TEEKAY

TEEKAY LNG PARTNERS Q1-2017 EARNINGS PRESENTATION

May 18, 2017

Forward Looking Statement

This presentation contains forward-looking statements (as defined in Section 21E of the U.S. 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 timing of newbuilding vessel deliveries and the commencement of related contracts; the Partnership's access to capital markets and the timing and certainty of securing financing for the Partnership's remaining committed growth projects, including the expected completion of the sale-leaseback financing transaction for two of the Partnership's 50-percent owned ARC7 Ice-Class LNG carrier newbuildings for the Yamal LNG project; the expected timing and completion of the Yamal LNG Plant; the expected timing, cost and completion of the Bahrain regasification terminal; the extent of activity for new business opportunities; the status of negotiations with Awilco LNG relating to the extension of bareboat charter contracts on two LNG vessels, and the global oil and LNG Market, including its underlying fundamentals, expected trade volumes, and future global newbuild orders. 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; 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 secure financing for its existing newbuildings and projects; factors affecting the resumption of the LNG plant in Yemen; the inability of the Partnership to collect the deferred charter payments from the Yemen LNG project and from Skaugen; 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, 2016. 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 flow[(1)] of $43.2 million and cash flow from vessel operations[(1)] of $109.2 million in Q1-17
    - DCF per LP unit of $0.54 per unit
    - Distribution coverage ratio of 3.8x
- Completed or nearing completion of $640 million in long-term financings for the Partnership's growth projects
- Took delivery of third MEGI LNG carrier newbuilding and a 50%-owned mid-size gas carrier
- Recently added to the Partnership's growth through the acquisition of two mid-size gas carriers

Photo credit:
Prathamesh Kandolkar

[1] These are non-GAAP financial measures. Please refer to "Definitions and Non-GAAP Financial Measures" and the Appendices in the Partnership's Q1-2017 earnings release for definitions of these terms and reconciliations of these non-GAAP financial measures as used in this presentation to the most directly comparable financial measures under United States generally accepted accounting principles (*GAAP*).

LNG Fleet Update

- Took delivery of the *Torben Spirit* on February 28th and commenced its charter contract with major energy company
- Committed the 52%-owned *Methane Spirit* for a firm 18-month charter, plus one-year option, with a delivery window commencing Q4-18
- Currently in contract extension and deferral discussions with Awilco LNG on two LNG vessels with bareboat charters expiring in 2017 and 2018
- Recent uptick in tendering opportunities for a number of projects looking to secure shipping requirements for 2018 onwards

Torben Spirit leaving the DSME breakwater on Delivery

Methane Spirit loading cargo at APLNG Gladstone terminal

LPG Fleet Update

- 50/50 Exmar LPG JV
  - Opportunistically acquired MGC newbuild which will deliver in Q3-18
    - Re-sale of existing contract from HHI; not adding to orderbook
  - Took delivery of MGC newbuild, the *Kallo*, on March 28th
  - MGC fleet is 70% fixed for the remainder of 2017

- Acquired 100% interest in the Norgas Sonoma, a 2003-built LPG carrier that will trade in the Norgas Pool

Naming ceremony for the Kallo – HHIC-Subic Philippines


Norgas Sonoma

Yamal LNG & Bahrain Regas Project Updates

Yamal LNG

- First ARC7 vessel owned by SCF passed ice-trials
- Yamal Train 1 is now 91% complete – start-up in 2H-2017
- Overall project, including all three trains, is 80% complete
- Nearing completion on long-term financing for Teekay LNG's first two 50% owned ARC7 LNG carriers

Bahrain Regas Terminal

- Bahrain regasification terminal is on-time and on-budget
- Overall project now ~25% complete
- Regasification terminal is fully financed and all Sponsor equity has been paid
- Regasification terminal to be operated by Teekay LNG

Ice Trials: First Arc7 LNG Carrier

Financing of Growth Projects On Track

Secured charter contracts for all LNG carrier newbuilds

Project	Remaining CAPEX ($ millions as at March 31, 2017)[1]	Completed Undrawn Debt Financings[1]	In-Process Debt Financings[1]	Status of In-Process Debt Financings	2017	2018	2019	2020
7 MEGI LNG Carriers (100%)	1,101	817	350	1 vessel credit approved 1 vessel term sheet negotiation Delivery 2019	5 vessels with 6 – 8 year contracts, plus extension options, with Shell, 1 vessel with 13-year contract with BP, and 1 vessel with 15-year contract with Yamal LNG			
Bahrain Regas Terminal (30%) and FSU (100%)	424	220	170	FSU term sheet in negotiation		20-year FSU and terminal contracts		
Shell (ex. BG) LNG Carriers (20-30%)	181[2]	138	-	-	20-year contracts, plus extension options			
Yamal LNG ARC 7 Carriers (50%)	864	-	856	2 vessels nearing completion 4 vessels signed term sheet Delivery 2019/20	Charter contracts through to 2045, plus extension options			
Exmar LPG Carriers (50%)	57[3]	84	-	-	Expect to trade in short-term market upon delivery			
Total	**$2,627**	**$1,259**	**$1,376**					

▼ Vessel Financing Completed ▼ Vessel Financing to be Completed

Completed or Nearing Completion for All Newbuildings Delivering through mid-2018

(1) Teekay LNG's proportionate share
(2) Excludes shipbuilding and crew training costs reimbursable by Shell (ex. BG)
(3) Excludes 50% acquisition of newbuilding LPG carrier delivering in Q3-2018 which occurred in April 2017

Appendix

Distributable Cash Flow

Q1-17 vs. Q4-16

(Thousands of U.S. Dollars except units outstanding or unless otherwise indicated)	Q1-2017 (unaudited)	Q4-2016 (unaudited)	Comments
Net voyage revenues[1]	99,758	99,198	Increased due to additional revenue recognized in Q1-17 relating to the accelerated dry docking of two LNG carriers, the costs of which are reimbursed by the charterer, and the charter commencement for the *Torben Spirit* in March 2017. These increases were partially offset by the scheduled dry docking of the *Hispania Spirit* for 31 days and the sale of the *Asian Spirit* in Q1-17.
Vessel operating expenses	(23,388)	(22,270)	Increased due to timing of repair and maintenance, and the delivery of the *Torben Spirit*.
Estimated maintenance capital expenditures	(12,628)	(12,212)	
General and administrative expenses	(4,157)	(3,634)	
Partnership's share of equity-accounted joint ventures' DCF net of estimated maintenance capital expenditures	11,660	16,335	Decreased due to insurance recoveries recorded in Q4-16 in our 50% LPG joint venture with Exmar and the sale of our 50% owned LPG carrier the *Brugge Venture* in Q1-17
Adjusted interest expense[1]	(25,283)	(25,477)	
Interest income	854	783	
Income tax expense	(157)	(251)	
Distributions relating to preferred units	(2,812)	(2,719)	
Distributions relating to equity financing of newbuildings	1,707	1,685	
Direct finance lease payments received in excess of revenue recognized	5,227	5,363	
Other adjustments - net	(884)	(1,215)	
Distributable Cash Flow before Non-Controlling Interests	**49,897**	**55,586**	
Non-controlling interests' share of DCF	(6,670)	(5,387)	Increased due to the accelerated dry docking of two LNG carriers described above.
Distributable Cash Flow[2]	**43,227**	**50,199**	
Cash distributions to the General Partner	(228)	(229)	
Limited partners' Distributable Cash Flow	42,999	49,970	
Weighted-average number of common units outstanding	79,590,153	79,571,820	
Distributable Cash Flow per limited partner unit	**0.54**	**0.63**	

1) Refer to next slide for a reconciliation of Net Voyage Revenues and Adjusted Interest Expense.

2) For a reconciliation of Distributable Cash Flow, a non-GAAP measure, to the most directly comparable GAAP figures, see Appendix B in the Q1-17 and Q4-16 Earnings Releases.

Reconciliations of Non-GAAP Financial Measures

Reconciliation of the Partnership’s Net Voyage Revenues:

(Thousands of U.S. Dollars)	Three Months Ended March 31, 2017 (unaudited)	Three Months Ended December 31, 2016 (unaudited)
Voyage revenues	101,180	100,774
Voyage expenses	(1,437)	(302)
Realized gains (losses) on charter contract derivative instrument	15	(1,274)
Net voyage revenues	**99,758**	**99,198**

Reconciliation of the Partnership’s Adjusted Interest Expense:

(Thousands of U.S. Dollars)	Three Months Ended March 31, 2017 (unaudited)	Three Months Ended December 31, 2016 (unaudited)
Interest expense as reported	(16,988)	(15,934)
Ineffectiveness of hedge-accounted interest rate swaps	-	(1,044)
Realized losses on derivative instruments and other	(8,295)	(8,499)
Adjusted Interest Expense	**(25,283)**	**(25,477)**

Q2 2017 Outlook

Distributable Cash Flow Item	Q2 2017 Outlook (compared to Q1 2017)
Net voyage revenues	• $3M increase due to the full-quarter impact of charter commencement for the *Torben Spirit* in March 2017. • $2M increase due to scheduled dry docking of the *Hispania Spirit* in Q1-17. • $1M increase due to an additional calendar day in Q2-17. • $1M increase due to acquisition of the *Norgas Sonoma* in April 2017. • $2M decrease due to additional revenue recognized in Q1-17 relating to the accelerated dry docking of two LNG carriers, the costs of which are reimbursed by the charterer • $1M decrease due to unscheduled off-hire of one LNG carrier in Q2-17 to complete repairs.
Vessel operating expenses	• $1M increase due to timing of purchases, delivery of the *Torben Spirit* in Q1-17 and the acquisition of the *Norgas Sonoma* in Q2-17.
Estimated maintenance capital expenditures	• $1M increase due to delivery of the *Torben Spirit* in Q1-17 and acquisition of the *Norgas Sonoma* in Q2-17.
General and administrative expenses	• Expected to be consistent with Q1-17.
Partnership's share of equity-accounted joint ventures' DCF net of estimated maintenance capital expenditures	• Expected to be consistent with Q1-17.
Adjusted interest expense	• $1M increase due to delivery of the *Torben Spirit* in Q1-17.
Distributions relating to preferred units	• Expected to be consistent with Q1-17.
Distributions relating to equity financing of newbuildings	• Expected to be consistent with Q1-17.
Direct finance lease payments received in excess of revenue recognized	• Expected to be consistent with Q1-17.
Non-controlling interests' share of DCF	• $1M decrease as a result of the accelerated dry docking of two LNG carriers, as described above.
Cash distributions to the General Partner	• Expected to be consistent with Q1-17.

2017 Drydock Schedule

Segment	March 31, 2017 (A)		June 30, 2017 (E)		September 30, 2017 (E)		December 31, 2017 (E)		Total 2017 (E)	
	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days
Liquefied Gas	1	31	-	-	1	36	-	-	2	67
LPG Equity JV	-	-	4	73	1	5	2	61	7	139
LNG Equity JV	-	-	1	24	-	-	1	31	2	55
	1	31	5	97	2	41	3	92	11	261

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.


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