



TEEKAY



# TEEKAY LNG PARTNERS THIRD QUARTER 2014 EARNINGS PRESENTATION

November 7, 2014

# 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 fundamentals in the liquefied gas industry; the average remaining contract duration on the Partnership's fleet; future growth opportunities and the effect on the Partnership's operational results and distributable cash flow; the expected delivery dates for the Partnership's newbuilding vessels, commencement of related time charter contracts and the effect on the Partnership's distributable cash flows; the estimated cost of building vessels; the Partnership's acquisition of an LPG carrier from Skaugen, including the timing, purchase price and certainty of completing the acquisition; expected fuel-efficiency and emission levels associated with the MEGI engines; the Partnership's ability to secure charter contract employment for the three currently unchartered LNG carrier newbuildings prior to their deliveries; the timing and certainty of exercising any of the Partnership's existing options to order additional MEGI LNG carrier newbuildings; and the timing of the start-up of the Yamal LNG project and the expected total LNG production capacity of the project, if completed. 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 construction delays, newbuilding specification changes or cost overruns; availability of suitable LNG shipping, LPG shipping, floating storage and regasification and other growth project opportunities; 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; competitive dynamics in bidding for potential LNG, LPG or floating regasification projects; potential failure of the Yamal LNG project to be completed on time or at all for any reason, including due to lack of funding as a result of existing or future sanctions against Russia and Russian entities and individuals, which may affect partners in the project; 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; failure by the Partnership to complete the acquisition of one 2003-built LPG carrier from Skaugen; actual performance of the MEGI engines; failure by the Partnership to secure charter contracts for the unchartered LNG carrier newbuildings; the Partnership's ability to raise financing for its existing newbuildings or to purchase additional vessels or to pursue other 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, 2013. 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 Q3-14 distributable cash flow\* of \$64.2 million
- Declared a Q3-14 cash distribution of \$0.6918 per unit
- Agreed to acquire and bareboat charter-back one LPG carrier with I.M. Skaugen for \$27 million
  - 5-year fee-based charter with profit sharing component
  - Expected delivery in mid-November 2014
- Exmar LPG JV took delivery of the third of 12 mid-size LPG carrier newbuilds; sold one older LPG carrier for a \$8 million gain

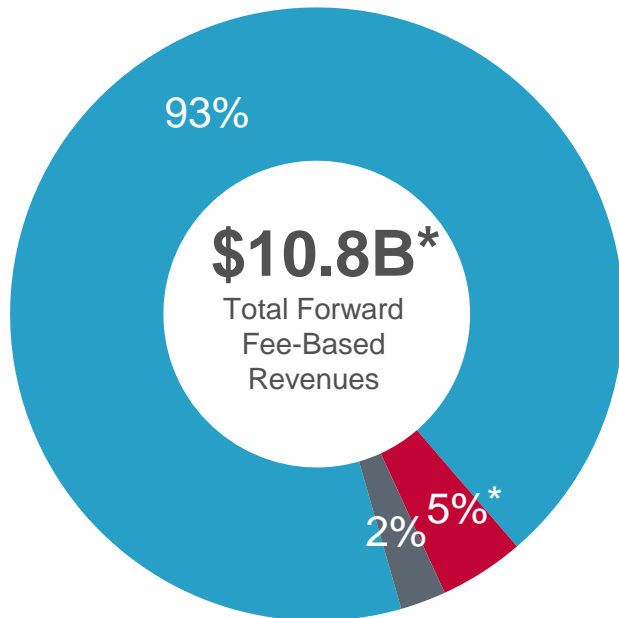
\* Distributable Cash Flow is a non-GAAP measure used by certain investors to measure the financial performance of Teekay Offshore and other master limited partnerships



# Portfolio of Long-Term Fee-Based Contracts

Provides stability during volatile energy markets

Forward Fee-Based Revenues by Segment



Average Remaining Contract Length by Segment

LNG Carriers

14 Years

LPG Carriers

7 Years\*

Conventional Tankers

4 Years



ConocoPhillips



YAMAL LNG



Vitol



gasNatural

accelerate energy



CHENIERE



PotashCorp  
Helping Nature Provide



\* The average remaining contract life and forward fee-based revenues relate to 16 of our 30 LPG carriers currently on fixed-rate charters.

# Distributable Cash Flow and Coverage

Q3-14 vs. Q2-14

	Three Months Ended September 30, 2014 (unaudited)	Three Months Ended June 30, 2014 (unaudited)	
(Thousands of U.S. Dollars except coverage ratio information)			
Net voyage revenues	100,328	100,156	
Vessel operating expenses	(23,538)	(24,320)	
Estimated maintenance capital expenditures	(11,759)	(11,632)	
General and administrative expenses	(5,579)	(6,254)	
Restructuring charge	(2,231)	-	
Partnership's share of equity accounted joint ventures'			
DCF net of estimated maintenance capital expenditures	31,318	29,411	
Interest expense <sup>(1)</sup>	(30,905)	(30,883)	
Interest income <sup>(1)</sup>	7,050	6,036	
Income tax expense	(370)	(375)	
Distributions relating to equity financing of newbuildings	3,090	1,822	
Other adjustments - net	1,356	1,793	
<b>Distributable Cash Flow before Non-Controlling Interests</b>	<b>68,760</b>	<b>65,754</b>	
Non-controlling interests' share of DCF	(4,574)	(4,258)	
<b>Distributable Cash Flow</b> <sup>(2)</sup>	<b>64,186</b>	<b>61,496</b>	<b>A</b>
<b>Total Distributions</b>	<b>61,361</b>	<b>61,361</b>	<b>B</b>
<b>Coverage ratio</b>	<b>1.05x</b>	<b>1.00x</b>	<b>A/B</b>

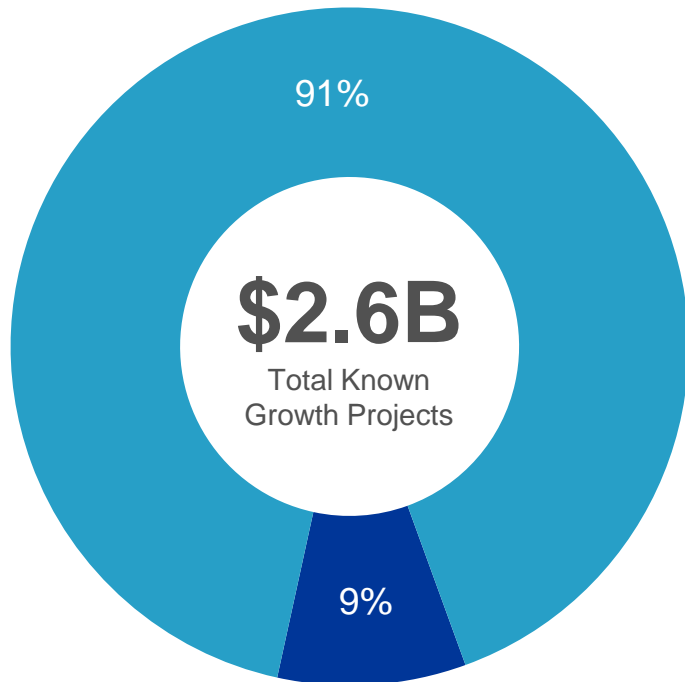
1) See Adjusted Operating Results in the Appendix to this presentation for a reconciliation to the amount reported in the Summary Consolidated Statements of Income and Comprehensive Income in the Q3-14 and Q2-14 earnings release.

2) For a reconciliation of Distributable Cash Flow, a non-GAAP measure, to the most directly comparable GAAP figures, see Appendix B in the Q3-14 and Q2-14 Earnings Releases.

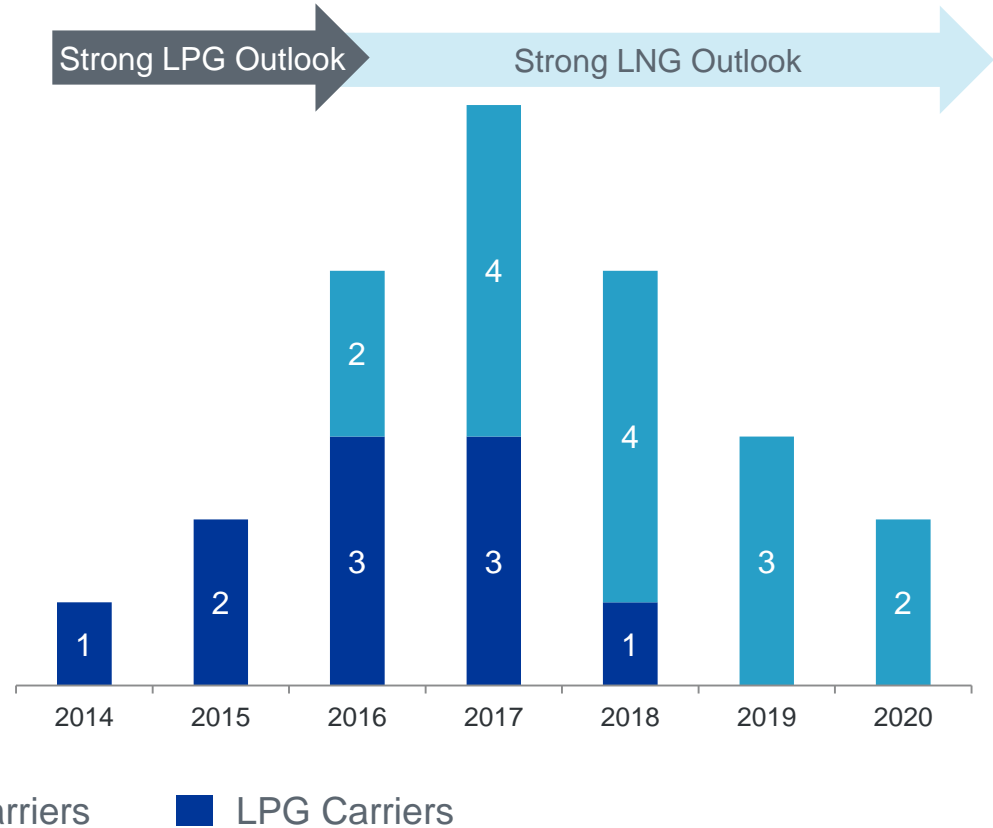
# Expanding TGP's Growth Pipeline

Continue to bid on several LNG and FSRU projects for start-up in 2017 onwards

### Growth Projects by Segment



### Growth Project Deliveries



Options for 3 MEGI LNG carrier newbuildings

# Appendix

# Committed Known Growth Capex

(in Millions)*	2014	2015	2016	2017	2018	2019	2020	Total
LNG	-	-	\$420	\$725	\$475	\$400	\$350	\$2,370
LPG	\$27	\$44	\$67	\$67	\$22	-	-	\$227
Total	\$27	\$44	\$487	\$792	\$497	\$400	\$350	<b>\$2,597</b>



\* Project Capex included in the period in which the vessel or unit is delivered and does not represent timing of cash installments payments



# Adjusted Operating Results

Q3-14

Three Months Ended

September 30, 2014

(in thousands of U.S. Dollars)

	As Reported	Appendix A Items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TGP Adjusted Income Statement
<b>NET VOYAGE REVENUES</b>				
Voyage revenues	100,776	-	-	100,776
Voyage expenses	(448)	-	-	(448)
Net voyage revenues	100,328	-	-	100,328
<b>OPERATING EXPENSES</b>				
Vessel operating expense	(23,538)	-	-	(23,538)
Depreciation and amortization	(23,309)	-	-	(23,309)
General and administrative	(5,579)	-	-	(5,579)
Restructuring charge	(2,231)	2,231	-	-
Total operating expenses	(54,657)	2,231	-	(52,426)
Income from vessel operations	45,671	2,231	-	47,902
<b>OTHER ITEMS</b>				
Equity income	38,710	(12,969)	-	25,741
Interest expense	(14,747)	-	(16,158)	(30,905)
Interest income	1,530	-	5,520	7,050
Realized and unrealized gain (loss) on derivative instruments	2,288	(12,380)	10,092	-
Foreign exchange gain (loss)	23,477	(24,023)	546	-
Other income – net	210	-	-	210
Income tax expense	(370)	-	-	(370)
Total other items	51,098	(49,372)	-	1,726
Net income	96,769	(47,141)	-	49,627
Less: Net (income) attributable to Non-controlling interest	(6,182)	3,253	-	(2,929)
<b>NET INCOME ATTRIBUTABLE TO THE PARTNERS</b>	<b>90,587</b>	<b>(43,888)</b>	<b>-</b>	<b>46,699</b>



1)  
2)

See Appendix A to the Partnership's Q3-14 earnings release for description of Appendix A items.

Reallocating the realized gains/losses to their respective line as if hedge accounting had applied. Please refer to footnote (3) and (4) to the Summary Consolidated Statements of Income and Comprehensive Income in the Q3-14 earnings release.

# Adjusted Operating Results

Q2-14

Three Months Ended  
June 30, 2014

(in thousands of U.S. Dollars)

	As Reported	Appendix A Items (1)	Reclass for Realized Gains/Losses on Derivatives (2)	TGP Adjusted Income Statement
<b>NET VOYAGE REVENUES</b>				
Voyage revenues	101,323	-	(224)	101,099
Voyage expenses	(1,167)	-	-	(1,167)
Net voyage revenues	100,156	-	(224)	99,932
<b>OPERATING EXPENSES</b>				
Vessel operating expense	(24,320)	-	-	(24,320)
Depreciation and amortization	(23,530)	-	-	(23,530)
General and administrative	(6,254)	-	-	(6,254)
Restructuring charge	-	-	-	-
Total operating expenses	(54,104)	-	-	(54,104)
Income from vessel operations	46,052	-	(224)	45,828
<b>OTHER ITEMS</b>				
Equity income	32,924	(8,793)	-	24,131
Interest expense	(15,068)	-	(15,815)	(30,883)
Interest income	572	-	5,464	6,036
Realized and unrealized gain (loss) on derivative instruments	(16,335)	6,091	10,244	-
Foreign exchange gain (loss)	(66)	(265)	331	-
Other income – net	208	-	-	208
Income tax expense	(375)	-	-	(375)
Total other items	1,860	(2,967)	224	(883)
Net income	47,912	(2,967)	-	44,945
Less: Net (income) attributable to Non-controlling interest	(4,263)	1,906	-	(2,357)
<b>NET INCOME ATTRIBUTABLE TO THE PARTNERS</b>	<b>43,649</b>	<b>(1,061)</b>	<b>-</b>	<b>42,588</b>



1)  
2)

See Appendix A to the Partnership's Q2-14 earnings release for description of Appendix A items.

Reallocating the realized gains/losses to their respective line as if hedge accounting had applied. Please refer to footnote (3) and (4) to the Summary Consolidated Statements of Income and Comprehensive Income in the Q2-14 earnings release.

# 2014 & 2015 Drydock Schedule

Segment	March 31, 2014 (A)		June 30, 2014 (A)		September 30, 2014 (A)		December 31, 2014 (E)		Total 2014		Total 2015	
	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days
Fixed-Rate Tanker	1	27	1	24	-	-	1	23	3	74	1	25
Liquefied Gas	1	28	-	-	1	24	-	-	2	52	3	49
LPG Carrier - equity accounted	-	-	2	41	2	68	1	21	5	130	4	94
LNG Carrier - equity accounted	-	-	2	47	-	-	-	-	2	47	5	63
	2	55	5	112	3	92	2	44	12	303	13	231



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 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