TEEKAY TANKERS LTD.

Moderator: Kevin MacKay
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Operator: Welcome to Teekay Tankers Limited First Quarter 2015 Earnings Results conference call. During the call, all participants will be in a listen-only mode. Afterwards, you'll be invited to participate in a question and answer session. At that time, if you have a question, participants will be asked to press star 1 to register for a question. For assistance during the call, please press star 0 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's Chief Executive Officer. Please go ahead, sir.

Ryan Hamilton: Before Mr. MacKay begins, I'd like to direct all participants to our website at www.teekay.com, where you'll find a copy of the first quarter 2015 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 differ 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 first quarter 2015 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 today. With me here in Vancouver is Vince Lok, Teekay Tankers' Chief Financial Officer; and Brian Fortier, Group Controller of Teekay Corporation. During today's call, I'll be taking you through Teekay Tankers' first quarter 2015 earnings results presentation, which can be found on our website.

Beginning with our recent highlights on slide 3of the presentation, Teekay Tankers reported adjusted net income of 34 cents per share in the first quarter, a substantial increase from the fourth quarter adjusted net income of 21 cents per share.

Improved results were primarily driven by stronger Suezmax, Aframax, and LR2 spot tanker rates earned in the first quarter, combined with an 18% increase in the number of spot tanker operating days as a result of vessel additions during the past two quarters.

The company generated free cash flow of $53 million or 46 cents per share during the quarter, up from $31.7 million or 35 cents per share in Q4 of 2014. In February and March, we completed the acquisition of five modern mid-size tankers for a total cost of $230 million. These timely acquisitions have been immediately accretive to net income, entering the spot market during the peak winter period.

Looking ahead this second quarter, we expect these vessels to make a larger contribution to Teekay Tankers' results as they will operate as part of our fleet for the full quarter.

Our strategy to increase the company's spot market exposure through in-charters continued through the first quarter when we took delivery of two additional vessels, increasing the slice of our in-charter fleet to 12 tankers. Driven by strong supply and demand fundamentals, we have enjoyed year to date spot tanker rates at their highest levels seen since 2008.

Turning to slide 4, I'll discuss how Teekay Tankers has been executing on its strategy and delivering shareholder value. Spot market exposure has been increased by establishing an in-charter portfolio of 12 vessels at very attractive rates.

To date, this in-charter fleet has generated more than $21 million of additional profit without the need for capital investment. Further, as legacy time charters have expired, ships have been transitioned into the spot market in order to capitalize on the firm freight market.

At the chart on the top right of the slide indicate these actions have increased our spot market exposure to approximately 85%, positioning the company to maximize cash flow generated by the fleet.

The acquisition of the five modern tankers was well-timed as these ships all joined the fleet during the very strong winter market. Together with Teekay Corporation, we created Tanker Investments Limited.

Teekay Tankers invested $35 million in total and so far have seen a mark-to-market gain of 34% in just over a year, including warrants that were granted to Teekay Tankers at inception. As shown in the graph in the bottom right, we have been increasing shareholders' equity by delevering our balance sheet.

Our financial leverage has decreased from 72% at the end of 2013 to 57% at the end of Q1 2015. As I'll discuss the next slide, over the near-term, we expect to continue reducing balance sheet leverage as the company's strong earnings continue.

Turning to slide 5, the red line on the left graph indicate Teekay Tankers' free cash flow yield which given the 85% spot market exposure was a very strong 32% annualized in Q1 2015.

The columns in the chart showed that over the past five quarters, the company has primarily used the free cash flow generated to pay down debt, which has both increased TNK's net asset value and strengthened its balance sheet.

Looking at the chart to the right, the shift to high spot exposure translates into strong operating leverage. For every $5,000 per day increase in spot rates, Teekay Tankers' free cash flow increases by 57 cents per share. Given our free cash flow breakeven of approximately $13,500, it means that at today's current average, Aframax spot rate is $33,000 per day.

TeeKay Tankers regenerate free cash flow of approximately $2.25 per share annually, which compares favorably with our stock price of approximately $6 a share.

Looking at slide 6, I will discuss the continuing strength in the tanker spot market. As showed in the chart in the left, spot tanker rate averaged significantly higher year-on-year during the first quarter of 2015. In fact, rates achieved the highest levels seen since the strong winter market of 2008.

As we'll discuss on slide 9, these strong rates have continued into the second quarter and are being driven by firm underlying fundamentals of low fleet growth, high crude oil supply and rising oil demand. More information will be provided on these fundamentals over the next two slides.

So turning to slide 7, starting with oil supply. Chart on the top left shows the recent increase in Middle East OPEC crude oil production with Saudi Arabia at the forefront of that increase.

In April 2015, Middle East OPEC production hit a record high 23.1 million barrels per day with Saudi Arabia pumping at a record high 10.1 million barrels per day.

This record-high production is a direct result of OPEC's policy decision to fight for market share rather than cutting production in order to support prices. High OPEC oil production is generally supportive for the crude tanker market as these countries are far from the main centers of consumption in Asia, Europe and North America, and exports from these regions generate significant ton mile demand.

Although not illustrated on the chart, it is also worth noting that US crude oil production recently reached a 32-year high of 9.2 million barrels per day in February.

While this continues to erode seaboard imports into United States from near and medium haul sources such as Venezuela and West Africa, it has resulted in more Atlantic Basin crude moving long haul over greater distances to markets in Asia on large crude tankers.

The net impact has been positive for tanker ton mile demand while the increasing diversity of oil supply sources has served to stretch the tanker fleet, leading to more frequent spikes in spot rates.

Turning to oil demand, the chart on the top right of the slide, shows global refining throughput for the first five months of the year compared with the same period of 2014. Throughout this year has averaged approximately 1.7 million barrels per day higher year-on-year, which is positive for crude tanker demand.

The main reason for this increase have been improved refining margins due to low oil prices and a much lighter spring maintenance program that some refiners have deferred non-essential maintenance in order to take advantage of their stronger margins.

We're also beginning to see the signs that end user demand for auto is rising. In the United States, the number of vehicle miles travelled recently hit a record high of just over 3 trillion miles on a 12-month moving average basis. Surpassing the previous record, which was last recorded just prior to the financial crisis in 2008.

The IEA, in recognition of improving oil demand, recently increased its 2015 oil demand growth forecast to 1.1 million barrels a day. This marks a significant increase of 210,000 barrels per day compared to its forecast at the start of the year. This reinforces our confidence that oil demand is rising globally, which should translate into increased demand for tankers.

Turning to slide 8, we look at developments in tanker fleet supplies. In recent months, there has been news coverage of increased tanker ordering and the impact of dry bulk order conversions to the tanker order book. While it’s true that some orders had been placed and a handful of dry bulk orders have been switched to tankers, the outlook for tanker fleet growth remains positive with limited growth out to 2017 especially when compared with historical levels.

For 2015, we have lowered our scrapping forecast based on the very limited scrapping seen year-to-date. Nevertheless, overall tanker fleet growth is expected to remain low at just over 2% with no growth anticipated in the Suezmax fleet and approximately 2% growth in the Aframax fleet including the coated vessels.

For 2016, we forecast tanker fleet growth to rise to approximately 4% across the whole fleet. However, this is still below the 5% average annual fleet growth experienced over the past decade.

Fleet growth is expected to remain low in the mid-size sectors with an estimated 3% increase in the Suezmax fleet and a 2% increase in the Aframax fleet including coated vessels.

While the outlook for 2017 is less certain, we anticipate a continuation of relative low fleet growth in the mid-size tanker segments. We believe regulations such as ballast water treatment and IMO Tier III emissions requirements are likely to improve the supply dynamics by increasing scrapping of older vessels and slowing new building orders, respectively.

In summary, we remain highly encouraged by the firm underlying supply and demand fundamentals, which are currently underpinning strong tanker rates. And we believe that this strength will continue through the coming months and years.

Turning to slide 9, I'll provide an update on spot tanker rates for the second quarter of 2015 to date. Second quarter Suezmax, Aframax and LR2 rates so far have been in line with average realized rates for the previous quarter.

Based on approximately 50% spot revenue days booked, Teekay Tankers' second quarter to-date Suezmax and Aframax bookings have averaged approximately $36,500 and $32,600 per day respectively.

While for the LR2 segment, with approximately 80% spot revenue days booked, our second quarter to-date bookings have trended higher with rates on average increasing to approximately $29,100 per day compared to $24,900 per day last quarter.

As we approach the middle of the year, we believe the fundamental tightness in vessel supply combined with strong tanker demand will continue to support strong mid-size tanker rates and Teekay Tankers will continue to benefit from this dynamic with approximately 85% of our fleet trading in the spot market.

With that, operator, we are now available to take questions.

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question please signal by pressing star 1 on your telephone keypad. If you're using a speakerphone, please make sure that your mute function is turned off to allow your signal to reach our equipment.

Again, please press star 1 to ask a question. And the first question is from Amit Mehrotra of Deutsche Bank. Please go ahead.

Amit Mehrotra: Yes. Thanks so much for taking my question. Kevin, I'm just trying to understand why the company would extrapolate the 1Q results to sort of imply an earnings power number for the full-year given just the strong seasonality in the business.

And so just trying to get a little bit more understanding of your view in terms of what the sustainability of the first quarter's very strong results is into the second half of the year.

Kevin MacKay: Thanks, Amit. Yes, the tanker market traditionally has seasonal peaks and troughs through the year. And traditionally, the second quarter has trended lower than the first, which in 2015 has not been the case, and I think that is a function of the strong oil supply and the weakness in vessel supply.

So, I think the dynamics of the market you see in the first quarter have continued. Refineries are making strong margins and they're - they've cut back on the sort of early Q2 refining maintenance programs, which means we're carrying more crude oil to those refineries and we see that continuing to the rest of the second quarter.

Amit Mehrotra: What about the third quarter, I mean, more reflecting the second half because you really see sort of a seasonal maybe trough in the third quarter.

Kevin MacKay Well, traditionally, tanker market does have a weaker third quarter and I would expect that we might see some softening of rates as we go into 3Q. You can't defer refining maintenance forever. So, I think we'll see some of that at the back-end of Q3.

But, I think the fundamentals that are underpinning the market are going to support this market at strong levels throughout the year, even though we may have seasonal dips between quarter-to-quarter.

Amit Mehrotra: Right. Can I just ask one question just related to that as a follow-up on the supply side? Because with respect to the sort of Aframax fleet in particular, and the 2015 deliveries does skew to the back half of the year, and so maybe sort of the strength across all the classes have been really sort of back half 2015 driven supply growth and really very limited in the first half.

And so, while I agree that maybe overall growth is lower than historicals, you are going to see sort of a sequential uptick in supply in the back half of this year and in 2016.

And so, can you just sort of help us out with that because the rates have obviously been sort of unprecedentedly strong in several years that we've been experiencing?

Do you expect these levels to sort of hold into next year or do you think maybe the accelerated supply growth while lower than historical levels may moderate the sort of very strong environment we have today. But still sort of above breakeven levels obviously, but I'm just trying to understand where we go from the really super high levels that we are today based on the supply growth.

Kevin MacKay: I think you've got to look a little deeper into the numbers. I think the Suezmaxes, we're anticipating only about seven ships being delivered this year, which is insignificant relative to the fleet size.

I think on the Aframaxes, as you pointed out, the second half of the year does see an uptick in deliveries, but the majority of those are LR2s and not dirty Aframaxes.

I think the LR2 market, although you've got more ships coming into that segment, I think we'll see strong support. They're coming in seasonally high third quarter and fourth quarter, the LR2 market typically enjoys.

But I think you're also, by that point in the year, going to see the Yanbu and Ruwais refineries really running at full tilt, which at the moment we're not. So I think there's a counterbalance between which class of ship is actually seeing the deliveries in the mid-size space and where the demands for those specific ships are being seen.

And we're fairly confident that overall, the supply, demand balance is going to remain in the owner's favor.

Amit Mehrotra: Great. Great. Just one last question if I may on the leverage. I mean, in terms of the uses of the prospective cash surplus, you talked about deleveraging and I guess that would sort of obviously be very positive for sort of the equity value of the company.

But clearly, you have also sort of opportunities to grow maybe as well for vis-à-vis acquisitions. And could you just prioritize sort of deleveraging versus acquisitions prospectively?

Kevin MacKay: Do you want to take that?

Vincent Lok: Yes, I think our focus mainly is on maximizing the shareholder value and financial returns there. And it is also balancing the financial strength of the company. So that's the key focus right now, we're generating a lot of free cash flow that as you say is increasing net asset value of the company.

And in terms of growth, I think we continue to look at opportunities. But our primary focus is on maximizing shareholder returns.

Amit Mehrotra: Do you have a target leverage that you want to get to, in the next 6 months to 12 months?

Vincent Lok: Not a specific target. As you can see, we have de-levered quite a bit over the past five quarters. We're at 57% at the end of the first quarter, which is still relatively high, especially given the fact that we do have high operating leverage, including the in-chartered ships.

And so, over the near term, we'd like to continue to further de-lever the balance sheet. So that's sort of the near-term focus right now.

Amit Mehrotra: Great. Thanks a lot guys. Congrats on a great quarter. Thank you.

Operator: Thank you. And the next question is from John Chappell from Evercore ISI. Please go ahead.

John Chappell: Hey. Good morning, guys.

Kevin MacKay: Good morning, John.

John Chappell: Kevin and Vince, I want to ask you, if we think about the evolution of TNK started as a high payout model when rates are incredibly strong, you shifted to a pretty manageable fixed payout during the trough of the market.

And now here we are at the beginning stages of another upturn that some people think will last longer than others and you're still putting out that cash flow per share number this quarter of 46 cents, yet only paying out 3 cents.

Now Vince, I understand what you're talking about and still focusing on the deleveraging, but when do you start thinking about maybe returning to that closer to a full payout model that you were a few years ago.

Vincent Lok: Yes, John. Yes, as you said, in the past, we did have a full payout dividend policy at TNK. I would say that we're probably not likely to return to a full payout policy. We do understand the importance of linking a tanker company's dividend to its financial results. So that's not loss on us.

But in the near term, as I said, our focus is on further de-levering the balance sheet and particularly in the light of the fact that we do have the strong operating leverage to the spot market and we have 85% of the fleet trading spot.

But in the meantime, the excess free cash flow is increasing the net asset value of the company, and it's further strengthening our balance sheet.

John Chappell: It seems that maybe with the big bill payments still left for I think November 2017, obviously, that's a piece of the capital structure that you need focus on for shifting more cash flow out. How do you think about potentially refinancing that today

Given that I would imagine the poor state that a lot of other segments of shipping are in, the banks may be more willing to talk to tanker companies today.

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I understand, on the one hand, it's only 60 basis points above LIBOR; but on the other, if you are able to push that out at still somewhat competitive terms three or four years, maybe the return to capital deployment could be accelerated a little bit.

Vincent Lok: I think you still have to look at the overall leverage of the company. We are less concerned about the 2017 refinancing event given where we see the market and how quickly we're de-levering the balance sheet. And as you said, we are benefiting.

It is a very favorable debt facility to TNK. And so if we were to refinance it earlier, it comes at a cost. And so we're trying to balance both the near term and the long term.

And given that the refinancing is not as much of a concern to us, and probably to our banks as well at this point, I think we would just sort of keep that in place until we find that it's the right time to do that refinancing and stretch it out beyond 2017.

John Chappell: Okay. I'll just ask one more. Kevin, I rarely ask industry questions, but you've been in the industry for a long time, and were around in the last upcycle.

If I remember back to 2003, 2004, there was a lot of focus on upcoming reacceleration of capacity and obviously at much higher levels than what we're looking at today. It seems way too early to be making that call again, especially given some of the demand dynamics that we're seeing.

Everything we've read in the last couple of weeks, Saudi Arabia is setting new records of output, China setting new records of imports, building their SPR, India building their SPR.

How do you compare and contrast the changes that you've seen in demand side today versus maybe 11 or 12 years ago at the beginning of the upturn of the last cycle?

Kevin MacKay: If you look at it - I look at things from a personal perspective first and obviously, the - you hope to learn from past experience. And I think what I feel and what I'm seeing in the industry is a lack of irrational exuberance in the current market.

People are looking at supply and demand fundamentals and seeing the strength in it. But 2008 wasn't that far past and I think that the memory is still fresh that things won't continue forever and you have to be prudent with your management of your fleet and your balance sheets and your cash.

So, I don't see the owners rushing to this market and say this is Nirvana like they were in the 2007 and 2008 period. I think there's a much more cautious tone to the market today. We're enjoying it.

We're all reiterating that there is strength in the market, but we also have to be cautious that we don't repeat the mistakes that we made six, seven years ago. So, I think you've seen some tanker ordering this year.

Some of it has been conversions from bulk, but the independent ordering I think has been traditional owners ordering one or two ships possibly with an option.

And it's really I think to try and get in before the Tier 3 emissions keel-laying deadlines where your new building price is going to add another $2 million to $4 million. But beyond that I don't think there's been a huge sentimental rush into the order book certainly in the midsize space.

John Chappell: Right. Definitely a different supply dynamic, but from the demand side are there any similarities to the kind of 2003, 2004, 2005 timeframe. Clearly China is not growing at the same pace that it was, but from a ton mile perspective or just a supply of the commodity perspective, does it feel similar to you as it did back when you were on the other side as charter 10 years or so ago?

Kevin MacKay: No. I think, obviously, China is a big part of the story and even in the environment where their economy seems to be slowing, their thirst for oil is still growing. What I think is different this time is, and I focus mainly on the Suezmax sector in this aspect, the sourcing of the crude oil is different.

It's not just the tonne-mile from the Middle East to China is growing. It's the disparity of voyages that we're seeing in that fleet. You have vessels going from Mexico to Korea, or Brazil to the US West Coast, West Coast Panama to Japan.

We weren't seeing those in 2007 and 2008. It was a more traditional just overall increase in traditional trade routes. Now we're seeing a change in the trade patterns, which is causing the volatility in vessel supply which is a different dynamic.

John Chappell: Understood. Very helpful. Thanks, Kevin. Thanks, Vince.

Operator: Thank you. The next question is from Michael Webber from Wells Fargo. Please go ahead.

Michael Webber: Hey. Good morning, guys. How are you?

Kevin MacKay: Good morning, Mike. How are you doing?

Michael Webber: Good. Kevin, I want to go back to your comments around some of the similarities and differences between this cycle and the last cycle, particularly around I guess some of the differences and maybe the equity reaction to this cycle and last cycle.

And it certainly seems like there is a bit of waiting for the shoe to drop and some of them might be due to some corners of the states that might have been poor allocators of capital towards the peak of the last cycle.

And not that that's the leading the answer to the question, but in terms of thinking about growth and in terms of thinking about allocating capital at this point in the cycle; I guess, A, where do we think we are right now in the asset cycle?

And B, are we still in the sweet spot within that asset cycle to where you or any of the tanker owner can really responsibly and appropriately allocate capital towards other new assets or assets on the water?

Kevin MacKay: I think on the asset pricing side if you look at the second-hand market, there is a tendency to think we're topping out the market because of where we started from.

The vessel values in late 2013 relative to today you can have the impression that today's values are expensive. But I think on a relative basis over a long term, today's second-hand pricing is probably mid-cycle.

There might be some room for it to grow if the market continues to strengthen. On spot market side, I think you will see some increase in vessel values going forward.

Is it the right time to go in? Every owner has to make that decision based on their own corporate position at the time. As Vince pointed out, we're concentrating on maximizing our financial returns and the returns from our assets that we have.

And as I spoke about on our Investor Day, we just don't look at fleet growth in terms of M&A and asset purchases, also we look at the in-charter portfolio is a big portion of our strategy.

So there's different ways to skin it. But we'll evaluate deals that are out there and make an assessment of whether they can be accretive to our NAV and our cash flow. But it's not a clear slam-dunk decision.

Michael Webber: Sure. No, and that's fair. And you referenced the chartered-in portfolio and that kind of leads me into my next question around that being an area where you guys have been able to expand at a relatively attractive level. Specifically around the Afras and the LR2 portfolio, I believe, you've got seven owned and three chartered-in, if memory serves.

Can you remind us, one, how are those split right now between trading crude and products? And industry-wide maybe are we seeing any material switching from clean into dirty just given how strong Aframax rates are, or is that something that's maybe easing off as we're heading into Q3?

Kevin MacKay: I think in terms of the overall market, I think you have seen one or two ships switch across. When I talked to the owners in our Taurus pool that have clean vessels and we talk about the differential between the crude returns and the LR2 returns.

Owners are reluctant. They've purchased an LR2 vessel with the intention to trade in that market based on a belief that that market has fundamental strength, and to change that a lot of owners are reluctant to do so. They're quite content returning - returns are really strong. We haven't seen the returns on the LR2 side at these levels since 2006.

So they are enjoying good returns for that cost of ship and I think that might hold those owners in that space. I think from TNK's perspective, we look at the LR2 as a flexible unit, and that was why the purchases we made in December were predominantly LR2s to give us that flexibility to decide which is the best trade to trade it in.

So as those ships have deployed into our fleet, we've really looked at it as a maximizing opportunity basis if we - given the vessels' positions, whether we continue the clean trade or we switch them. And it's been a different answer for - depending on which ship and the delivery date and position that we've taken the ships.

Michael Webber: Okay. That's fair. I appreciate the time, guys. Thank you very much.

Kevin MacKay: Thanks, Mike.

Operator: Thank you. And the next question is from Spiro Dounis from UBS Securities. Please go ahead.

Spiro Dounis: Hey, Kevin. How are you?

Kevin MacKay: I'm good. Thank you.

Spiro Dounis: Great. I just want to follow up on the fleet growth question from earlier. In December, it sounded like you had a specific target in mind, and your language softened a bit last quarter.

Can you just give us any color as to where that sits today? Are you still looking at large-scale fleet combinations or is your focus shifting more towards maybe bolt-on vessel acquisitions?

Kevin MacKay: I think it's important to make the point, TNK is not there to grow for the sake of growing.

Spiro Dounis: Sure.

Kevin MacKay: We're going to look at how best to maximize our spot exposure in the current environment. And as I said at Investor Day and I think I'll repeat it, we've got different levers in order to do that. So it's not just a question of growing through fleet acquisitions or M&A.

We'll evaluate opportunities as they arise. But again, it has to be accretive to our current position and it has to add value to shareholders. It's not just for sake of we want to grow bigger and therefore we'll acquire things regardless of the financial implication.

Spiro Dounis: Yes. No, that sounds prudent and I think makes sense. And just moving on to next question, it looks like you've locked in an Aframax time charter last quarter and I guess let a Suezmax roll off.

How should we be thinking about lock-in rates going forward? Was this just replacing one for the other or could we see gradually doing this quarter-by-quarter?

Kevin MacKay: No. It's really around managing our business. And I've said before, that customers are a significant stakeholder in what we're about that supported us in down markets and there's various ways in which we have to keep those relationships going, whether it's supporting them in today's current high-price environment in spot market.

But it's also looking at providing tonnage to them on a period basis. So that decision that we took on one of the vessels or the Aframaxes early in the quarter was really around maintaining that relationship with a partner that we feel is strategic.

At the same time, it was a good pair trade on the in-charters that we took in because we took in ships at $21,500 and we're able to put our ships out at $24,000.

Spiro Dounis: Yes. That makes sense. All right. Appreciate the color. Thank you.

Kevin MacKay: Thank you.

Operator: Thank you. The next question is from John Reardon from Merchants Partners. Please go ahead.

John Reardon: Yes. Good morning and thank you for taking my call. And I'm not trying to beat the dead horse here, but when you did your spot secondary a couple quarters ago, one of the lines in the prospectus was that you had started discussions with a potential M&A candidate that could conceivably double the size of the TNK fleet.

My question is are those discussions still ongoing or have they faded?

Kevin MacKay: John, thank you for asking that question. It's opportune to update you and the other folks on the line that those conversations that we alluded to in our December release have ceased, and we'll be taking them no further.

John Reardon: Okay. Thank you very much.

Operator: Thank you. Ladies and gentlemen, once again, it you will ask a question please press star 1 on your telephone keypad. Please press the star key followed by the digit 1 to ask a question.

There are no further questions at this time. Actually there’s one more question just now and it comes from Nancy from - which is a private investor. Please go ahead. Nancy Chiao, please go ahead.

Nancy Chiao: Thank you very much for taking my phone call. I've been a follower of your company for a decade now, and I've always known that Teekay has been a high quality supplier. So my question has to do with your competition with regards to other ship owners, in particular, the Greek situation.

Can you please enlighten us on how you are dealing with that right now? Thank you.

Kevin MacKay: Nancy, can you elaborate a little bit, please, on what you mean relative to the...

Nancy Chiao: I was curious how Teekay views yourself in terms of your competition with other owners in the world, because traditionally certain owners have been known to be more of a lower-grade quality provider. So has anything like that changed?

Kevin MacKay: I wouldn't comment. I don't think it's prudent to comment on how other shipping companies run their fleets. What I can tell you, Nancy, though is that Teekay over a 40-year period has been an industry leader.

Nancy Chiao: Yes.

Kevin MacKay: And we've been a leader on the basis that we pride ourselves on our operational excellence. Our focus on providing some of the best ships in the industry for our customers, and I think that's why we've built such a strong loyal customer base globally that's allowed us to weather both up markets and down markets.

That has not changed in any shape or form at Teekay Tankers. Our intention is to continue that legacy. It's a commitment that we have made to the board. It's a commitment we've made to the customers, and I think it's a commitment that the shareholders would expect us to make.

We are - that was one of the decisions we took in terms of in-housing our ship management was to ensure that operational excellence and that industry-leading performance is maintained because we feel that that is where the value can be driven both for our customers and our shareholders.

Nancy Chiao: Thank you very much. And I guess this ties in with some of the questions that previous callers have made regarding the additions to your growth. Because there's so many other factors that you taking into account. It's not just overall size. It's strength as well.

Kevin MacKay: That's right. It's not growth for the sake of growth, and it's also not buying an asset just for the sake of buying an asset. It has to be the right asset that fits within our portfolio, that has the right specifications for us to trade and to maintain that level of quality that our brand has become synonymous with.

Nancy Chiao: Yes, it certainly is. And thank you so much, and once again, congratulations on an excellent Q1 despite all the bad analysis.

Kevin MacKay: Thank you, Nancy, and thank you very much for your share ownership. Please stick with us.

Nancy Chiao: I will.

Operator: Thank you. And there are no further questions at this time. Please continue.

Kevin MacKay: Okay. Ladies and gentlemen, thank you very much. Bye-bye.

Operator: Ladies and gentlemen, this concludes the 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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