

Teekay Tankers

Q4 2018 Earnings Presentation

February 21, 2019

Forward Looking Statement

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, among other things, statements regarding: the timing and certainty of completing the sale-leaseback transaction for two vessels and the effect of the transaction, as well as other recent financing transactions, on the Company's liquidity and future debt maturity profile; crude oil and refined product tanker market fundamentals, including the balance of supply and demand in the tanker market, the occurrence and expected timing of a stronger tanker market in the second half of 2019 and into 2020, forecasts of worldwide tanker fleet growth, the amount of tanker scrapping, estimated growth in global oil demand and supply, future OPEC oil supply, the impact of U.S. and Venezuelan crude oil production and exports on mid-size tanker demand, the impact of new pipeline capacity in the U.S. Gulf Coast, and estimated impact of IMO 2020 regulations; and the Company's ability to benefit from a strengthening tanker market. 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: the potential for early termination of charter contracts of existing vessels in the Company's fleet; the inability of charterers to make future charter payments; the inability of the Company to renew or replace charter contracts; changes in tanker rates; changes in the production of, or demand for, oil or refined products; changes in trading patterns significantly affecting overall vessel tonnage requirements; greater or less than anticipated rates of tanker scrapping; changes in global oil prices; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations and the impact of such changes; increased costs; failure to complete the sale-leaseback transaction; and other factors discussed in Teekay Tankers' filings from time to time with the United States Securities and Exchange Commission, including its Annual Report on Form 20-F for the fiscal year ended December 31, 2017. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

Recent Highlights

Q4-18 Results

Total cash flow from vessel operations⁽¹⁾ of \$62.3 million, up from \$27.8 million in Q3-18

Adjusted net income⁽¹⁾ of \$14.0 million, or \$0.05 per share, up from an adjusted net loss⁽¹⁾ of \$18.0 million, or \$0.07 per share, in Q3-18

Spot Tanker Market

Seasonal volatility returns in Q4-2018 with spot rates hitting three-year highs, underpinned by a structural shift in fundamentals

Financing Initiatives

Completed two previously-announced financings amounting to approximately \$40 million of additional liquidity

Signed term sheet for a further sale-leaseback transaction for two vessels, which is expected to increase liquidity by approximately \$25 million

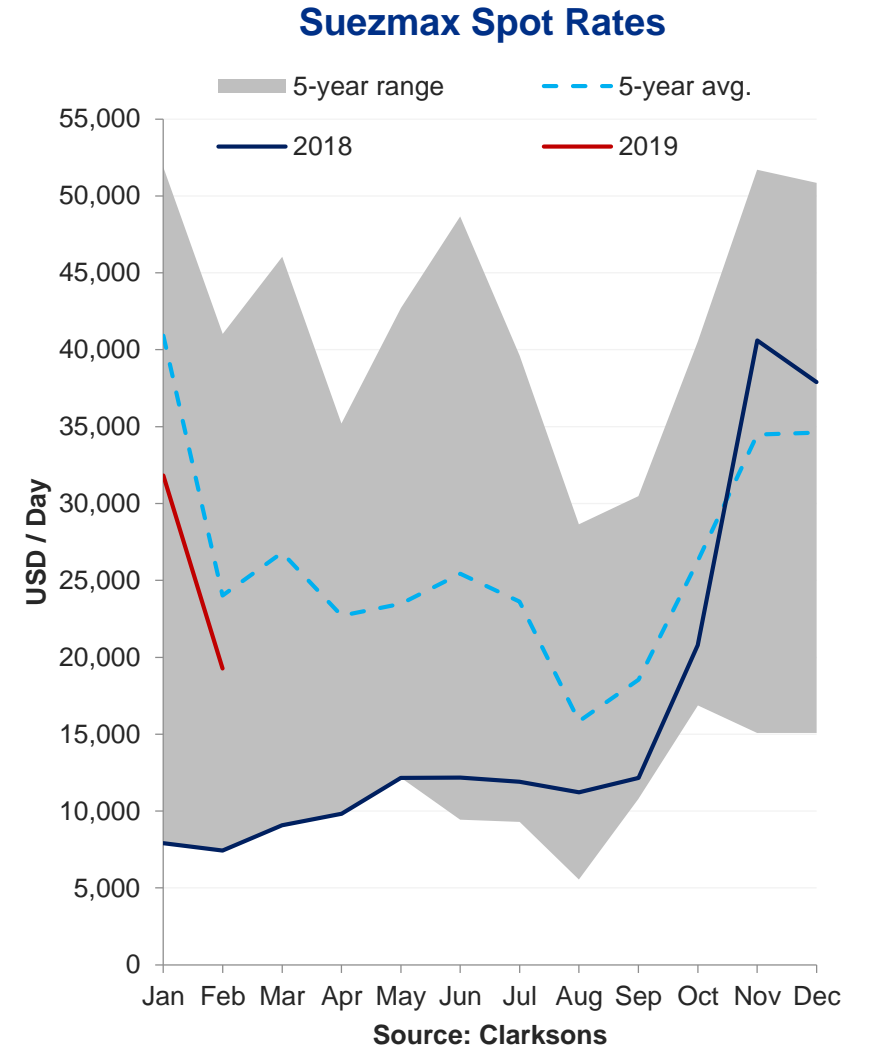
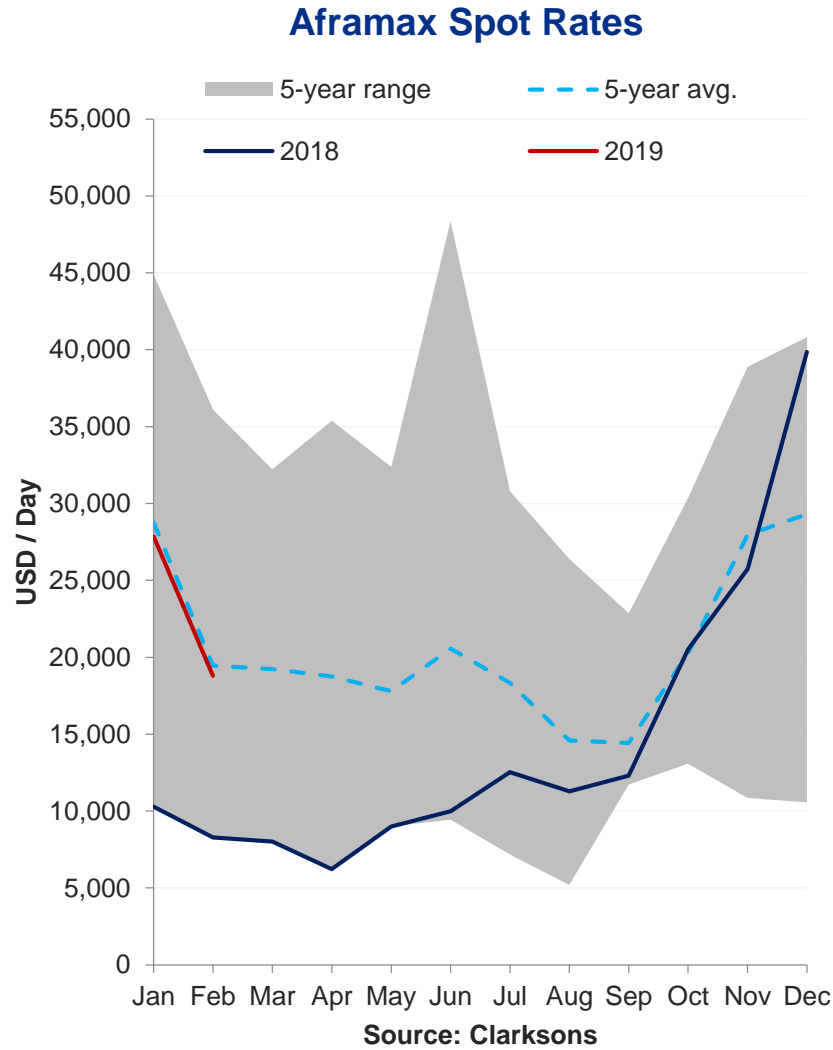
Charters

Chartered-in 2.5 Aframax / LR2 vessels for periods ranging 1 to 2 years with options to extend

(1) These are non-GAAP financial measures. Please see Teekay Tankers' Q4-18 and Q3-18 Earnings Releases for definitions and reconciliations to the comparable GAAP measures.

Tanker Rates At 3-Yr Highs in Q4-2018

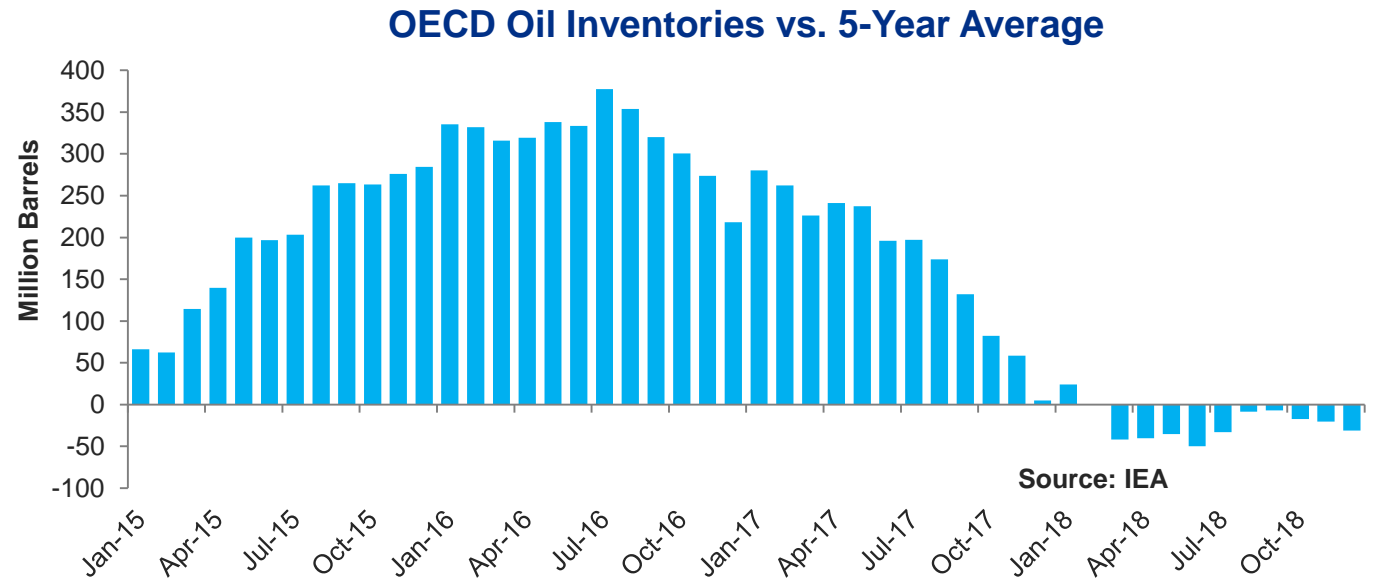
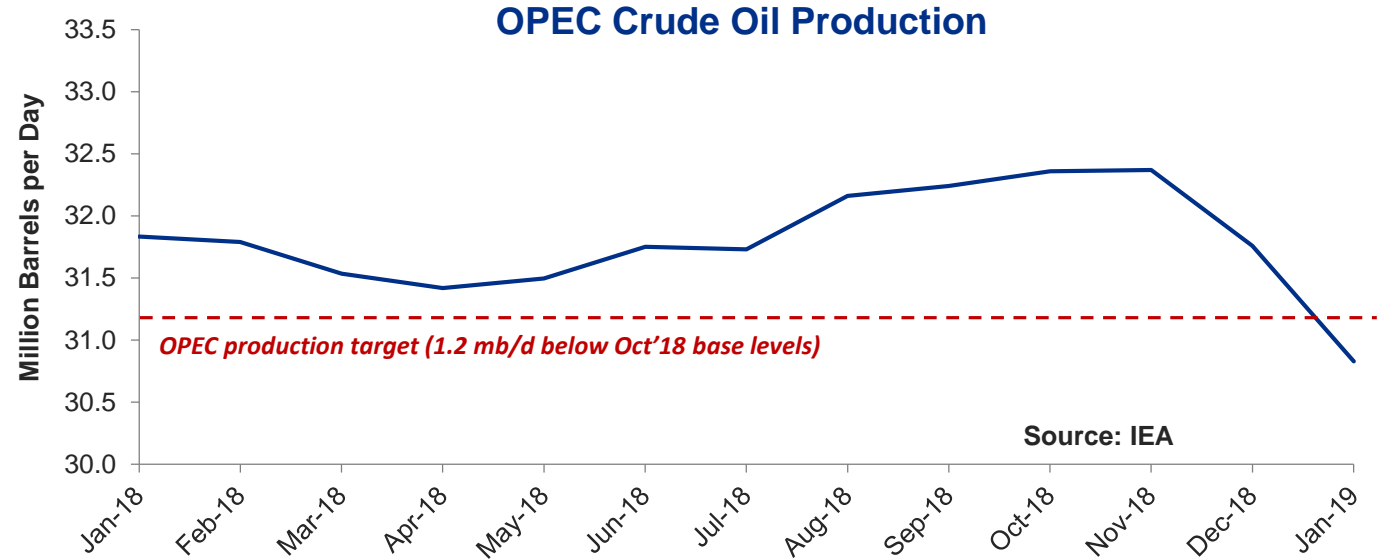
Seasonal upturn underpinned by a structural shift in fundamentals



OPEC Supply Cuts a Headwind in 1H-2019...

...but oil markets are well balanced, meaning OPEC cuts should not be long-lasting

- OPEC is aggressively cutting production in 1H-2019
- Creates a near-term headwind for tanker demand just as refineries enter into seasonal maintenance
- **However**, oil inventories are below the 5-year average
- Demand expected to increase significantly in 2H-2019
- OPEC likely to bring back production in order to keep the market in balance



Strong Non-OPEC Growth in 2019, led by the US

Increase in US crude exports is positive for mid-size tanker and US Gulf lightering demand

US production at record high: 11.0 mb/d (2018); growing to 13.2 mb/d (2020)

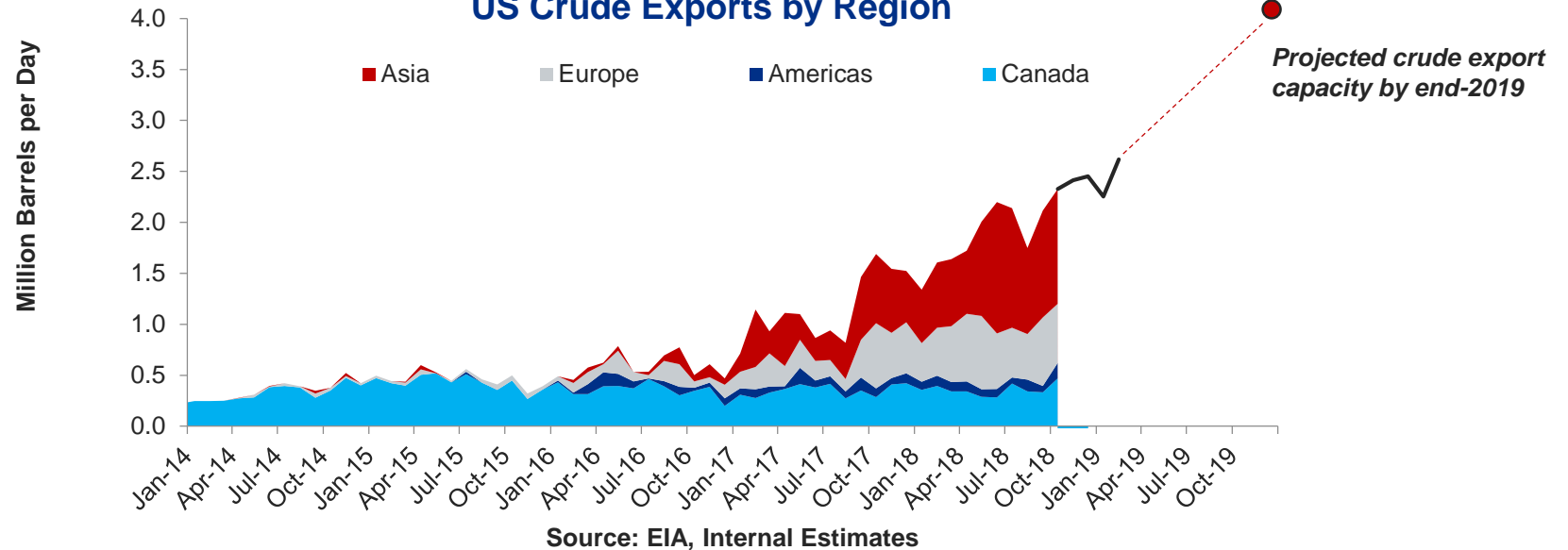
US exports:

- Currently - 2.5 mb/d (infrastructure constrained)
- End-2019 - 4 mb/d (new pipeline capacity - Permian Basin to Gulf Coast)
- Increased exports to Europe creates Aframax demand
- Increased exports to Asia creates lightering demand (long-haul shipments on VLCCs)

US Crude Oil Production



US Crude Exports by Region

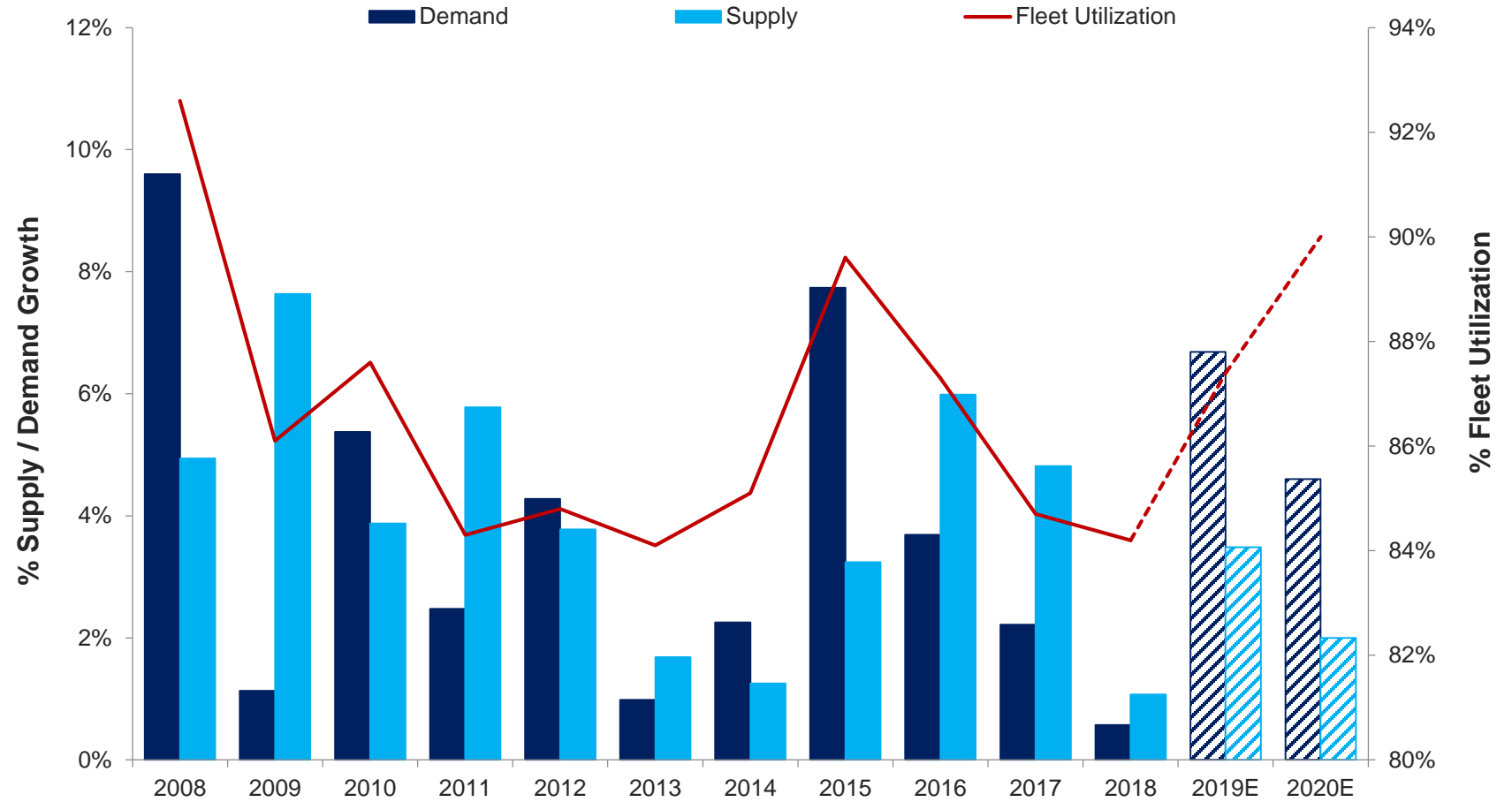


Tanker Fleet Utilization Forecast

Strong demand growth in 2019-20 to propel fleet utilization

- Global tanker fleet expected to grow by 3.5% in 2019 and by 2% in 2020
- 1H-2019 headwinds :
 - OPEC supply cuts
 - Seasonal refinery maintenance
 - High newbuild deliveries
- 2H-2019 tailwinds:
 - US crude export growth
 - Return of OPEC barrels
 - New refining capacity
 - Positive impacts of IMO 2020
- Strengthening tanker market from 2H-2019 into 2020

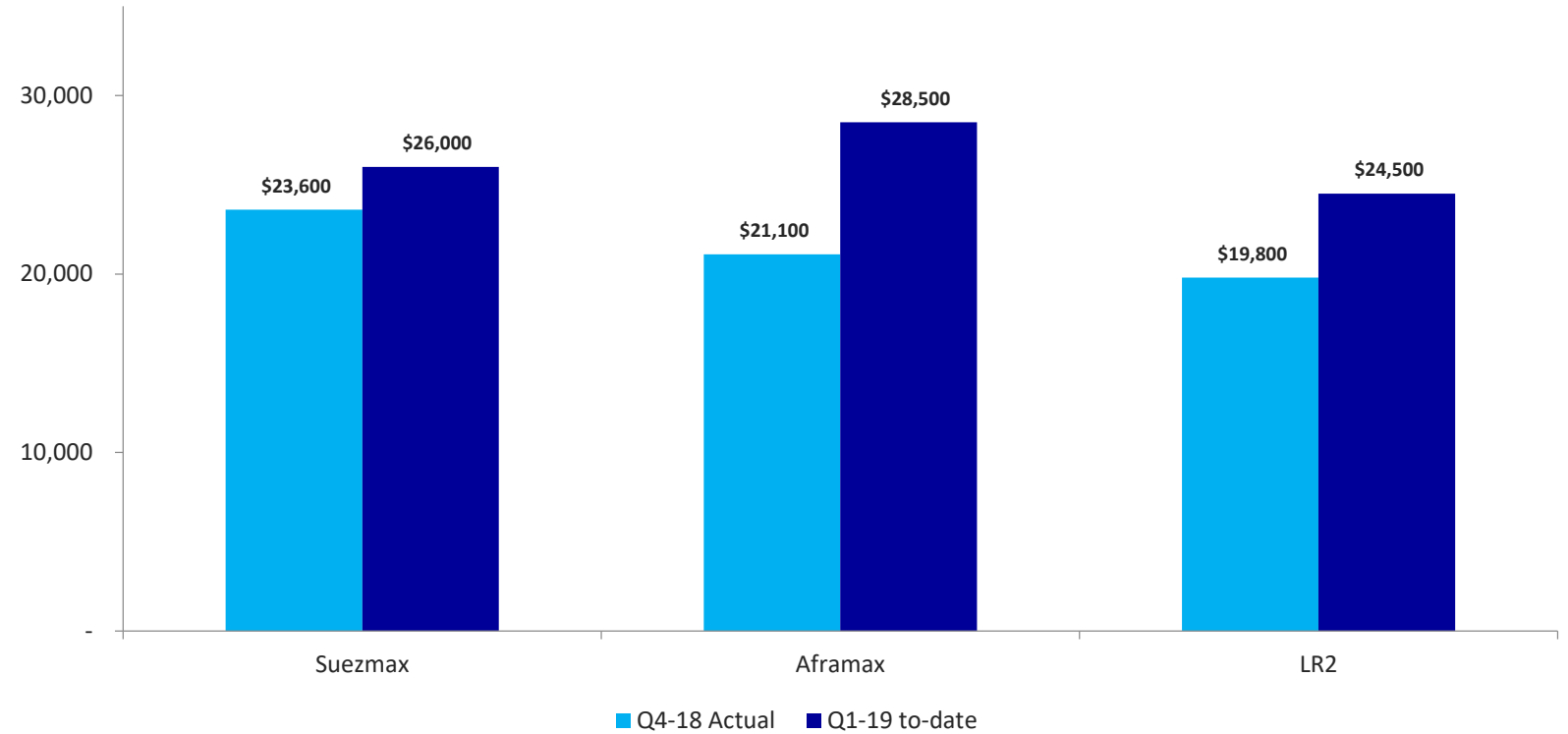
Tanker Fleet Utilization Forecast



Source: Internal Estimates



Q1-19 Spot Earnings Update



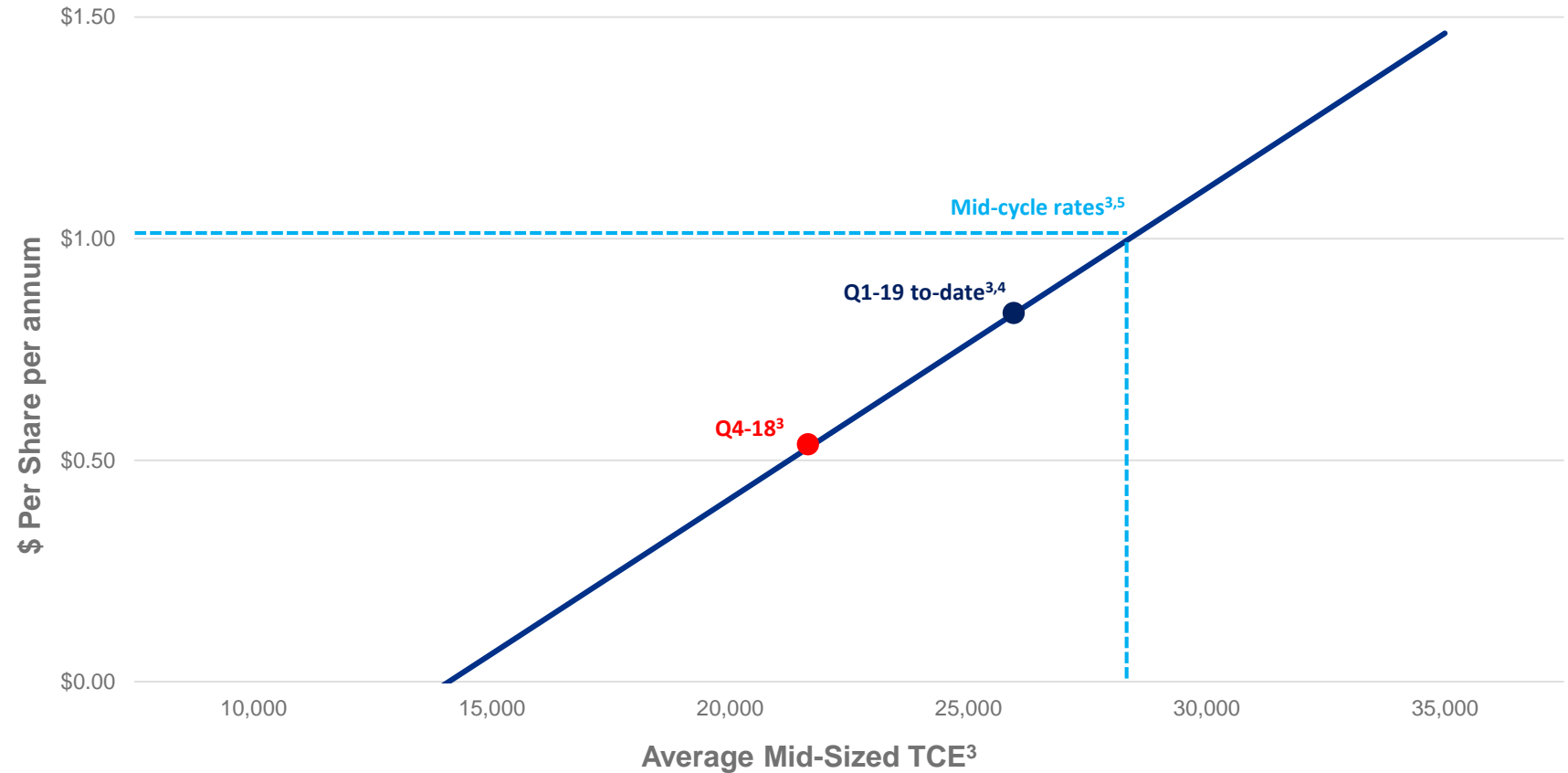
	Suezmax	Aframax	LR2
Q1-19 spot ship days available	2,372	1,730	823
Q1-19 % booked to-date	70%	68%	51%

- (1) Combined average spot TCE rate including Teekay Suezmax RSA and non-pool voyage charters
 (2) Combined average spot TCE rate including Teekay Aframax RSA, non-pool voyage charters and full service lightering (FSL) voyages
 (3) Combined average spot TCE rate including Teekay Taurus RSA and non-pool voyage charters.

Appendix

TNK Offers Significant Upside in Tanker Market Recovery

FCF¹ Per Share Spot Rate Sensitivity²



(1) Free cash flow (FCF) represents net income, plus depreciation and amortization, unrealized losses from derivatives, non-cash items, FCF from equity accounted investments and any write-offs or other non-recurring items, less unrealized gains from derivatives and other non-cash items. Please refer to the Teekay Tankers Earnings Releases for reconciliation to most directly comparable GAAP financial measure.

(2) For 12 months ending Q4-19

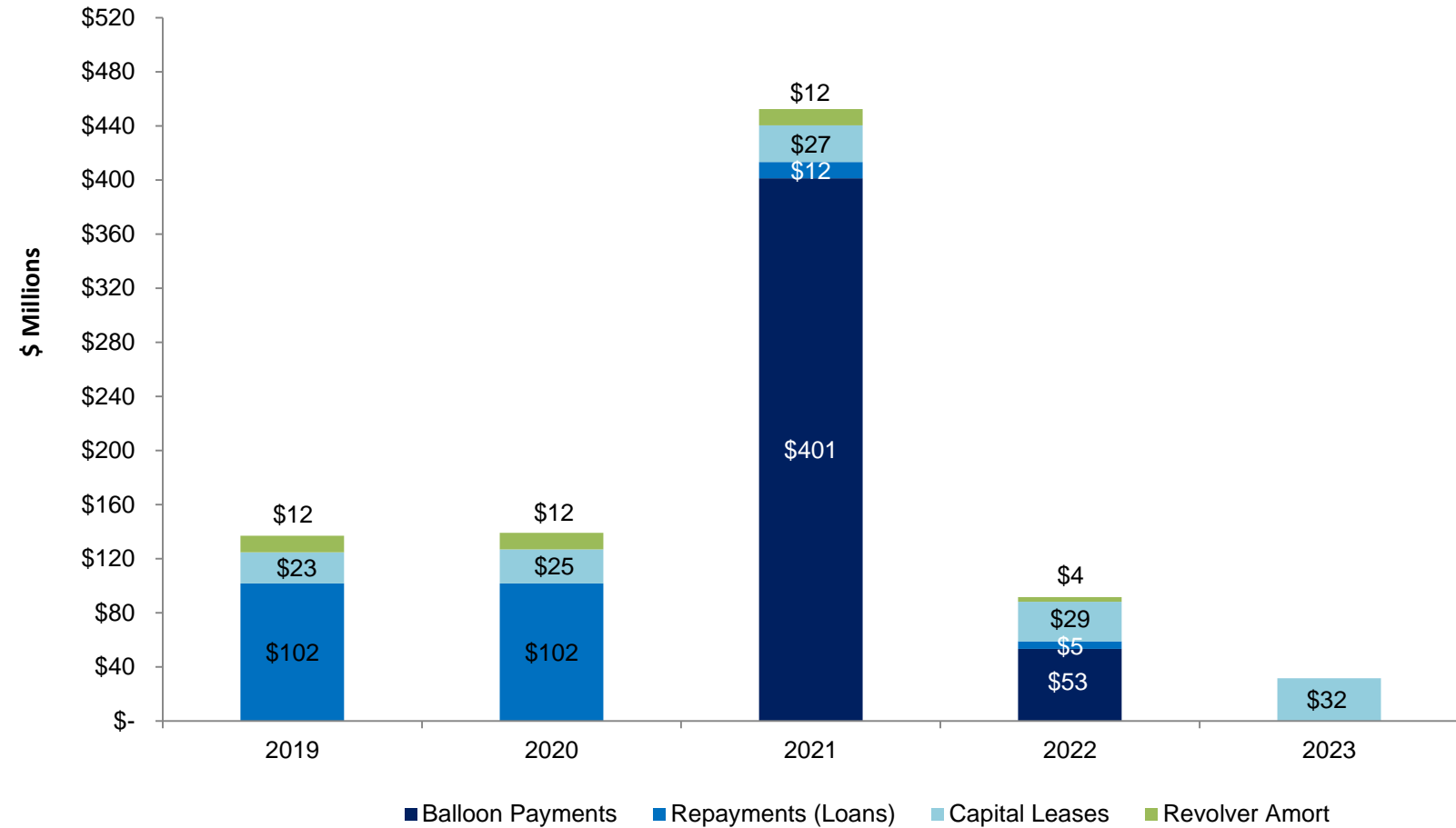
(3) Based on weighted average number of forecast Suezmax and Aframax / LR2 spot market ship days for 12 months ending Q4-19

(4) Combined weighted average Q1-19 spot TCE rate booked-to-date including RSA, non-pool and FSL voyages

(5) Mid-cycle spot rates based on 90% Clarksons global average 15-year mean



Dept Repayment Profile



(1) Pro-forma debt repayment profile as at December 31, 2018, including the pending Q1-19 two-vessel sale-leaseback transaction.

Below Average Fleet Growth 2019 / 2020

Aging fleet will keep tanker scrapping elevated over the next five years

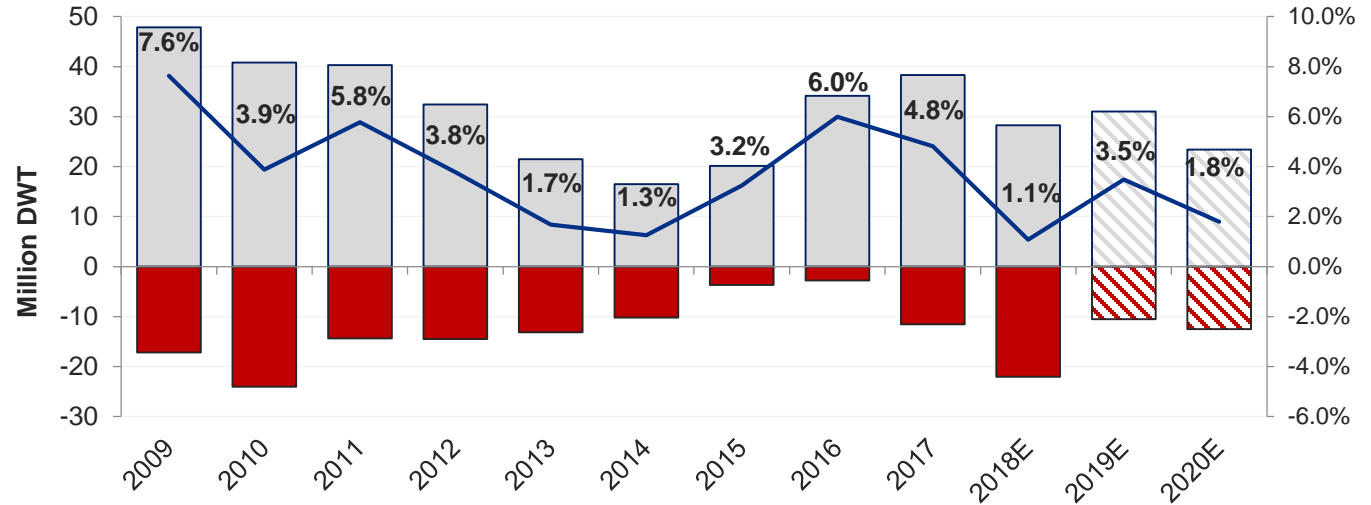
Fleet growth:

- Focused on VLCCs in 2019 – but could be offset by increased off hire time to install scrubbers
- Below 2% in 2020 (shipyards largely full through 1H-2021)

Scrapping:

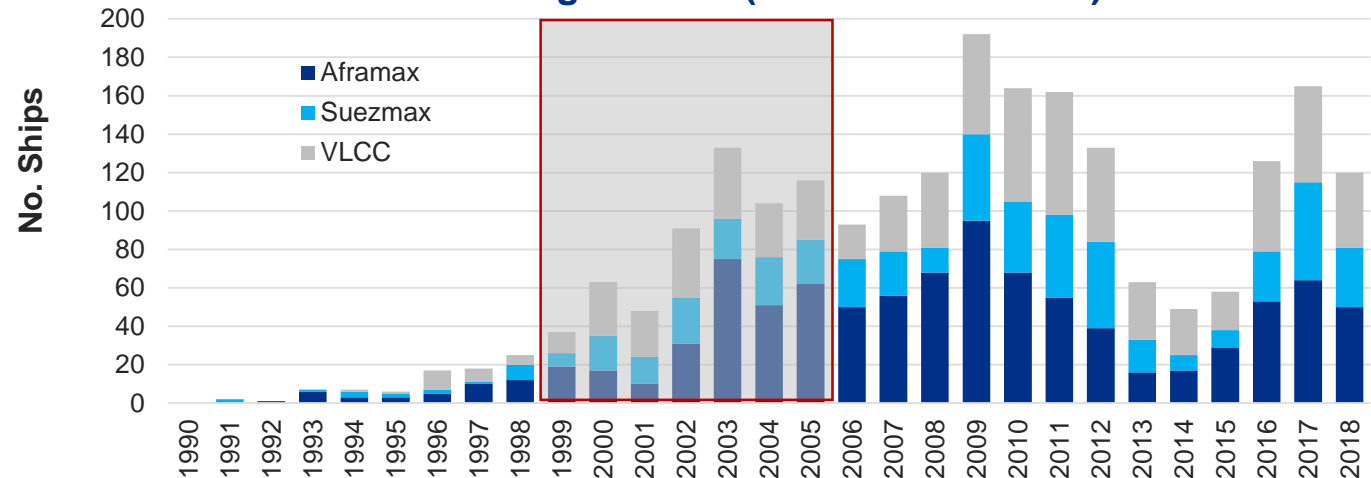
- Moderates in 2019 due to stronger freight market
- However, remains elevated out to 2025 due to fleet age profile
- 592 crude tankers (109 mdwt) have 4th special survey between '19-'25 and face scrapping (avg.15 mdwt / yr)

Total Tanker Fleet Growth



Source: Clarksons / Internal Estimates

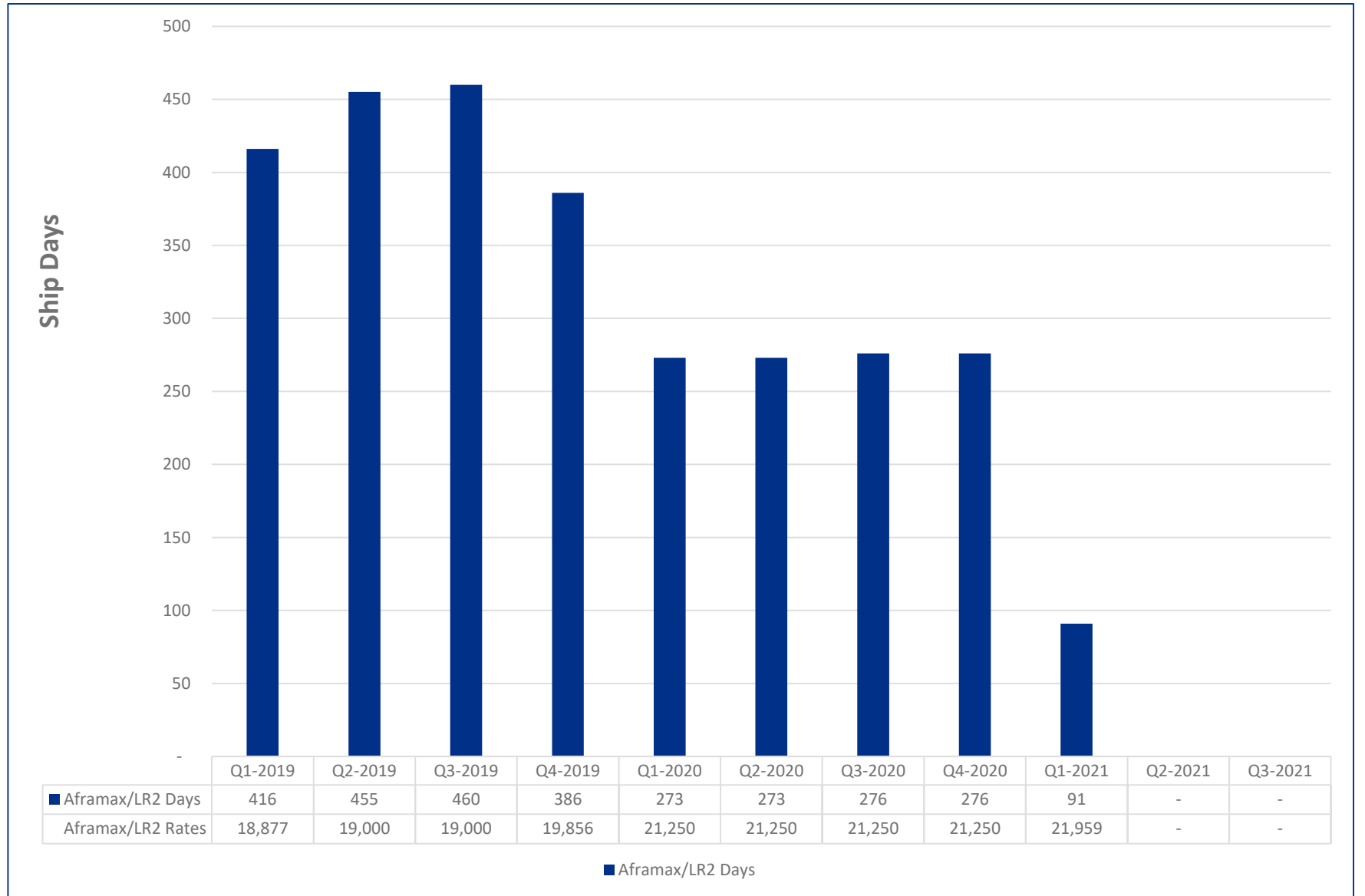
Fleet Age Profile (Afra / Suez / VLCC)



Source: Clarksons

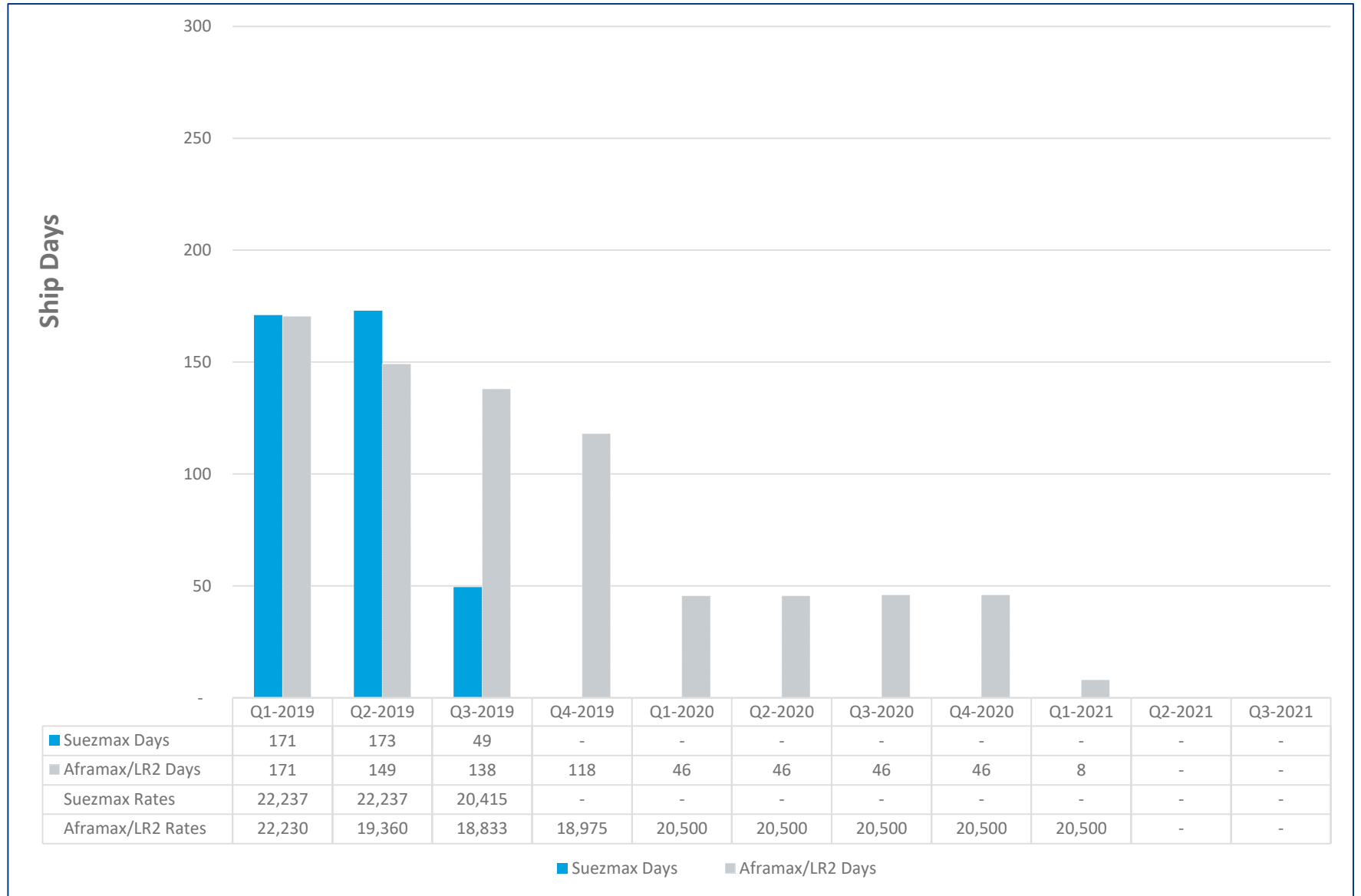


Fleet Employment – In Charter



(1) Based on existing charters excluding extension options

Fleet Employment – Out-Chartering¹



(1) Based on existing charters excluding extension options and expected drydock/ off-hire days noted on slide 19

(2) Excludes full service lightering

Q1-2019 Outlook

Income Statement Item	Q1-19 Outlook (expected changes from Q4-18)
Revenues	<p>Increase of approximately 50 net revenue days in TNK, mainly due to the timing of in-chartered vessels that were delivered to us in Q1-19 and in Q4-18, partially offset by fewer calendar days in Q1-19 compared to Q4-18.</p> <p>Refer to Slide 8 for Q1-19 to-date spot tanker rates.</p>
Vessel operating expenses	Increase of approximately \$3.0 million primarily due to the timing of purchasing activities
Time-charter hire expenses	Increase of approximately \$3.5 million due to the timing of deliveries of in-chartered vessels in Q1-19 and Q4-18.
General and administrative expenses	Decrease of approximately \$1.0 million primarily due to non-recurring expenses recognized in Q4-18, partially offset by accelerated stock-based compensation that is recognized in Q1 of each year.

(1) Changes described are after adjusting Q4-18 for items included in Appendix A of Teekay Tankers Q4-18 Earnings Release and realized gains and losses on derivatives (see slide 17 to this earnings presentation for the Consolidated Adjusted Line Items for Q4-18).



Adjusted Net Income (Loss)

Q4-2018 vs Q3-2018

(In thousands of U.S. dollars)

Statement Item	Q4-2018 (unaudited)	Q3-2018 (unaudited)	Variance	Comments
Revenues	239,997	175,796	64,201	Increase primarily due to higher spot TCE rates and improved results from our lightering operations in Q4-18 compared to Q3-18.
Voyage expenses	(110,602)	(83,048)	(27,554)	Increase primarily due to more vessels trading in the spot market and more full service lightering voyages in Q4-18 compared to Q3-18.
Vessel operating expenses	(51,323)	(52,161)	838	
Time-charter hire expense	(4,841)	(4,317)	(524)	
Depreciation and amortization	(29,916)	(29,595)	(321)	
General and administrative expenses	(11,836)	(8,747)	(3,089)	Increase primarily due to non-recurring expenses recognized in Q4-18 and the timing of corporate expenses.
Income (loss) from operations	31,479	(2,072)	33,551	
Interest expense	(16,245)	(13,770)	(2,475)	Increase primarily due to interest expenses recognized on the sale-leaseback transaction completed in November 2018 and a full quarter of interest expenses recognized on the sale-leaseback transaction completed in September 2018.
Interest income	311	250	61	
Equity income (loss)	955	(359)	1,314	Increase in income primarily due to higher earnings recognized on the <i>Hong Kong Spirit</i> , resulting from a higher realized VLCC TCE rates and additional income recognized related to loss of hire insurance proceeds received in relation to a prior period incident.
Other expense	(2,498)	(2,050)	(448)	
Adjusted net income (loss)	14,002	(18,001)	32,003	

(1) Refer to slides 17 and 18 for Q4-18 and Q3-18 reconciliations of non-GAAP financial measures to the most directly comparable financial measures under United States generally accepted accounting principals (GAAP).

Consolidated Adjusted Statement of Income

Q4-2018

(In thousands of U.S. dollars)

Statement Item	As Reported	Appendix A Items ⁽¹⁾	Reclassification for Realized Gain/ Loss on Derivatives	As Adjusted
Revenues	239,724	-	273	239,997
Voyage expenses	(110,602)	-	-	(110,602)
Vessel operating expenses	(51,323)	-	-	(51,323)
Time-charter hire expense	(4,841)	-	-	(4,841)
Depreciation and amortization	(29,916)	-	-	(29,916)
General and administrative expenses	(11,836)	-	-	(11,836)
Income from operations	31,206	-	273	31,479
Interest expense	(16,987)	-	742	(16,245)
Interest income	311	-	-	311
Realized and unrealized loss on derivative instruments	(1,693)	2,708	(1,015)	-
Equity income	955	-	-	955
Other expense	(2,290)	(208)	-	(2,498)
Net income	11,502	2,500	-	14,002

(1) Please refer to Appendix A in Teekay Tankers Q4-18 Earnings Release for a description of Appendix A items.



Consolidated Adjusted Statement of Income (Loss)

Q3-2018

(In thousands of U.S. dollars)

Statement Item	As Reported	Appendix A Items ⁽¹⁾	Reclassification for Realized Gain/ Loss on Derivatives	As Adjusted
Revenues	175,915	-	(119)	175,796
Voyage expenses	(83,048)	-	-	(83,048)
Vessel operating expenses	(52,161)	-	-	(52,161)
Time-charter hire expense	(4,317)	-	-	(4,317)
Depreciation and amortization	(29,595)	-	-	(29,595)
General and administrative expenses	(8,747)	-	-	(8,747)
Restructuring charge	(213)	213	-	-
Loss from operations	(2,166)	213	(119)	(2,072)
Interest expense	(15,006)	525	711	(13,770)
Interest income	250	-	-	250
Realized and unrealized gain on derivative instruments	596	(4)	(592)	-
Equity loss	(359)	-	-	(359)
Other expense	(799)	(1,251)	-	(2,050)
Net loss	(17,484)	(517)	-	(18,001)

(1) Please refer to Appendix A in Teekay Tankers Q3-18 Earnings Release for a description of Appendix A items.



Drydock & Off-hire Schedule

Teekay Tankers Segment	March 31, 2019 (E)		June 30, 2019 (E)		September 30, 2019 (E)		December 31, 2019 (E)		Total 2019	
	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
Spot Tanker	4	125	8	240	3	90	1	30	16	485
Fixed-Rate Tanker	-	-	-	-	-	-	-	-	-	-
Other - Unplanned Offhire	-	75	-	50	-	50	-	50	-	225
	4	200	8	290	3	140	1	80	16	710

Note:

(1) Includes vessels scheduled for drydocking and an estimate of unscheduled off-hire.

(2) In the case that a vessel drydock & off-hire straddles between quarters, the drydock & off-hire has been allocated to the quarter in which majority of drydock days occur.

(3) Only owned vessels are accounted for in this schedule and vessel count only reflects the vessels with drydock related off-hire.

