TEEKAY TANKERS LTD

Moderator: Emily Yee
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12:00 pm CT

Operator: Welcome to Teekay Tankers Limited Second Quarter 2014 Earnings Results Conference Call. During the call, all participants will be in a listen-only mode. Afterwards, you will be invited to participate in a question and answer session. At this time, if you have a question, participants will be asked to press Star 1 on your touch-tone phone. As a reminder, this call is being recorded. Now for opening remarks and introductions, I would like to turn the call over to Mr. (Kevin MacKay), Teekay Tankers Limited Chief Executive Officer. Please go ahead sir.

(Ryan): Before Mr. (MacKay) beings, I'd like to direct all participants to our website at www.teekaytankers.com where you will find a copy of the second quarter 2014 earnings presentation. Mr. (MacKay) will review this presentation during today's conference call. Please allow me to remind you that our discussion today contains forward looking statements. Actual results may different materially from results projected by those forward looking statements. Additional information concerning factors that could cause actual results to materially differ from those in the forward looking statements is contained in the second quarter 2014 earnings release and earnings presentation available on our website. I will now turn the call over to Mr. (MacKay) to begin.

(Kevin MacKay): Thank you (Ryan). Hello everyone and thank you very much for joining us on my first earnings release conference call as a new Chief Executive Officer of Teekay Tankers. With me here in Vancouver is (Vince Lok), Technical Teekay Tankers Chief Financial Officer and (Brian Fortier), Group Controller of Teekay Corporation. During today's call, I will be taking you through Teekay Tankers Second Quarter 2014 Earnings Results Presentation which can be found on our website.

Beginning with our recent highlights on slide 3 of the presentation, Teekay Tankers reported an adjusted net loss of $0.05 per share in the second quarter compared to an adjusted net loss of $0.08 per share in the same period of the prior year. Cash available for distribution or CAD was $0.11 per share in the second quarter up from $0.07 per share in the same period of the prior year. The increases were primarily due to stronger Seuzmax, Aframax and LR2 spot tanker rates earned in the second quarter of 2014 partially offset by a decrease in recognized interest income as a result of the monetization of the company's investment in term loans this past March.

In second quarter of 2014, the company declared and paid a quarterly dividend of $0.03 per share. Since inception, Teekay Tankers has declared dividends in 27 consecutive quarters which now total $7.36 per share in dividends. Teekay Tankers dividend is currently fixed at an annual level of $0.12 per share payable quarterly. Teekay Tankers realized a $10 million gain on a sale of two 2010 VLCC's in the second quarter which previously secured our investment in term loans. Since gains resulted from the sale of assets are not typically included in CAD, this amount has been excluded from our CAD per share result that I quoted earlier. Including the gain on sale, Teekay Tankers second quarter CAD per share would increase by approximately $0.12.

Our commercial team continued to be active in the second quarter as they have recently secured six additional (enter) contracts consisting of two Aframax tankers and four LR2 product tankers totaling 5.5 ship years with options to extend up to 4.25 ship years. Three of the in charter vessels have already delivered into our fleet while the remaining three vessels will deliver between August and September this year. With the addition of these new in charters, our total in charter fleet grows to eight vessels increasing our spot exposure to what we anticipate will be a firming tanker market.

In July, tanker rates in the Seuzmax and Aframax segments reached their highest levels for the month of July since 2008. This was mainly attributable to an increase in long haul Seuzmax movements from the Atlantic to the Pacific, the end of seasonal refinery maintenance, stockpiling due to geographic unrest around the world and vessel delays at US gulf and Mediterranean sea ports. I will touch on some of these factors later during today's call.

Finally, this week, Teekay Tankers competed the acquisition of its 50% joint venture interest in Teekay's conventional tanker commercial and technical management operations for $15 million which was paid in shares. Currently, we expect to generate additional annualized equity income of approximately $2.5 million as a result of this investment.

Turning to slide 4, I will take a moment to provide an update on Teekay Tankers fleet employment mix and how we have made the strategic move to actively increase the company's spot tanker exposure. With our market view being that spot tanker rates will, on average, exceed time charter out rates, we are focused on increasing Teekay Tankers spot market exposure through a combination of new in charter contracts which often times include additional option periods and transitioning some of our vessels from time charter out contracts into the spot market as their existing contracts expire.

As noted in the opening highlights, Teekay Tankers has, in recent months, been actively in chartering third party vessels which increases our spot market exposure without increasing our capital investment. As a result of the eight in charter contracts we have entered into this year, we have increased Teekay Tankers spot exposure by approximately 2,500 revenue days or 24% for the next 12 months. In addition, we were able to secure deferred deliveries on four of the in charter contracts to ensure the vessels will deliver in time for a potential winter market rally.

On a fleet basis, our spot exposure for the next 12 months now totals 24 vessels or 74% of revenue days which is a significant increase from 14 vessels or 53% of revenue days during 2012 when the outlook for the spot tanker market was weak. A decision to scale back on our fixed rate cover reflects our view that the tanker market fundamentals will continue to improve. Looking ahead, we expect to continue to increase our spot market exposure through further in chartering and allowing some of our fixed rate fleet to naturally roll off existing time charters rather than pursue replacement fixed rate contracts for these vessels.

As shown on slide 5, there can be no question that spot tanker rates have improved year over year. As shown by the chart on the top left of this slide, spot tanker rates in the second quarter of 2014 average significantly higher compared to the same period last year with Aframax rates improving by approximately $3,000 per day or 25% year on year and Seuzmax rates improving by $4,000 per day or 33% year on year. This increase in spot rates is a reflection of higher fleet utilization compared to this time last year and is a strong indication of tightening tanker market fundamentals.

Looking at the chart in the top right of the slide, we can see that the spot market has continued to strengthen during the third quarter with Aframax and Seuzmax spot rates reaching the highest levels seen in the month of July since 2008. This counter seasonal spike in rates is due to a combination of higher global refining throughput and fear driven stockpiling due to unrest in Iraq as well as some Aframax and Seuzmax specific factors which we will examine in the next slide.

This spike in rates in what is usually a seasonally weaker time of the year for crude tankers is very encouraging. We believe that the recent increase in rate volatility is a positive signal ahead of the seasonally stronger winter market which typically begins in the fourth quarter and we expect that this market volatility will continue in the coming weeks and months.

Turning to slide 6, I will focus for a moment on the stronger than expected Aframax demand at the start of the third quarter which put spot rates in these segments up to new six year highs for the month of July. The Seuzmax sector in particular has been extremely buoyant in recent weeks and we believe this is largely a result of a shift to longer haul trade routes. This may seem counterintuitive given the increase in US crude oil production in recent years which has significantly reduced Seuzmax movement from West Africa to the US East Coast. However, perhaps less well documented, there has been a corresponding increase in Seuzmax trades on other routes including long haul from the Atlantic to Pacific Basin.

As shown on the map at the top left of the slide, Seuzmax spot market activity on three key routes has increased substantially in the first half of 2014. First, Seuzmax movements from West Africa to Europe have increased by 9% as European refiners look to replace lost Libyan supply with West African barrels. Second, West Africa crude exports to Asia on Seuzmax's has increased by 16% as Asia looks to diversify its sources of crude oil and finally Seuzmax have been cannibalizing traditional VLCC trade routes out of the Middle East with loadings in the Middle East to Asia increasing by 21% year on year.

A combination of these trade pattern changes has lead to a much, much more stretched Seuzmax fleet with more vessels operating in the Pacific Basin and more vessels trading on long haul routes than in the past. This has benefited Seuzmax ton mile demand and has also meant that the Atlantic market has at times seen period of very tight vessel supply lean to the type of run up in spot rates that we have seen recently.

A strong Seuzmax market has also had a positive knock on affect for Aframax's in recent weeks as competition for cargos on trades which can utilize both Aframax and Seuzmax tonnage has been reduced. Aframax spot rates have also benefited from regional trade disruptions notably in the Caribbean market. The chart at the bottom left of the slide illustrates the record high crude oil inventories in the US gulf due to rising domestic production which has left the region short of onshore storage capacity. This has created lengthy vessel delays in the region which has served to reduce the pool of available vessels and provide support for higher spot rates. On the other side of the Atlantic, repeated oil supply disruption from the political issues in Libya and Iraq has created uncertainty over scheduling and has further contributed to Aframax rate volatility in recent weeks.

Turning to slide 7, I will walk through the outlook for midsized crude tanker fleet supply which we believe will be one of the key drivers of a sustained tanker market recovery over the next few years. As shown on the two charts on this slide, by 2016 the Seuzmax and Aframax fleet are estimated to shrink in size by 2% and 7% respectively compared to current levels. A scrapping of older vessels which is expected to outweigh new vessel deliveries over the forecasted period. We've already seen this occurring in 2014 as the Seuzmax fleet has reduced by a net two vessels since the start of the year and the Aframax fleet has reduced by a net 13 vessels. In summary, a shrinking Aframax Seuzmax fleet coupled with a positive outlook for midsized tanker demand should drive a sustained increase in crude tanker rates in the coming months and years.

Turning to slide 8, I will provide an update on spot earnings for the third quarter to date. Compared to average realized rates for the second quarter of 2014, Seuzmax, Aframax and LR2 rates for the third quarter of 2014 to date have been significantly higher. Based on approximately 43% of spot revenue days booked, our third quarter to date Seuzmax bookings have averaged approximately $19,600 per day, up significantly from $16,100 per day in the second quarter of 2014 and our third quarter to date Aframax RSA bookings have averaged approximately $18,600 per day up from $15,500 per day in the second quarter of 2014. Based on approximately 68% of spot revenue days booked, our third quarter to date LR2 bookings have also seen higher averaging approximately $14,000 per day compared to $13,350 per day in the second quarter of 2014.

Before we open up the call to questions, I would like to turn your attention to slide 9 which provides some key details pertaining to Teekay Group 2014 investor date. I'm excited to take over leadership of Teekay Tankers at such a promising time in the tanker market cycle and I look forward to meeting with our analysts and investors to provide and in depth presentation covering our strategies, financial position and market outlook at that time. The event will be held during the morning of Tuesday, September 30 at the St. Regis Hotel in New York and will be webcast live for all interested current or prospective investors. With that operator, we are now available to take questions.

Operator: Thank you. Ladies and gentlemen, if you have any questions at this time, you may press the Star followed by the 1 on your touch-tone phone. If you're using a speakerphone today, please lift the handset before pressing the keys. Once again, ladies and gentlemen, if there are any questions, please press Star 1 at this time. One moment please for our first question. Our first question today will come from (John Japell) with (Agricore). Please go ahead.

(John Chappell): Thank you. Morning guys.

(Kevin MacKay): Morning.

(John Chappell): (Kevin), you've only been in the role for a couple weeks now, maybe a couple of months, but I just wanted to get your views coming from a customer. Any surprises that you've seen either good or bad being on the operator side and what's your call it three to five year strategy for Teekay?

(Kevin MacKay): Thank you (John). Yes. It's actually day 48 I believe I've been in the role. So still asking a lot of questions, still formulating opinions on various topics as I learn more about the organization. I think just a general comment that having competed against this organization as an independent ship owner on the other side as well as seeing it from the customer facing side, my regard for Teekay was always held very highly and the last 48 days have not only not changed my opinion on that topic but actually enhanced my opinion. So very positive in terms of what I've seen so far.

I think like any organization, we have work to do and if I just touch on a couple of key areas that I think you'll probably hear me repeat over the course of time, I think Teekay Tankers specifically, our focus will be to drive and really execute on operational excellence. I think it's imperative as the worlds leading tanker brand in this segment that we operate our ships safely and reliability. I think our customers and our stakeholders demand that of us and I think it's our license to operate. So I will be focused very heavily on OE and I'll be speaking to that in the months and years ahead.

Clearly, we have an intention to grow the organization. I think the company has done well to weather the storm of the tanker markets over the last five years with a good solid strategy that maintained our presence in the market while some of our competitors fell away but now coming in, it's time to look for growth and I think that will focus primarily on customers and the relationships that we already have with some very good oil companies and oil trading and oil refining companies. We're also looking at the new trade patterns that will be emerging.

I think we'll be focusing on new customers and developing new and strong relationships in order to employ our fleet as we grow into new markets and new areas. So I'm excited to be here. I'm looking forward to putting the company back on a path to growth and from what I've seen I'm confident that Teekay Tankers has a really bright future ahead of it.

(John Chappell): Great. Now the time charter end strategy is a little new. I'm sure maybe that was in the process before you started or maybe not so I just wanted to hear your views on giving where the capital structure stands today and the potential for growth through traditional asset ownership versus time charter in, where do you think you'll be spending a lot of your time focusing right now?

(Kevin MacKay): I think the - yes. The strategy charter which started from in the late spring and has really ramped up in the last couple of months and we'll continue to do so as we go forward. If you look at TNK as a long term play on the market or the tanker market, I think we've got several levers at our disposal that we can utilize to manage the portfolio at various points in the cycle. So whether it's capital investments through new builds or second hands, we have the avenue to look at time charters which we've been doing which requires no capital investment and gives us an agile prompt response to where we see the market moving in the near term.

We've also got our growth for sea revenue businesses to our expansion of our pools and technical and commercial management expertise and we've also got the avenue of our investments through companies like TIL. So to my mind, as I come into the organization, it's not just solely looking at one of those levers. It's managing the portfolio at any given point in time through the cycle and calling or pushing based on the opportunities that present to us.

(John Chappell): Makes sense. Just one last one and feel free to use (Vince) to help out with this one as well but just as you think about that and then as it relates to the capital structure been able to de lever a fair amount just recently thanks to the sale of the VLCC's, how do you think about the balance between using capital to grow at this point of the cycle versus also maybe taking a leverage down a little bit and especially as we slowly creep towards 2017 and the bigger bullet payment in that year?

(Kevin MacKay): Yes. I'll kick it off and then I'll hand over to (Vince). I think certainly my approach will be to have a strong financial discipline on the organization and I think looking at our current capital structure, as the market improves and we generate higher cash flows going forward through that market recovery, I think some of that leverage - we'll use some of that cash to pay down our outstanding revolver and then going forward, we'll analyze acquisitions and opportunities to grow the fleet using our capital structure and our relationships with the banks. Generally, I think it will be a team approach utilizing good relationships that our sponsor has in Teekay Corporation with banks as well as our management approach to a balanced capital and financial strategy.

(Vince): Just to add to that, as you said (John), we did de lever the balance sheet recently with the sale of the two VLCC's from 154 million and that has provided us with lower debt balances as well as higher liquidity. So as of June 30, we have about 250 million of liquidity. So we have the near term liquidity to take advantage of opportunities and as (Kevin) mentioned, the higher cash flows is also being retained to reduce our debt levels and further strengthen our balance sheet as well as the cash flows from the Teekay operations. So I think we're in fairly good shape in terms of our capital structure right now.

(John Chappell): Great. Thanks a lot (Vince). Thanks (Kevin) and welcome.

(Kevin MacKay): Thank you (John). I appreciate it.

Operator: Your next question will come from (Donald McLee) with Wells Fargo. Please go ahead.

(Donald McLee): Hey guys. Thanks for taking my call. So first I just wanted to focus on growth and given the recent strength in the Seuzmax and Aframax rates over the last quarter or so, do you expect growth going forward to be focused in the crude or the product tanker segments?

(Kevin MacKay): I think to make a general comment first before I go into detail on the sectors. I think as management, it's incumbent upon us to keep an open mind and to pay attention to what is going on in the tanker market generally. We can only look to Kodak and the Polaroid camera to see what a blink strategy or a blink review can happen to a company. So I think we'll always pay attention to what is going on around us but we also have to understand where our core competencies lie and for TNK at the moment, that is in the Seuzmax space and the Aframax space. So as we look to grow the company, we'll be primarily focused in those two areas but I also think as we look at the fundamentals in those two sectors specifically, I think they offer the best value creation going forward.

(Donald McLee): That makes sense and I guess within the Seuzmax and Aframax asset classes, is there a preference between new build and second hand tonnage?

(Kevin MacKay): I think if you look at asset prices, new builds are somewhat closer to their 10 year average and there's some new regulations coming in that might increase the cost of new building assets post 2017. On the other hand, second hand values are trading at 30 to 25 to 30% below their 10 year average so that does present at this point in time a better value proposition but as I mentioned in the answer to one of the previous questions from (John), I think that will change over time and if we take a portfolio approach to the way we manage our organization, we'll be evaluating both of those asset classes and trying to make the right calls as we go forward.

(Donald McLee): Got it and then is there a long term fleet target in mind?

(Kevin MacKay): No. There's not a fixed number that we're aiming to grow to. I think a lot will depend on how trade patterns evolve and where we feel that we can gain scale and market exposure as well as availability of cargos and the relationships we build with our customers. We can also look to our pools and growing the organization through asset purchases or new buildings or time charters ignores the fact that we also have three very good reputable pools that can bring owners into our scale and also provide TNK with some fee based revenue.

(Donald McLee): All right. Thanks. That's helpful. That's all my questions.

(Kevin MacKay): Thanks (Donald).

Operator: Your next question will come from (Anish Manning) with JP Morgan. Please go ahead.

(Anish Manning): Hey. Good morning guys. I wanted to follow-up on the prior two questions and your response as it relates to asset values. I mean, you had noted that second hand asset values remain relatively attractive compared to new builds yet you guys have embarked on a spree of charter ends. I wanted to get a sense of if we could ((inaudible)) and think that you think those - if you want to bring in vessels right now, there's further downside in asset values before things begin to really recover?

(Kevin MacKay): No. I think - I can't speak to the months before I came in but I think the strategy to look at term chartering in vessels is quicker. We saw the market picking up in the or expected to pick up in the fourth quarter. We move very quickly and very decisively to bring in six additional ships. So I think it was more a function of the ability for the organization to be agile and take advantage of where we saw some very low and valuable rates on the time charter market.

(Anish Manning): Okay because you mentioned that there the liquidity the company has now and so if and when you do find assets that are attractive in both valuation and quality, you would be willing to spring forward and pick up a few more?

(Kevin MacKay): Yes. I think if the right deal comes along and we can structure it in such a way that it's accretive to our earnings. We'll certainly - we'll look at any avenue.

(Anish Manning): That's helpful and staking a step back and thinking about the market from a broad perspective, how concerned are you that the incumbent recovery such if there is one in the back half of this year or early next year is largely supply driven, supply side driven, and that the demand trends are rather fibril and if that's the case, do you think that the recovery could be sustained and create a buoyant rate environment into the going forward periods?

(Kevin MacKay): Yes. I think generally speaking on a macro level if you will, the global economy continues to grow and tick ahead at a 4% rate going out through the next year or two. Along with that and correlated is oil demand improvements but I think one of the significant macro structural changes that we're going to see in the next three to five years is a displacement between where the new oil production is coming online and where it's being refined because 60, 70% of new oil production capacity is west of Seuz and 75% of all the new refineries being built are east of Seuz so that speaks to a west to east flow of oil which is positive for tanker demand in the long run.

(Anish Manning): Okay. That's helpful and just a final point on financials. I guess Teekay's share price has been a little volatile over the past 12 months or so and that's broadly in line with the tanker market as we think about it. I mean, at what point do you guys think about shareholder friendly practices to buying back shares at some point with that liquidity or increasing a distribution to shareholders? Is that something that you guys are thinking about discussing at this time?

(Kevin MacKay): I think as the market improves and we generate increased cash flow, I think as (Vince) spoke earlier, we will use that to pay down our existing revolver and strengthen our balance sheet. I think that will be in the near term focus but going forward, we will develop a financial strategy that looks out for shareholders whether that's through increased growth through vessel acquisitions or otherwise. (Vince), do you want to comment?

(Vince): Yes. We have a lot of options available to us but as we indicated when we changed our dividend to a six dividend several, I guess, a year and a half ago, the idea there was to retain the operating cash flow so that we can use that to better use to grow the fleet and create more shareholder value. So in the near term, that is the strategy in terms of the dividend policy and so we are mainly using that cash flow for growth.

(Anish Manning): Okay. That's really helpful guys. Thank you so much for the time. I appreciate it.

(Kevin MacKay): Thanks (Anish).

Operator: Your next question will come from (Sean Collins) with Bank of America. Please go ahead.

(Sean Collins): Great. Thanks. Hi (Kevin). Hi (Ryan). How are you guys today?

(Kevin MacKay): Good. Thanks (Sean). How are you doing?

(Sean Collins): Very well. Thank you. Can you just talk about the extent of the summer slowdown that you're seeing in the third quarter and compare that to past summer seasons? I know on slide 6 you referenced the strongest July since 2008 so that is a nice surprise but can you just comment on the strong market dynamic?

(Kevin MacKay): Yes. I think if you look historically the third quarter is never usually an exceedingly strong one. You have a quiet period in the market that you get through before the typical winter spike and this year, I think what we saw changing in that was fundamentally a stretch in both the Seuzmax and Aframax fleets because of a combination of factors. I think if you look at the Seuzmax fleet, you had refineries coming back online which from this summer, early summer and spring turnarounds and that caused more volume and cargos to be moved. I think we see an increase in volume particularly from West Africa to Asia and from Europe to Asia. Take an example of Indian imports, West Africa to India volumes are up to 600,000 barrels a day in July which is the highest level we've seen in this period for the last three years.

On the Aframax side, I think it was more a story of regional pockets of disruption where in the US gulf you had tank top situations which backed out turnaround times on ships. We had vessels experiencing delays of 8 to 12 days during the month and that obviously soaks up a lot of the tonnage supply. I think going forward, while the current market has probably returned more to its normal third quarter levels, other than in the US gulf we're still holding in the mid 20,000, $25,000 a day range. I think the market generally has settled back into its normal third quarter pattern. Having said that, I think the market will firm and I'm positive that the outlook will be good going into the winter months.

(Sean Collins): Great. That's helpful and glad to hear that the summer was more active than usual. So changing subjects slightly, I know you just closed on August 1 the acquisition of 50% of Teekay commercial and technical operations. Can you just provide a few highlights for how this will change your operations going forward as you think about operations in the past?

(Kevin MacKay): Well, I think the drop down or the purchase if you will from the corporation to TNK at a high level is really a positive signal that our sponsor is still supportive of the original Teekay Tanker franchise and I view that very positively. I think it demonstrates an ongoing support for the conventional tanker business from our sponsor but I think if you actually look at where Teekay operations is, it's revenue that's generated through our three pools that will now flow 50% into TNK and in terms of the people, it's the same people really doing the same jobs now. It's just the outcome of their efforts and their capabilities and their expertise will now flow half to TNK and half to Teekay Corp. So fundamentally how we approach the operations and our application of our technical expertise and commercial acumen won't change.

(Sean Collins): Okay. Great. Great. That's helpful and makes sense. Just a last question. I know there's clearly uncertainty over the Libyan fuel supplies. Can you comment on your understanding of the situation there and when you think it might or might not resolve itself?

(Kevin MacKay): No. There's probably people out there that can answer that in a lot better detail that I can from a political standpoint. What I will comment on is the uncertainty is causing a lot of disruption in the market and I think we saw that in July when it appeared that production was or Libyan ports were open for business and customers were given dates to load cargos and reached out into the market to cover those and then found the barrels weren't available or the dates changed and that caused an awful lot of uncertainty in the market which drew sentiment and drove the spike that you saw in the Mediterranean.

So I think as long as the Libyan situation remains fluid and I don't have a view on how long that uncertainty will last but in a sense, it is positive for tanker markets, specifically Seuzmax's and Aframax's. It's driving European refiners to buy more oil from West Africa which is increasing the ton mile and going into the fourth quarter, I think that'll be another positive element of what drives the market up.

(Sean Collins): Okay. I understand. That's great. That's helpful. Thank you very much for the time and for the helpful insight.

(Kevin MacKay): Thanks (Sean).

Operator: Ladies and gentlemen, if there are any additional questions at this time, you may press the Star followed by the 1 on your touch-tone phone. As a reminder, if you're using a speakerphone, please lift the handset before pressing the keys. Your next question will come from (Sherrif Amagrabe) with Morgan Stanley. Please go ahead.

(Sherrif Amagrabe): Hi. This is (Sherriff) on for (Fodus). I think you guys have touched on the majority of my questions but I've just got one. Going back to your purchase of your technical operation from Teekay, I realize the operations won't change very much but can you go into a little bit more detail on how you expect that to impact cash flows going forward? Will you make anything on it or perhaps take a loss?

(Kevin MacKay): You want to take that?

(Vince): Yes. We've given guidance but currently we expect TNK's 50% share to generate about 2.5 million per annum of cash flow. So they call it 600,000 roughly per quarter at the current size of the pools but if we are able to continue to grow the pools as well as a portion of the pool revenues is a percentage of gross revenues or TCE rates. So part of that income will actually correlate with spot tanker rates. So there's certainly potential upside to that 2-1/2 million going forward.

(Sherrif Amagrabe): Okay. That's it for me. Thanks very much.

Operator: We seem to have no further questions at this time. I'll turn the call back over to management for any closing comments.

(Kevin MacKay): Okay. Thank you very much for dialing in on my first earnings conference call and I look forward to speaking with you in more depth at our Teekay Investor Day at the end of September. Thanks again.

Operator: Ladies and gentlemen, that does conclude our conference call for today. We thank you for your participation, you may now disconnect your lines and have a great day.

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