock Days	Vessels	Total Dry-dock Days	Vessels	Total Dry-dock Days	Vessels	Total Dry-dock Days
LPG Equity	-	18	1	20	-	-	1	31	2	69
	-	18	1	20	-	-	1	31	2	69



Note: In the case that a vessel drydock straddles between quarters, the drydock has been allocated to the quarter in which the majority of drydock days occur.

The background is a solid blue color with a subtle, wavy texture. Overlaid on this background are several thick, white, geometric lines that form a stylized, abstract shape resembling the letter 'E'. The lines are composed of multiple parallel paths, creating a sense of depth and movement. The overall composition is clean and modern.

BRINGING ENERGY TO THE WORLD