

TEEKAY TANKERS LTD.

# Fourth Quarter 2008 Earnings Presentation

May 15, 2009



# 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 spot tanker charter rates; the estimated dividends per share for the quarter ending June 30, 2009 based on various spot tanker rates; results of the Company's mix of spot market and time-charter trading; the strength of the Company's liquidity position, its debt profile and the Company's ability to generate surplus cash flow and pay dividends; and the potential for Teekay Tankers to acquire additional vessels from third parties or Teekay Corporation, including the two existing Suezmax tankers which Teekay Corporation is obligated to offer the Company. 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 the production of or demand for oil; 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; the potential for early termination of short- or medium-term contracts and inability of the Company to renew or replace short- or medium-term contracts; changes in interest rates and the capital markets; increases in the Company's expenses, including any unscheduled drydocking expenses; the Company's ability to raise financing to purchase additional vessels; the ability of Teekay Tankers' board of directors to establish cash reserves for the prudent conduct of Teekay Tankers' business or otherwise; and other factors discussed in Teekay Tankers' filings from time to time with the United States Securities and Exchange Commission, including its Report on Form 20-F for the fiscal year ended December 31, 2007. 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.

# Highlights

- ▶ Fourth quarter of 2008:
  - ▶ Generated Cash Available for Distribution of \$18.8m
  - ▶ Declared fourth quarter dividend of \$0.72 per share, bringing 2008 dividend to \$3.39 per share
  - ▶ Earned net income of \$13.0m, or \$0.52 per share (excluding unrealized loss on an interest rate swap of \$13.8m, or \$0.55 per share)
- ▶ On May 14, declared first quarter 2009 dividend of \$0.59 per share
- ▶ Recently entered into fixed-rate charters for three additional vessels



# Sponsorship From Teekay Corporation Proving Valuable

## TNK's spot vessels gain scale benefits from trading in Teekay pools

- ▶ Gemini Suezmax Pool:
  - ▶ 42 vessels
  - ▶ Includes leading names in tanker industry such as Teekay, Frontline, NAT, HMM and Koenig
- ▶ Teekay Aframax Pool:
  - ▶ 30 vessels

## TNK benefits from Teekay customer relationships

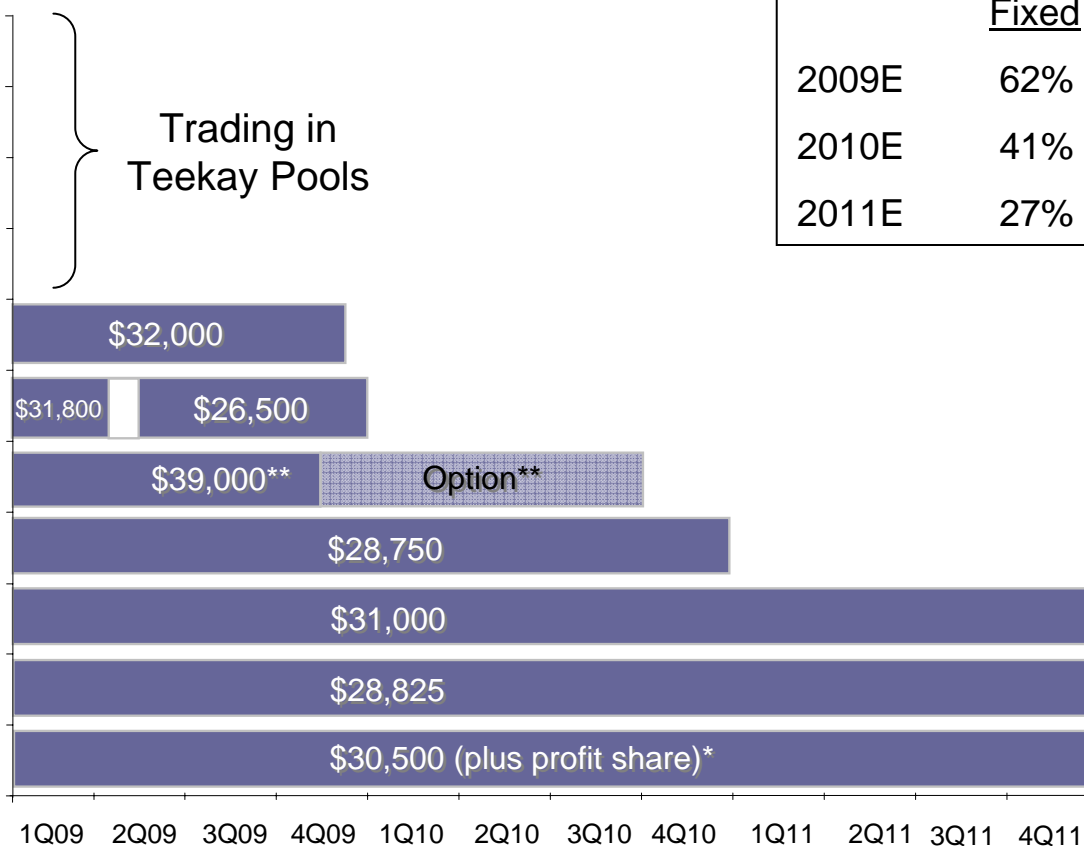
- ▶ Since IPO in Dec '07, TNK has secured several fixed-rate time-charters through Teekay's strong customer relationships
- ▶ Recent transactions:
  - ▶ 3-year time-charter on *Kyeema Spirit* at \$31,000 per day
  - ▶ 3-year time-charter on *Kareela Spirit* at \$28,825 per day
  - ▶ 9-month time-charter extension on *Everest Spirit* at \$26,500 per day





## Active Fleet Management has Provided Significant Forward Fixed-rate Charter Cover

Name	Y/ Built	Dwt
Narmada Spirit	2003	159,200
Falster Spirit	1995	95,400
Kanata Spirit	1999	113,000
Sotra Spirit	1995	95,400
Matterhorn Spirit	2005	114,800
Everest Spirit	2004	115,000
Nassau Spirit	1999	107,100
Erik Spirit	2005	115,500
Kyeema Spirit	1999	113,300
Kareela Spirit	1999	113,100
Ganges Spirit	2002	159,500



Fleet Coverage (by Revenue Days)		
	<u>Fixed</u>	<u>Spot</u>
2009E	62%	38%
2010E	41%	59%
2011E	27%	73%

Fixed-rate  
Employment

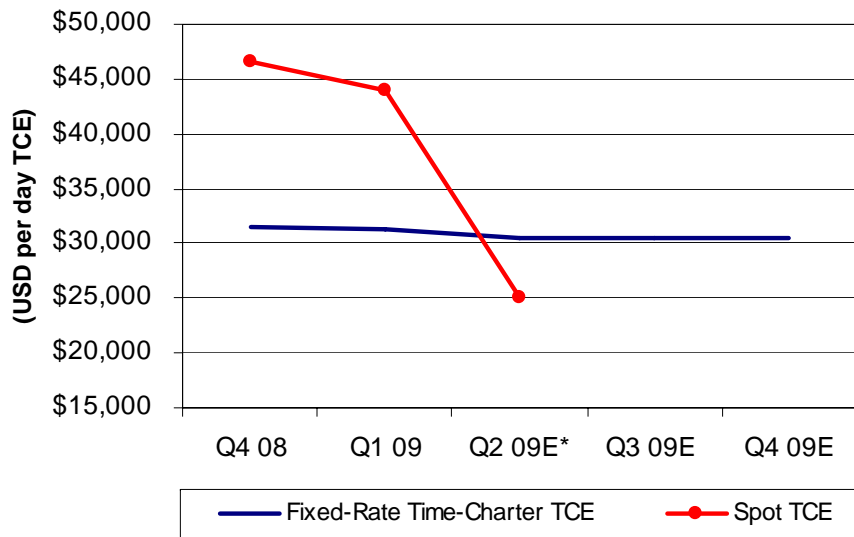
\*Charter expires May 2012. Profit share above \$30,500 per day entitles Teekay Tankers to the first \$3,000 per day plus 50% thereafter of vessel's incremental Gemini Pool earnings, settled in the second quarter of each year.

\*\*Charterer and Teekay Tankers have options to extend charter for one additional year at \$39,250/day and \$32,500/day, respectively.

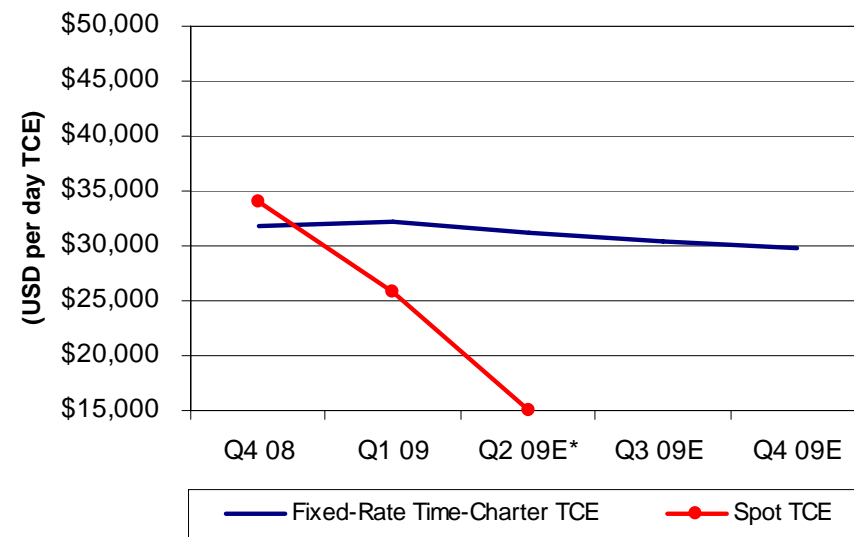
## TNK Charter Mix Expected to Outperform Spot Market

- ▶ TNK fixed-rate time-charters now outperforming the spot market in both Aframax and Suezmax sectors
- ▶ Fixed-rate cover sets a “floor” under TNK dividends

### TNK Suezmax TCE Rates



### TNK Aframax TCE Rates



\*Realized TNK TCE rates for quarter to date.

# TNK Can Pay a Dividend in Any Spot Market Environment

Q2 2009 Estimated Dividend Per Share*		Suezmax Spot Rate Assumption (TCE basis per day)						
		\$0	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000
Aframax Spot Rate Assumption (TCE basis per day)	\$0	\$0.09	\$0.13	\$0.16	\$0.20	\$0.26	\$0.31	\$0.36
	\$5,000	\$0.14	\$0.18	\$0.21	\$0.25	\$0.31	\$0.36	\$0.41
	\$10,000	\$0.20	\$0.23	\$0.27	\$0.30	\$0.36	\$0.41	\$0.47
	\$15,000	\$0.25	\$0.28	\$0.32	\$0.36	\$0.41	\$0.47	\$0.52
	\$20,000	\$0.30	\$0.34	\$0.37	\$0.41	\$0.47	\$0.52	\$0.57
	\$25,000	\$0.35	\$0.39	\$0.42	\$0.46	\$0.52	\$0.57	\$0.61
	\$30,000	\$0.41	\$0.44	\$0.48	\$0.51	\$0.57	\$0.61	\$0.67
	\$35,000	\$0.46	\$0.49	\$0.53	\$0.57	\$0.61	\$0.67	\$0.72
	\$40,000	\$0.51	\$0.55	\$0.58	\$0.61	\$0.67	\$0.72	\$0.77
	\$45,000	\$0.56	\$0.60	\$0.62	\$0.66	\$0.72	\$0.77	\$0.82

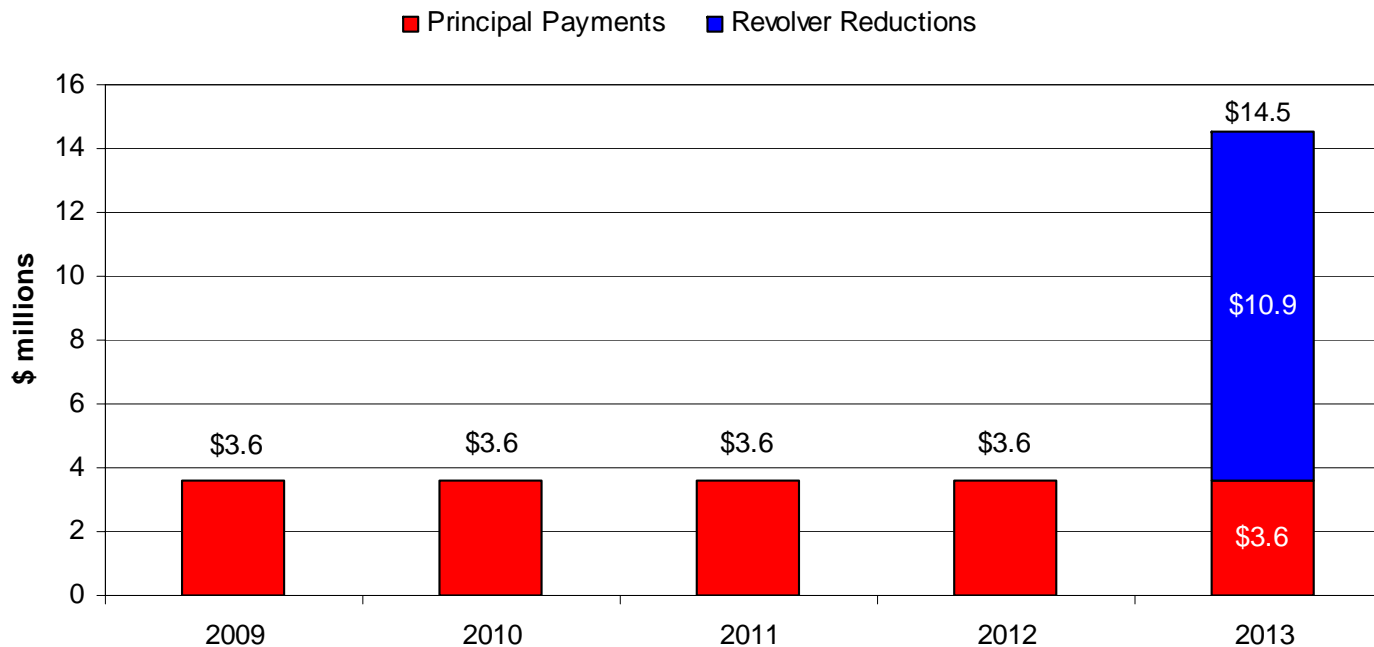
\*Estimated dividend per share reflects existing spot and time-charter mix and is based on Cash Available for Distribution, less \$0.9 million for principal repayments related to one of the Company's debt facilities and less \$2 million reserve for estimated dry docking costs. Cash Available for Distribution represents estimated net income (loss) plus depreciation and amortization, unrealized losses from derivatives, non-cash items and any write-offs or other non-recurring items, less unrealized gains from derivatives.

- ▶ Q2 spot rates booked to date:
  - ▶ Aframax: \$15,000 per day (~50% booked)
  - ▶ Suezmax: \$25,000 per day (~50% booked)
- ▶ The estimated annual profit share from the *Ganges Spirit* will contribute an additional \$0.10 - \$0.12 per share (not included in the above table; to be added to the Q2 dividend payment)

**Can pay a dividend even if spot vessel TCE = \$0 per day**

## Dividend Payout Enhanced by Favorable Debt Profile

- ▶ Minimal principal payments until 2013
- ▶ Low average cost of debt ~4%\*
- ▶ No financial ratio or hull covenant concerns
- ▶ Liquidity of \$78.1m as at March 31, 2009



\*Includes effect of the Company's interest rate swap and assumes average LIBOR rate of 2.0%.



# Tanker Market Dynamics

## BALANCE OF 2009 – Weak Outlook

### **Demand**

- ▶ Global oil demand shrinking as GDP growth turns negative for the first time since World War II
  - ▶ OPEC cutbacks have led to reduced tanker demand / lower tanker rates
- ▶ Floating storage currently reported at ~100 million barrels helps tighten near term fleet availability

### **Supply**

- ▶ Experiencing net fleet growth due to newbuild deliveries running ahead of scrapping
- ▶ Construction delays at greenfield yards mitigating near-term fleet growth
  - ▶ ~25% of 2009 orderbook could be delayed (mainly Suezmaxes)

## 2010 – Emerging Recovery?

### **Demand**

- ▶ Potential for economic recovery beginning in 2010
  - ▶ Economic stimulus and low energy prices expected to spur oil demand growth
- ▶ Any returning OPEC production increases tanker demand significantly due to tonne-mile leverage effect

### **Supply**

- ▶ IMO mandated single-hull phase out deadline in 2010 (~16% of tanker fleet)
- ▶ More tanker newbuild order cancellations likely
  - ▶ Many post-2009 deliveries not fully financed and ordered at market peak => heightens prospect of buyer non-performance
  - ▶ To date ~4% of NB orders cancelled

***TNK charter mix well matched to market fundamentals;  
High fixed rate cover in 2009 and more spot exposure in 2010***

# TNK Represents a Compelling Value Proposition

	TNK	NAT*
Current Share Price <sup>(1)</sup>	\$11.96	\$32.95
Current Yield <sup>(2)</sup>	20%	11%
On-the-water Fleet <sup>(3)</sup>	11 vessels	13 vessels
% of Fleet on Fixed-rate Time-charter <sup>(3)</sup>	64%	8%
Spot TCE Cash Flow (Dividend) Breakeven <sup>(4)</sup>	Below zero	Approx. \$10,000 per day <sup>(5)</sup>
Estimated Dividend Yield @ \$10,000 Per Day Spot Market <sup>(6)</sup>	Approx. 8%	0%

\* Nordic American Tanker Shipping Ltd.; NYSE: NAT

(1) Closing share price on May 14, 2009.

(2) Based on Q1'09 dividend annualized and closing share prices on May 14, 2009.

(3) As of March 31, 2009.

(4) Represents TCE required to be earned on the respective spot fleets to achieve cash flow (dividend) breakeven.

(5) Source: NAT Q1 '09 earnings report.

(6) Based on respective current spot and time-charter fleet mix of TNK and NAT and closing share prices on May 14, 2009.

# Appendix



# Q4 2008 Cash Available for Distribution

	<u>Three Months Ended</u> <u>December 31, 2008</u> (unaudited)
Net loss	(847)
Add:	
Depreciation and amortization	5,917
Unrealized loss from interest rate swap	13,811
Less:	
Other non-cash items	(34)
<b>Cash Available for Distribution</b>	<b>18,847</b>
Less:	
Reserve for debt principal repayment	(900)
<b>Cash dividend</b>	<b>17,947</b>
Weighted-average number of total common shares outstanding	25,000,000
<b>Cash dividend per share (rounded)</b>	<b>\$0.72</b>