

# TEEKAY LNG PARTNERS REPORTS FIRST QUARTER 2019 RESULTS

## Highlights

- GAAP net income attributable to the partners and preferred unitholders of \$21.6 million and GAAP net income per common unit of \$0.19.
- Adjusted net income attributable to the partners and preferred unitholders<sup>(1)</sup> of \$33.4 million and adjusted net income per common unit of \$0.34 (excluding items listed in *Appendix A* to this release).
- Total Adjusted EBITDA<sup>(1)</sup> of \$158.2 million.
- Increased quarterly cash distributions on common units by 36 percent commencing with the distributions paid in May 2019, from \$0.14 per common unit to \$0.19 per common unit, as part of a balanced capital allocation strategy.
- Secured one to three-year charters on three LNG carriers at attractive rates; the Partnership's LNG fleet is now 100, 97 and 92 percent fixed for the remainder of 2019, for 2020 and 2021, respectively.
- 2019 results expected to be within previous earnings and Adjusted EBITDA<sup>(1)</sup> guidance ranges.

**Hamilton, Bermuda, May 23, 2019** - Teekay GP L.L.C., the general partner of Teekay LNG Partners L.P. (*Teekay LNG* or the *Partnership*) (NYSE: TGP), today reported the Partnership's results for the quarter ended March 31, 2019.

## Consolidated Financial Summary

| <i>(in thousands of U.S. Dollars, except per unit data)</i>                               | Three Months Ended            |                                  |                               |
|---|-------------------------------|----------------------------------|-------------------------------|
|   | March 31, 2019<br>(unaudited) | December 31, 2018<br>(unaudited) | March 31, 2018<br>(unaudited) |
| <b>GAAP FINANCIAL COMPARISON</b>  |                               |                                  |                               |
| Voyage revenues   | 149,744                       | 149,805                          | 115,306                       |
| Income from vessel operations   | 69,361                        | 65,164                           | 25,142                        |
| Equity income   | 5,578                         | 949                              | 26,724                        |
| Net income (loss) attributable to the partners and preferred unitholders                  | 21,617                        | 6,579                            | (6,894)                       |
| Limited partners' interest in net income (loss) per common unit                           | 0.19                          | 0.00                             | (0.16)                        |
| <b>NON-GAAP FINANCIAL COMPARISON</b>  |                               |                                  |                               |
| Adjusted net income attributable to the partners and preferred unitholders <sup>(1)</sup> | 33,365                        | 32,636                           | 22,058                        |
| Limited partners' interest in adjusted net income per common unit                         | 0.34                          | 0.32                             | 0.19                          |
| Total Adjusted EBITDA <sup>(1)</sup>  | 158,214                       | 150,099                          | 117,595                       |
| Distributable cash flow (DCF) <sup>(1)</sup>  | 54,214                        | 51,211                           | 35,341                        |

In the first quarter of 2019, the Partnership made certain changes to its non-GAAP financial measures to more closely align with internal management reporting and annual reporting filed with the U.S. Securities and Exchange Commission (SEC) under Form 20-F. Cash Flow from Vessel Operations (CFVO) from Consolidated Vessels and Total CFVO are replaced with Consolidated Adjusted EBITDA and Total Adjusted EBITDA, respectively, and CFVO from Equity-Accounted Vessels is replaced with Adjusted EBITDA from Equity-Accounted Vessels. Please refer to "Definitions and Non-GAAP Financial Measures" in this release for definitions of these non-GAAP financial measures and information about the changes made.

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

## First Quarter of 2019 Compared to First Quarter of 2018

GAAP net income (loss) and non-GAAP adjusted net income attributable to the partners and preferred unitholders for the three months ended March 31, 2019, compared to the same quarter in the prior year, were positively impacted by: earnings from the 10 liquefied natural gas (LNG) carrier newbuildings delivered into the Partnership's consolidated fleet and equity-accounted joint ventures between February 2018 and January 2019; higher earnings from the *Torben Spirit* due to a higher charter rate on a new three-year charter contract which commenced in December 2018; higher earnings from the *Magellan Spirit*, which is currently chartered-in from the Partnership's 52 percent-owned joint venture with Marubeni Corporation (the *Teekay LNG-Marubeni Joint Venture*) and has been employed and chartered-out since October 2018 to March 2019; and higher earnings from the Partnership's seven multi-gas carriers. These increases in earnings were partially offset by lower earnings from the Partnership's conventional tanker fleet for the three months ended March 31, 2019 due to the sales of four conventional tankers between February 2018 and January 2019.

In addition, GAAP net income (loss) attributable to the partners and preferred unitholders was positively impacted in the three months ended March 31, 2019, compared to the same quarter of the prior year, by various items, including a decrease in write-down of vessels, partially offset by increases in unrealized losses on non-designated derivative instruments.

## CEO Commentary

"During the first quarter, the Partnership continued to report significant cash flow growth mainly driven by recent newbuild deliveries and the contract start-up of various LNG carriers at higher rates," commented Mark Kremin, Teekay Gas Group Ltd.'s President and Chief Executive Officer. "Looking ahead, we expect contract start-up of four additional LNG carrier newbuildings and the Bahrain LNG terminal in the second half of 2019, which we anticipate will continue to drive further growth in total adjusted EBITDA throughout the rest of 2019 and into 2020."

Mr. Kremin added, "Despite the near-term weakness in the spot LNG carrier market since the start of the year, we have recently been able to take advantage of the improving medium-term fundamentals by securing multiple attractive charters on our LNG carriers for periods ranging from one to three years. This has allowed us to lock-in charters at attractive rates and maximize utilization, thereby further enhancing our earnings stability and improving our cash flows."

Mr. Kremin continued, "We remain committed to our balanced capital allocation plan, which returns additional capital to unitholders, including the recent 36 percent cash distribution increase, while also creating equity value through continued delevering of our balance sheet. The new charters that we recently secured are expected to enable Teekay LNG to delever faster and with better visibility, which provides us with greater flexibility to allocate excess capital in the future."

## Summary of Recent Events

### Re-chartering Activities

In April 2019, the Partnership secured a three-year, fixed-rate charter contract for the *Magellan Spirit* LNG carrier, which is expected to commence at the end of May 2019, and concurrently extended the charter-in contract of the *Magellan Spirit* from the Teekay LNG-Marubeni Joint Venture to cover the same three-year period.

In May 2019, the Partnership extended its fixed-rate charter contract of the *Polar Spirit* LNG carrier for three additional years at a charter rate in excess of the previous fixed rate. The charter extension commenced on May 7, 2019.

In addition, in May 2019, the Partnership secured one-year, fixed-rate charter contracts on the *Arwa Spirit* and *Marib Spirit* LNG carriers, which are expected to commence mid-June and early-July 2019, respectively, both of which are owned by the Teekay LNG-Marubeni Joint Venture.

## Commercial Management Agreement for Multi-Gas Vessels

In February 2019, the Partnership entered into a commercial management agreement with Lauritzen Kosan A/S (*Manager*), a third-party commercial manager, pursuant to which the Manager will commercially manage the Partnership's seven multi-gas vessels. In May 2019, the Partnership completed the transition of the commercial management of all seven multi-gas vessels to the Manager.

## Operating Results

The following table highlights certain financial information for Teekay LNG's three segments: the Liquefied Natural Gas Segment, the Liquefied Petroleum Gas Segment and the Conventional Tanker Segment (please refer to the "Teekay LNG's Fleet" section of this release below and *Appendices D* and *E* for further details).

| (in thousands of U.S. Dollars)                               | Three Months Ended            |                                 |                             |         |                               |                                 |                             |         |
|--|-------------------------------|---------------------------------|-----------------------------|---------|-------------------------------|---------------------------------|-----------------------------|---------|
|  | March 31, 2019                |                                 |                             |         | March 31, 2018                |                                 |                             |         |
|  | (unaudited)                   |                                 |                             |         | (unaudited)                   |                                 |                             |         |
|  | Liquefied Natural Gas Segment | Liquefied Petroleum Gas Segment | Conventional Tanker Segment | Total   | Liquefied Natural Gas Segment | Liquefied Petroleum Gas Segment | Conventional Tanker Segment | Total   |
| <b>GAAP FINANCIAL COMPARISON</b>                             |                               |                                 |                             |         |                               |                                 |                             |         |
| Voyage revenues  | 137,822                       | 9,160                           | 2,762                       | 149,744 | 101,426                       | 3,623                           | 10,257                      | 115,306 |
| Income (loss) from vessel operations                         | 72,789                        | (2,346)                         | (1,082)                     | 69,361  | 50,209                        | (5,664)                         | (19,403)                    | 25,142  |
| Equity income (loss)   | 7,493                         | (1,915)                         | —                           | 5,578   | 27,404                        | (680)                           | —                           | 26,724  |
| <b>NON-GAAP FINANCIAL COMPARISON</b>                         |                               |                                 |                             |         |                               |                                 |                             |         |
| Consolidated Adjusted EBITDA <sup>(i)</sup>                  | 107,693                       | (425)                           | (563)                       | 106,705 | 77,420                        | (3,922)                         | 1,506                       | 75,004  |
| Adjusted EBITDA from equity-accounted vessels <sup>(i)</sup> | 43,986                        | 7,523                           | —                           | 51,509  | 36,351                        | 6,240                           | —                           | 42,591  |
| Total Adjusted EBITDA <sup>(i)</sup>                         | 151,679                       | 7,098                           | (563)                       | 158,214 | 113,771                       | 2,318                           | 1,506                       | 117,595 |

(i) These are non-GAAP financial measures. Please refer to "Definitions and Non-GAAP Financial Measures" and the Appendices to this release for definitions of these terms and reconciliations of these non-GAAP financial measures as used in this release to the most directly comparable financial measures under GAAP.

## Liquefied Natural Gas Segment

Income from vessel operations and Consolidated Adjusted EBITDA for the liquefied natural gas segment for the three months ended March 31, 2019, compared to the same quarter of the prior year, were positively impacted primarily by: the deliveries of six wholly-owned LNG carrier newbuildings (the *Magdala*, *Myrina*, *Megara*, *Bahrain Spirit*, *Sean Spirit* and *Yamal Spirit*) between February 2018 and January 2019; higher earnings from the *Torben Spirit* due to an increased charter rate from a new three-year charter contract which commenced in December 2018; and earnings from the *Magellan Spirit* which has been employed on a charter-out basis since October 2018 to March 2019. These increases were partially offset by an increase in off-hire days in the first quarter of 2019 for certain of the Partnership's LNG carriers due to repairs and a scheduled dry docking.

Equity income and Adjusted EBITDA from equity-accounted vessels for the liquefied natural gas segment for the three months ended March 31, 2019, compared to the same quarter of the prior year, were positively impacted primarily by: the deliveries of three LNG carrier newbuildings between January 2018 and January 2019 in the Partnership's joint venture with China LNG Shipping (Holdings) Limited, CETS Investment Management (HK) Co. Ltd. and BW Investments Pte. Ltd. (the *Pan Union Joint Venture*), with the Partnership's ownership interest in these vessels ranging from 20 to 30 percent; and the delivery of the second ARC7 LNG carrier newbuilding in September 2018 in the Partnership's 50 percent-owned Yamal LNG Joint Venture. These increases were partially offset by the sale of the *S/S Excelsior* in the Partnership's 50 percent-owned joint venture with Exmar NV (the *Excelsior Joint Venture*) in January 2018. In addition,

GAAP equity income was negatively impacted by unrealized losses of \$3.9 million on non-designated derivative instruments in the Partnership's equity-accounted investments in the first quarter of 2019 compared to gains on designated and non-designated derivative instruments of \$10.5 million in the first quarter of 2018, and due to a gain of \$5.6 million recognized on the sale of the Partnership's 50 percent investment in the Excelsior Joint Venture during the first quarter of 2018.

### Liquefied Petroleum Gas Segment

Loss from vessel operations and Consolidated Adjusted EBITDA for the liquefied petroleum gas segment for the three months ended March 31, 2019, compared to the same quarter of the prior year, were positively impacted by higher earnings from the Partnership's seven multi-gas carriers which earned higher spot revenues during the first quarter of 2019. In addition, GAAP equity loss for the liquefied petroleum gas segment for the three months ended March 31, 2019 was negatively impacted by unrealized losses of \$0.5 million compared to unrealized gains of \$1.0 million during the same quarter of the prior year on non-designated derivative instruments in the Partnership's equity-accounted investment.

### Conventional Tanker Segment

Loss from vessel operations and Consolidated Adjusted EBITDA for the conventional tanker segment for the three months ended March 31, 2019, compared to the same quarter of the prior year, were negatively impacted by the sales of the *Teide Spirit*, *European Spirit*, *African Spirit* and *Toledo Spirit* between February 2018 and January 2019. In addition, loss from vessel operations was positively impacted compared to the same quarter of the prior year due to write-downs of \$18.7 million for the *Alexander Spirit*, *European Spirit* and *African Spirit* conventional tankers to their estimated fair values recorded during the first quarter of 2018.

### Teekay LNG's Fleet

The following table summarizes the Partnership's fleet as of May 1, 2019. The Partnership also owns a 30 percent interest in a regasification terminal in Bahrain which is under construction and is expected to commence operations in the third quarter of 2019.

|                             | Number of Vessels                             |                    |           |
|-----------------------------|---|--------------------|-----------|
|                             | Owned and In-Chartered Vessels <sup>(i)</sup> | Newbuildings       | Total     |
| LNG Carrier Fleet           | 45 <sup>(ii)</sup>                            | 4 <sup>(iii)</sup> | 49        |
| LPG/Multi-gas Carrier Fleet | 29 <sup>(iv)</sup>                            | —                  | 29        |
| Conventional Tanker Fleet   | 1   | —                  | 1         |
| <b>Total</b>                | <b>75</b>                                     | <b>4</b>           | <b>79</b> |

(i) Includes vessels accounted for as vessels related to finance leases under which the Partnership is the lessee.

(ii) The Partnership's ownership interests in these vessels range from 20 percent to 100 percent.

(iii) The Partnership's ownership interest in these newbuildings is 50 percent.

(iv) The Partnership's ownership interests in these vessels range from 50 percent to 99 percent.

### Liquidity

As of March 31, 2019, the Partnership had total liquidity of \$322.1 million (comprised of \$122.6 million in cash and cash equivalents and \$199.5 million in undrawn credit facilities).

## Conference Call

The Partnership plans to host a conference call on Thursday, May 23, 2019 at 11:00 a.m. (ET) to discuss the results for the first quarter of 2019. All unitholders and interested parties are invited to listen to the live conference call by choosing from the following options:

- By dialing (800) 667-5617 or (647) 490-5367, if outside North America, and quoting conference ID code 7672177.
- By accessing the webcast, which will be available on Teekay LNG's website at [www.teekay.com](http://www.teekay.com) (the archive will remain on the website for a period of one year).

An accompanying First Quarter 2019 Earnings Presentation will also be available at [www.teekay.com](http://www.teekay.com) in advance of the conference call start time.

## About Teekay LNG Partners L.P.

Teekay LNG Partners is one of the world's largest independent owners and operators of LNG carriers, providing LNG, LPG and crude oil marine transportation services primarily under long-term, fee-based charter contracts through its interests in 49 LNG carriers (including four newbuildings) and 22 mid-size LPG carriers, seven multi-gas carriers and one conventional tanker. The Partnership's ownership interests in these vessels range from 20 to 100 percent. In addition, the Partnership owns a 30 percent interest in a regasification terminal, which is currently under construction. Teekay LNG Partners is a publicly-traded master limited partnership formed by Teekay Corporation (NYSE: TK) as part of its strategy to expand its operations in the LNG and LPG shipping sectors.

Teekay LNG Partners' common units and preferred units trade on the New York Stock Exchange under the symbols "TGP", "TGP PR A" and "TGP PR B", respectively.

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## Definitions and Non-GAAP Financial Measures

This release includes various financial measures that are non-GAAP financial measures as defined under the rules of the SEC. These non-GAAP financial measures which include Adjusted Net Income Attributable to the Partners and Preferred Unitholders, Distributable Cash Flow and, commencing in the first quarter of 2019, Adjusted EBITDA, are intended to provide additional information and should not be considered a substitute for measures of performance prepared in accordance with GAAP. In addition, these measures do not have standardized meanings across companies, and may not be comparable to similar measures presented by other companies. These non-GAAP measures are used by management, and the Partnership believes that these supplementary metrics assist investors and other users of its financial reports in comparing financial and operating performance of the Partnership across reporting periods and with other companies.

In prior periods, the Partnership reported Cash Flow from Vessel Operations (CFVO), as a non-GAAP measure. In the first quarter of 2019, the Partnership made certain changes to its non-GAAP financial measures to more closely align with internal management reporting, annual reporting with the SEC under Form 20-F and metrics used by certain investors. CFVO from Consolidated Vessels and Total CFVO are replaced with Consolidated Adjusted EBITDA and Total Adjusted EBITDA, respectively, for current and comparative periods.

### Non-GAAP Financial Measures

*Adjusted EBITDA* represents net income (loss) before interest, taxes, and depreciation and amortization and is adjusted to exclude certain items whose timing or amount cannot be reasonably estimated in advance or that are not considered representative of core operating performance. Such adjustments include vessel write-downs, gains or losses on sale of vessels and equity-accounted investments, unrealized gains or losses on derivative instruments, foreign exchange gains or losses, amortization of in-process contracts, adjustments for direct financing leases to a cash basis, and certain other income or expenses. Adjusted EBITDA also excludes realized gains or losses on interest rate swaps as management, in assessing the Partnership's performance, views these gains or losses as an element of interest expense and realized gains or losses on derivative instruments resulting from amendments or terminations of the underlying instruments. *Consolidated Adjusted EBITDA* represents Adjusted EBITDA from vessels that are consolidated on the Partnership's financial statements. *Adjusted EBITDA from Equity-Accounted Vessels* represents the Partnership's proportionate share of Adjusted EBITDA from its equity-accounted vessels, and as a result, the Partnership does not have the unilateral ability to determine whether the cash generated by its equity-accounted vessels is retained within the entity in which the Partnership holds the equity-accounted investments or distributed to the Partnership and other owners. In addition, the Partnership does not control the timing of any such distributions to the Partnership and other owners. Adjusted EBITDA is a non-GAAP financial measure used by certain investors and management to measure the operational performance of companies. Please refer to *Appendices C and E* of this release for reconciliations of Adjusted EBITDA to net income (loss) and equity income, respectively, which are the most directly comparable GAAP measures reflected in the Partnership's consolidated financial statements.

*Adjusted Net Income Attributable to the Partners and Preferred Unitholders* excludes items of income or loss from GAAP net income (loss) that are typically excluded by securities analysts in their published estimates of the Partnership's financial results. The Partnership believes that certain investors use this information to evaluate the Partnership's financial performance, as does management. Please refer to *Appendix A* of this release for a reconciliation of this non-GAAP financial measure to net income (loss), and refer to footnote (4) of the Consolidated Statements of Income (Loss) for a reconciliation of adjusted equity income to equity income, the most directly comparable GAAP measure reflected in the Partnership's consolidated financial statements.

*Distributable Cash Flow (DCF)* represents GAAP net income adjusted for write-down of vessels, depreciation and amortization expense, deferred income tax and other non-cash items, estimated maintenance capital expenditures, unrealized gains and losses from non-designated derivative instruments, ineffectiveness for derivative instruments designated as hedges for accounting purposes, distributions relating to equity financing of newbuilding installments, distributions relating to preferred units, adjustments for direct financing leases to a cash basis, unrealized foreign currency exchange gains or losses, additional tax indemnification guarantee liability net of portion previously recognized in DCF and the Partnership's proportionate share of such items in its equity-accounted for investments. Maintenance capital expenditures represent those capital expenditures required to maintain over the long-term the operating capacity of, or the revenue generated by, the Partnership's capital assets. DCF is a quantitative standard used in the publicly-

traded partnership investment community and by management to assist in evaluating financial performance. Please refer to *Appendix B* of this release for a reconciliation of this non-GAAP financial measure to net income (loss), the most directly comparable GAAP measure reflected in the Partnership's consolidated financial statements.

## Teekay LNG Partners L.P.

### Consolidated Statements of Income (Loss)

(in thousands of U.S. Dollars, except unit and per unit data)

|   | Three Months Ended               |                                     |                                  |
|---|----------------------------------|-------------------------------------|----------------------------------|
|   | March 31,<br>2019<br>(unaudited) | December 31,<br>2018<br>(unaudited) | March 31,<br>2018<br>(unaudited) |
| <b>Voyage revenues</b>  | 149,744                          | 149,805                             | 115,306                          |
| Voyage expenses   | (5,775)                          | (6,529)                             | (5,801)                          |
| Vessel operating expenses <sup>(1)</sup>  | (26,101)                         | (30,454)                            | (27,967)                         |
| Time-charter hire expense   | (5,591)                          | (5,980)                             | —                                |
| Depreciation and amortization   | (34,126)                         | (33,079)                            | (29,267)                         |
| General and administrative expenses <sup>(1)</sup>  | (6,632)                          | (7,809)                             | (7,071)                          |
| Write-down of goodwill and vessels <sup>(2)</sup>   | —                                | (790)                               | (18,662)                         |
| Restructuring charges <sup>(3)</sup>  | (2,158)                          | —                                   | (1,396)                          |
| <b>Income from vessel operations</b>  | 69,361                           | 65,164                              | 25,142                           |
| Equity income <sup>(4)</sup>  | 5,578                            | 949                                 | 26,724                           |
| Interest expense  | (42,217)                         | (39,551)                            | (24,706)                         |
| Interest income   | 1,078                            | 964                                 | 914                              |
| Realized and unrealized (loss) gain on non-designated derivative instruments <sup>(5)</sup> | (6,617)                          | (11,540)                            | 8,001                            |
| Foreign currency exchange loss <sup>(6)</sup>   | (731)                            | (7,244)                             | (1,273)                          |
| Other income (expense) <sup>(7)</sup>   | 251                              | 545                                 | (52,582)                         |
| <b>Net income (loss) before tax expense</b>   | 26,703                           | 9,287                               | (17,780)                         |
| Income tax expense  | (2,578)                          | (42)                                | (779)                            |
| <b>Net income (loss)</b>  | <b>24,125</b>                    | <b>9,245</b>                        | <b>(18,559)</b>                  |
| Non-controlling interest in net income (loss)   | 2,508                            | 2,666                               | (11,665)                         |
| Preferred unitholders' interest in net income (loss)  | 6,425                            | 6,425                               | 6,425                            |
| General partner's interest in net income (loss)   | 304                              | 2                                   | (272)                            |
| Limited partners' interest in net income (loss)   | 14,888                           | 152                                 | (13,047)                         |
| Limited partners' interest in net income (loss) per common unit:                            |                                  |                                     |                                  |
| • Basic   | 0.19                             | 0.00                                | (0.16)                           |
| • Diluted   | 0.19                             | 0.00                                | (0.16)                           |
| Weighted-average number of common units outstanding:  |                                  |                                     |                                  |
| • Basic   | 78,598,678                       | 79,676,541                          | 79,637,607                       |
| • Diluted   | 78,680,661                       | 79,843,339                          | 79,637,607                       |
| Total number of common units outstanding at end of period                                   | 78,626,403                       | 79,360,719                          | 79,687,499                       |

(1) The three months ended March 31, 2018 comparative figures for vessel operating expenses and general and administrative expenses have been reclassified to conform to the presentation adopted in the current period relating to the classification of certain related party transactions which had the effect of decreasing vessel operating expenses by \$0.5 million for the three months ended March 31, 2018 and an offsetting effect for general and administrative expenses in the same period. There is no impact on income from vessel operations or net loss as a result of this reclassification.

(2) Included in the write-down of goodwill and vessels for the three months ended December 31, 2018 is an impairment charge of \$0.8 million relating to the Partnership's goodwill attributable to its LPG segment. The Partnership recorded an aggregate write-down of \$5.7 million for the *African Spirit* and *European Spirit* Suezmax tankers for the three months ended March 31, 2018 as the estimated fair values of these vessels had decreased at the time. In addition, the Partnership recorded a write-down of \$13.0 million for the three months ended March 31, 2018 relating to the *Alexander Spirit* conventional tanker as a result of changes in the Partnership's expectations of the vessel's future opportunities after its current contract ends in 2019.

(3) In January 2019 and February 2018, the *Toledo Spirit* and *Teide Spirit*, respectively, were sold and as a result of these sales, the Partnership recorded restructuring charges of \$2.2 million and \$1.4 million for the three months ended March 31, 2019 and March 31, 2018, respectively, relating to seafarer severance costs.



- (4) The Partnership's proportionate share of items within equity income as identified in *Appendix A* of this release is detailed in the table below. By excluding these items from equity income, the Partnership believes the resulting adjusted equity income is a normalized amount that can be used to better evaluate the financial performance of the Partnership's equity-accounted investments. Adjusted equity income is a non-GAAP financial measure.

|   | Three Months Ended |                      |                   |
|---|--------------------|----------------------|-------------------|
|   | March 31,<br>2019  | December 31,<br>2018 | March 31,<br>2018 |
| Equity income   | 5,578              | 949                  | 26,724            |
| Proportionate share of unrealized loss (gain) on non-designated interest rate swaps | 4,360              | 4,736                | (8,221)           |
| Proportionate share of ineffective portion of hedge-accounted interest rate swaps   | —                  | 4,831                | (3,259)           |
| Proportionate share of loss on sale of vessel                                       | —                  | —                    | 257               |
| Gain on sale of equity-accounted investment   | —                  | —                    | (5,563)           |
| Proportionate share of other items  | 345                | 181                  | 128               |
| Equity income adjusted for items in Appendix A                                      | 10,283             | 10,697               | 10,066            |

- (5) The realized (losses) gains on non-designated derivative instruments relate to the amounts the Partnership actually paid or received to settle non-designated derivative instruments and the unrealized (losses) gains on non-designated derivative instruments relate to the change in fair value of such non-designated derivative instruments, as detailed in the table below:

|   | Three Months Ended |                      |                   |
|---|--------------------|----------------------|-------------------|
|   | March 31,<br>2019  | December 31,<br>2018 | March 31,<br>2018 |
| <b>Realized losses relating to:</b>   |                    |                      |                   |
| Interest rate swap agreements   | (2,385)            | (2,804)              | (4,478)           |
| Toledo Spirit time-charter derivative contract  | —                  | (668)                | 309               |
|   | (2,385)            | (3,472)              | (4,169)           |
| <b>Unrealized (losses) gains relating to:</b>   |                    |                      |                   |
| Interest rate swap agreements   | (4,192)            | (7,637)              | 11,898            |
| Interest rate swaption agreements   | —                  | —                    | 2                 |
| Toledo Spirit time-charter derivative contract  | (40)               | (431)                | 270               |
|   | (4,232)            | (8,068)              | 12,170            |
| Total realized and unrealized (losses) gains on non-designated derivative instruments | (6,617)            | (11,540)             | 8,001             |

- (6) For accounting purposes, the Partnership is required to revalue all foreign currency-denominated monetary assets and liabilities based on the prevailing exchange rates at the end of each reporting period. This revaluation does not affect the Partnership's cash flows or the calculation of distributable cash flow, but results in the recognition of unrealized foreign currency translation gains or losses in the Consolidated Statements of Income (Loss).

Foreign currency exchange loss includes realized losses relating to the amounts the Partnership paid to settle the Partnership's non-designated cross currency swaps that were entered into as economic hedges in relation to the Partnership's Norwegian Kroner (*NOK*) denominated unsecured bonds. Foreign currency exchange loss also includes unrealized (losses) gains relating to the change in fair value of such derivative instruments, partially offset by unrealized (losses) gains on the revaluation of the *NOK* bonds as detailed in the table below:

|  | Three Months Ended |                      |                   |
|--|--------------------|----------------------|-------------------|
|  | March 31,<br>2019  | December 31,<br>2018 | March 31,<br>2018 |
| Realized losses on cross currency swaps                      | (1,434)            | (1,607)              | (1,384)           |
| Unrealized (losses) gains on cross currency swaps            | (1,920)            | (28,494)             | 22,334            |
| Unrealized (losses) gains on revaluation of <i>NOK</i> bonds | (579)              | 21,066               | (17,487)          |

- (7) Following the termination of the capital lease arrangements for the three LNG carriers in Teekay Nakilat Corporation (the *Teekay Nakilat Joint Venture*), the lessor made a determination that additional rentals were due under the leases following a challenge by the UK taxing authority. As a result, during the three months ended March 31, 2018, the Teekay Nakilat Joint Venture recognized tax indemnification guarantee liability of \$53.0 million for a total liability of \$65.6 million (46.9 million GBP) as at March 31, 2018. During the second and third quarters of 2018, the Teekay Nakilat Joint Venture paid this liability by releasing a \$7.0 million cash deposit it had made with the lessor and making a \$56.0 million cash payment for the balance, which was based on the GBP/USD foreign currency exchange rates at the time the payments were made.

## Teekay LNG Partners L.P.

### Consolidated Balance Sheets

(in thousands of U.S. Dollars)

|   | As at March 31, 2019<br>(unaudited) | As at December 31, 2018<br>(unaudited) |
|---|-------------------------------------|--|
| <b>ASSETS</b>   |                                     |  |
| <b>Current</b>  |                                     |  |
| Cash and cash equivalents   | 122,589                             | 149,014                                |
| Restricted cash – current   | 45,329                              | 38,329                                 |
| Accounts receivable   | 23,962                              | 20,795                                 |
| Prepaid expenses  | 10,937                              | 8,076                                  |
| Current portion of derivative assets                                      | 433                                 | 835                                    |
| Current portion of net investments in direct financing leases             | 12,939                              | 12,635                                 |
| Current portion of advances to equity-accounted joint ventures            | 79,363                              | 79,108                                 |
| Advances to affiliates  | 10,146                              | 8,229                                  |
| Other current assets  | 1,812                               | 2,306                                  |
| <b>Total current assets</b>   | <b>307,510</b>                      | <b>319,327</b>                         |
| Restricted cash – long-term   | 32,686                              | 35,521                                 |
| <b>Vessels and equipment</b>  |                                     |  |
| At cost, less accumulated depreciation                                    | 1,645,351                           | 1,657,338                              |
| Operating lease right-of-use asset <sup>(1)</sup>                         | 19,602                              | —                                      |
| Vessels related to finance leases, at cost, less accumulated depreciation | 1,758,028                           | 1,585,243                              |
| Advances on newbuilding contracts   | —                                   | 86,942                                 |
| <b>Total vessels and equipment</b>  | <b>3,422,981</b>                    | <b>3,329,523</b>                       |
| Investment in and advances to equity-accounted joint ventures             | 1,017,088                           | 1,037,025                              |
| Net investments in direct financing leases                                | 558,857                             | 562,528                                |
| Derivative assets   | 362                                 | 2,362                                  |
| Other assets  | 11,508                              | 11,432                                 |
| Intangible assets – net   | 50,008                              | 52,222                                 |
| Goodwill  | 34,841                              | 34,841                                 |
| <b>Total assets</b>   | <b>5,435,841</b>                    | <b>5,384,781</b>                       |
| <b>LIABILITIES AND EQUITY</b>   |                                     |  |
| <b>Current</b>  |                                     |  |
| Accounts payable  | 6,542                               | 3,830                                  |
| Accrued liabilities   | 73,730                              | 74,753                                 |
| Unearned revenue  | 24,102                              | 30,108                                 |
| Current portion of long-term debt   | 136,272                             | 135,901                                |
| Current obligations related to finance leases                             | 65,090                              | 81,219                                 |
| Current portion of operating lease liabilities <sup>(1)</sup>             | 12,863                              | —                                      |
| Current portion of derivative liabilities                                 | 12,060                              | 11,604                                 |
| Advances from affiliates  | 14,475                              | 14,731                                 |
| <b>Total current liabilities</b>  | <b>345,134</b>                      | <b>352,146</b>                         |
| Long-term debt  | 1,770,812                           | 1,833,875                              |
| Long-term obligations related to finance leases                           | 1,350,897                           | 1,217,337                              |
| Long-term operating lease liabilities <sup>(1)</sup>                      | 6,739                               | —                                      |
| Other long-term liabilities   | 45,966                              | 43,788                                 |
| Derivative liabilities  | 61,164                              | 55,038                                 |
| <b>Total liabilities</b>  | <b>3,580,712</b>                    | <b>3,502,184</b>                       |
| <b>Equity</b>   |                                     |  |
| Limited partners – common units   | 1,493,278                           | 1,496,107                              |
| Limited partners – preferred units  | 285,159                             | 285,159                                |
| General partner   | 49,215                              | 49,271                                 |
| Accumulated other comprehensive (loss) income                             | (23,504)                            | 2,717                                  |
| Partners' equity  | 1,804,148                           | 1,833,254                              |
| Non-controlling interest  | 50,981                              | 49,343                                 |
| <b>Total equity</b>   | <b>1,855,129</b>                    | <b>1,882,597</b>                       |
| <b>Total liabilities and total equity</b>                                 | <b>5,435,841</b>                    | <b>5,384,781</b>                       |

- (1) Upon adoption of the new leasing accounting standard on January 1, 2019, the Partnership's chartered-in contract for the *Magellan Spirit* previously accounted for as an operating lease is now treated as an operating lease right-of-use asset and an operating lease liability. This resulted in an increase in the Partnership's assets and liabilities by \$19.6 million at March 31, 2019. This adoption related to the *Magellan Spirit* chartered-in contract had no impact on the Partnership's Consolidated Statements of Income (Loss).

## Teekay LNG Partners L.P.

### Consolidated Statements of Cash Flows

(in thousands of U.S. Dollars)

|   | Three Month Ended                |                                  |
|---|----------------------------------|----------------------------------|
|   | March 31,<br>2019<br>(unaudited) | March 31,<br>2018<br>(unaudited) |
| Cash, cash equivalents and restricted cash provided by (used for)     |                                  |                                  |
| <b>OPERATING ACTIVITIES</b>   |                                  |                                  |
| <b>Net income (loss)</b>  | 24,125                           | (18,559)                         |
| Non-cash and non-operating items:                                     |                                  |                                  |
| Unrealized loss (gain) on non-designated derivative instruments       | 4,232                            | (12,170)                         |
| Depreciation and amortization   | 34,126                           | 29,267                           |
| Write-down of vessels   | —                                | 18,662                           |
| Unrealized foreign currency exchange (gain) loss                      | (1,767)                          | 584                              |
| Equity income, net of dividends received of \$7,008 (2018 – \$nil)    | 1,430                            | (26,724)                         |
| Other non-cash items  | 9,954                            | (4,245)                          |
| Change in non-cash operating assets and liabilities                   | (17,596)                         | 55,355                           |
| Receipts from direct financing leases                                 | 3,025                            | —                                |
| Expenditures for dry docking  | (4,279)                          | (3,162)                          |
| <b>Net operating cash flow</b>  | <b>53,250</b>                    | <b>39,008</b>                    |
| <b>FINANCING ACTIVITIES</b>   |                                  |                                  |
| Proceeds from issuance of long-term debt                              | 108,551                          | 115,515                          |
| Scheduled repayments of long-term debt                                | (29,476)                         | (25,794)                         |
| Prepayments of long-term debt   | (140,787)                        | (147,675)                        |
| Financing issuance costs  | (903)                            | (2,775)                          |
| Proceeds from financing related to sales and leaseback of vessels     | 158,680                          | 126,273                          |
| Scheduled repayments of obligations related to finance leases         | (17,664)                         | (13,506)                         |
| Repurchase of common units  | (9,497)                          | —                                |
| Cash distributions paid   | (17,646)                         | (16,917)                         |
| Dividends paid to non-controlling interest                            | (20)                             | —                                |
| <b>Net financing cash flow</b>  | <b>51,238</b>                    | <b>35,121</b>                    |
| <b>INVESTING ACTIVITIES</b>   |                                  |                                  |
| Expenditures for vessels and equipment                                | (123,884)                        | (166,610)                        |
| Capital contributions and advances to equity-accounted joint ventures | (2,864)                          | (20,464)                         |
| Proceeds from sale of equity-accounted joint venture                  | —                                | 54,438                           |
| Receipts from direct financing leases                                 | —                                | 2,367                            |
| <b>Net investing cash flow</b>  | <b>(126,748)</b>                 | <b>(130,269)</b>                 |
| <b>Decrease in cash, cash equivalents and restricted cash</b>         | <b>(22,260)</b>                  | <b>(56,140)</b>                  |
| Cash, cash equivalents and restricted cash, beginning of the period   | 222,864                          | 339,435                          |
| <b>Cash, cash equivalents and restricted cash, end of the period</b>  | <b>200,604</b>                   | <b>283,295</b>                   |

## Teekay LNG Partners L.P.

### Appendix A - Reconciliation of Non-GAAP Financial Measures

#### Adjusted Net Income

(in thousands of U.S. Dollars)

|  | Three Months Ended |                |
|--|--------------------|----------------|
|  | March 31,          |                |
|  | 2019               | 2018           |
|  | (unaudited)        | (unaudited)    |
| Net income (loss) – GAAP basis   | 24,125             | (18,559)       |
| Less: Net (income) loss attributable to non-controlling interests  | (2,508)            | 11,665         |
| <b>Net income attributable to the partners and preferred unitholders</b>   | <b>21,617</b>      | <b>(6,894)</b> |
| Add (subtract) specific items affecting net income:  |                    |                |
| Write-down of vessels <sup>(1)</sup>   | —                  | 18,662         |
| Restructuring charges <sup>(2)</sup>   | 2,158              | 1,396          |
| Unrealized foreign currency exchange gains <sup>(3)</sup>  | (876)              | (211)          |
| Unrealized losses (gains) on non-designated and designated derivative instruments and other items from equity-accounted investees <sup>(4)</sup> | 4,705              | (16,658)       |
| Unrealized losses (gains) on non-designated derivative instruments <sup>(5)</sup>  | 4,232              | (12,170)       |
| Other items <sup>(6)</sup>   | 1,998              | 52,534         |
| Non-controlling interests' share of items above <sup>(7)</sup>   | (469)              | (14,601)       |
| Total adjustments  | 11,748             | 28,952         |
| <b>Adjusted net income attributable to the partners and preferred unitholders</b>  | <b>33,365</b>      | <b>22,058</b>  |
| Preferred unitholders' interest in adjusted net income   | 6,425              | 6,425          |
| General partner's interest in adjusted net income  | 539                | 313            |
| Limited partners' interest in adjusted net income  | 26,401             | 15,320         |
| Limited partners' interest in adjusted net income per common unit, basic   | 0.34               | 0.19           |
| Weighted-average number of common units outstanding, basic   | 78,598,678         | 79,637,607     |

- (1) See Note 2 to the Consolidated Statements of Income (Loss) included in this release for further details.
- (2) See Note 3 to the Consolidated Statements of Income (Loss) included in this release for further details.
- (3) Unrealized foreign currency exchange gains primarily relate to the Partnership's revaluation of all foreign currency-denominated monetary assets and liabilities based on the prevailing exchange rate at the end of each reporting period and unrealized losses (gains) on the cross currency swaps economically hedging the Partnership's NOK bonds. This amount excludes the realized losses relating to the cross currency swaps for the NOK bonds. See Note 6 to the Consolidated Statements of Income (Loss) included in this release for further details.
- (4) Reflects the unrealized losses (gains) due to changes in the mark-to-market value of derivative instruments that are not designated as hedges for accounting purposes. In addition, for the three months ended March 31, 2018, it includes the gain on sale by the Partnership of its 50 percent investment in the Excelsior Joint Venture, which owned one regasification unit; any ineffectiveness for derivative instruments designated as hedges for accounting purposes; and loss on sale of vessel within the Partnership's equity-accounted investments. See Note 4 to the Consolidated Statements of Income (Loss) included in this release for further details.
- (5) Reflects the unrealized losses (gains) due to changes in the mark-to-market value of derivative instruments that are not designated as hedges for accounting purposes. See Note 5 to the Consolidated Statements of Income (Loss) included in this release for further details.
- (6) Included in other items for the three months ended March 31, 2019 is loan extinguishment costs related to the Partnership's refinancing of one of its debt facilities. Included in other items for the three months ended March 31, 2018 is the additional tax indemnification guarantee liability, as described in Note 7 to the Consolidated Statements of Income (Loss) included in this release for further details.
- (7) Items affecting net income (loss) include items from the Partnership's consolidated non-wholly-owned subsidiaries. The specific items affecting net income (loss) are analyzed to determine whether any of the amounts originated from a consolidated non-wholly-owned subsidiary. Each amount that originates from a consolidated non-wholly-owned subsidiary is multiplied by the non-controlling interests' percentage share in this subsidiary to arrive at the non-controlling interests' share of the amount. The amount identified as "non-controlling interests' share of items listed above" in the table above is the cumulative amount of the non-controlling interests' proportionate share of the other specific items affecting net income (loss) listed in the table.

## Teekay LNG Partners L.P.

### Appendix B - Reconciliation of Non-GAAP Financial Measures

#### Distributable Cash Flow (DCF)

(in thousands of U.S. Dollars, except units outstanding and per unit data)

|  | Three Months Ended |               |
|--|--------------------|---------------|
|  | March 31,          |               |
|  | 2019               | 2018          |
|  | (unaudited)        | (unaudited)   |
| Net income (loss):   | 24,125             | (18,559)      |
| Add:   |                    |               |
| Depreciation and amortization  | 34,126             | 29,267        |
| Partnership's share of equity-accounted joint ventures' DCF net of estimated maintenance capital expenditures <sup>(1)</sup> | 18,748             | 18,726        |
| Deferred income tax and other non-cash items   | 3,765              | (834)         |
| Unrealized loss (gain) on non-designated derivative instruments  | 4,232              | (12,170)      |
| Direct finance lease payments received in excess of revenue recognized and other adjustments                                 | 3,218              | 2,887         |
| Distributions relating to equity financing of newbuildings   | 1,193              | 2,421         |
| Additional tax indemnification guarantee liability   | —                  | 53,000        |
| Write-down of vessels  | —                  | 18,662        |
| Less:  |                    |               |
| Ineffective portion on qualifying cash flow hedging instruments included in interest expense                                 | —                  | (740)         |
| Portion of additional tax indemnification guarantee liability previously recognized in DCF                                   | —                  | (3,849)       |
| Unrealized foreign currency exchange gain  | (876)              | (211)         |
| Equity income  | (5,578)            | (26,724)      |
| Distributions relating to preferred units  | (6,425)            | (6,425)       |
| Estimated maintenance capital expenditures   | (17,034)           | (14,907)      |
| <b>Distributable Cash Flow before non-controlling interest</b>   | <b>59,494</b>      | <b>40,544</b> |
| Non-controlling interests' share of DCF before estimated maintenance capital expenditures                                    | (5,280)            | (5,203)       |
| <b>Distributable Cash Flow</b>   | <b>54,214</b>      | <b>35,341</b> |
| Amount of cash distributions attributable to the general partner   | (305)              | (228)         |
| <b>Limited partners' Distributable Cash Flow</b>   | <b>53,909</b>      | <b>35,113</b> |
| Weighted-average number of common units outstanding  | 78,598,678         | 79,637,607    |
| <b>Distributable Cash Flow per limited partner common unit</b>   | <b>0.69</b>        | <b>0.44</b>   |

(1) The estimated maintenance capital expenditures relating to the Partnership's share of equity-accounted joint ventures were \$11.0 million and \$8.2 million for the three months ended March 31, 2019 and 2018, respectively.

## Teekay LNG Partners L.P.

### Appendix C - Reconciliation of Non-GAAP Financial Measures

### Total Adjusted EBITDA

(in thousands of U.S. Dollars)

|  | Three Months Ended |                |
|--|--------------------|----------------|
|  | March 31,          |                |
|  | 2019               | 2018           |
|  | (unaudited)        | (unaudited)    |
| <b>Net income (loss)</b>   | 24,125             | (18,559)       |
| Depreciation and amortization  | 34,126             | 29,267         |
| Interest expense, net of interest income   | 41,139             | 23,792         |
| Income tax expense   | 2,578              | 779            |
| <b>EBITDA</b>  | <b>101,968</b>     | <b>35,279</b>  |
| <i>Add (subtract) specific income statement items affecting EBITDA:</i>                      |                    |                |
| Foreign currency exchange loss   | 731                | 1,273          |
| Other (income) expense - net   | (251)              | 52,582         |
| Equity income  | (5,578)            | (26,724)       |
| Realized and unrealized loss (gain) on derivative instruments                                | 6,617              | (8,001)        |
| Write-down of vessels  | —                  | 18,662         |
| Direct finance lease payments received in excess of revenue recognized and other adjustments | 3,218              | 2,887          |
| Amortization of in-process contracts included in voyage revenues                             | —                  | (1,263)        |
| Realized gain on Toledo Spirit derivative contract   | —                  | 309            |
| <b>Consolidated adjusted EBITDA</b>  | <b>106,705</b>     | <b>75,004</b>  |
| Adjusted EBITDA from equity-accounted vessels (See Appendix E)                               | 51,509             | 42,591         |
| <b>Total Adjusted EBITDA</b>   | <b>158,214</b>     | <b>117,595</b> |

## Teekay LNG Partners L.P.

### Appendix D - Reconciliation of Non-GAAP Financial Measures

### Consolidated Adjusted EBITDA by Segment

(in thousands of U.S. Dollars)

| Three Months Ended March 31, 2019  |                               |                                 |                             |          |
|--|-------------------------------|---------------------------------|-----------------------------|----------|
| (unaudited)  |                               |                                 |                             |          |
|  | Liquefied Natural Gas Segment | Liquefied Petroleum Gas Segment | Conventional Tanker Segment | Total    |
| Voyage revenues  | 137,822                       | 9,160                           | 2,762                       | 149,744  |
| Voyage (expenses) recoveries   | (1,238)                       | (4,670)                         | 133                         | (5,775)  |
| Vessel operating expenses  | (20,555)                      | (4,352)                         | (1,194)                     | (26,101) |
| Time-charter hire expense  | (5,591)                       | —                               | —                           | (5,591)  |
| Depreciation and amortization  | (31,686)                      | (1,921)                         | (519)                       | (34,126) |
| General and administrative expenses  | (5,963)                       | (563)                           | (106)                       | (6,632)  |
| Restructuring charges  | —                             | —                               | (2,158)                     | (2,158)  |
| Income (loss) from vessel operations   | 72,789                        | (2,346)                         | (1,082)                     | 69,361   |
| Depreciation and amortization  | 31,686                        | 1,921                           | 519                         | 34,126   |
| Direct finance lease payments received in excess of revenue recognized and other adjustments | 3,218                         | —                               | —                           | 3,218    |
| Consolidated Adjusted EBITDA   | 107,693                       | (425)                           | (563)                       | 106,705  |

| Three Months Ended March 31, 2018  |                               |                                 |                             |          |
|--|-------------------------------|---------------------------------|-----------------------------|----------|
| (unaudited)  |                               |                                 |                             |          |
|  | Liquefied Natural Gas Segment | Liquefied Petroleum Gas Segment | Conventional Tanker Segment | Total    |
| Voyage revenues  | 101,426                       | 3,623                           | 10,257                      | 115,306  |
| Voyage expenses  | (421)                         | (2,387)                         | (2,993)                     | (5,801)  |
| Vessel operating expenses  | (20,163)                      | (4,025)                         | (3,779)                     | (27,967) |
| Depreciation and amortization  | (25,479)                      | (1,742)                         | (2,046)                     | (29,267) |
| General and administrative expenses  | (5,154)                       | (1,133)                         | (784)                       | (7,071)  |
| Write-down of vessels  | —                             | —                               | (18,662)                    | (18,662) |
| Restructuring charges  | —                             | —                               | (1,396)                     | (1,396)  |
| Income (loss) from vessel operations   | 50,209                        | (5,664)                         | (19,403)                    | 25,142   |
| Depreciation and amortization  | 25,479                        | 1,742                           | 2,046                       | 29,267   |
| Write-down of vessels  | —                             | —                               | 18,662                      | 18,662   |
| Amortization of in-process contracts included in voyage revenues                             | (1,155)                       | —                               | (108)                       | (1,263)  |
| Direct finance lease payments received in excess of revenue recognized and other adjustments | 2,887                         | —                               | —                           | 2,887    |
| Realized gain on Toledo Spirit derivative contract   | —                             | —                               | 309                         | 309      |
| Consolidated Adjusted EBITDA   | 77,420                        | (3,922)                         | 1,506                       | 75,004   |

## Teekay LNG Partners L.P.

### Appendix E - Reconciliation of Non-GAAP Financial Measures Adjusted EBITDA from Equity-Accounted Vessels

|  | Three Months Ended |   |                |   |
|--|--------------------|---|----------------|---|
|  | March 31, 2019     |   | March 31, 2018 |   |
|  | (unaudited)        |   | (unaudited)    |   |
|  | At<br>100%         | Partnership's<br>Portion <sup>(1)</sup> | At<br>100%     | Partnership's<br>Portion <sup>(1)</sup> |
| Voyage revenues  | 170,251            | 72,731                                  | 140,052        | 61,964                                  |
| Voyage expenses  | (2,880)            | (1,447)                                 | (2,561)        | (1,283)                                 |
| Vessel operating expenses, time-charter hire expense and general and administrative expenses | (54,387)           | (23,972)                                | (47,642)       | (21,622)                                |
| Depreciation and amortization  | (28,640)           | (13,785)                                | (25,438)       | (12,728)                                |
| Loss on sale of vessel   | —                  | —                                       | (514)          | (257)                                   |
| Income from vessel operations of equity-accounted vessels                                    | 84,344             | 33,527                                  | 63,897         | 26,074                                  |
| Net interest expense   | (53,146)           | (21,278)                                | (33,403)       | (14,644)                                |
| Income tax expense   | (2,781)            | (1,051)                                 | (26)           | (13)                                    |
| Other items including realized and unrealized (loss) gain on derivative instruments          | (16,906)           | (5,620)                                 | 31,759         | 9,744                                   |
| Gain on sale of equity-accounted investment <sup>(2)</sup>                                   | —                  | —                                       | —              | 5,563                                   |
| Net income / equity income of equity-accounted vessels                                       | 11,511             | 5,578                                   | 62,227         | 26,724                                  |
| Net income / equity income of equity-accounted LNG vessels                                   | 15,183             | 7,493                                   | 63,431         | 27,404                                  |
| Net loss / equity loss of equity-accounted LPG vessels                                       | (3,672)            | (1,915)                                 | (1,204)        | (680)                                   |
| Net income / equity income of equity-accounted vessels                                       | 11,511             | 5,578                                   | 62,227         | 26,724                                  |
| Depreciation and amortization  | 28,640             | 13,785                                  | 25,438         | 12,728                                  |
| Net interest expense   | 53,146             | 21,278                                  | 33,403         | 14,644                                  |
| Income tax expense   | 2,781              | 1,051                                   | 26             | 13                                      |
| EBITDA from equity-accounted vessels   | 96,078             | 41,692                                  | 121,094        | 54,109                                  |
| <i>Add (subtract) specific income statement items affecting EBITDA:</i>                      |                    |   |                |   |
| Other items including realized and unrealized loss (gain) on derivative instruments          | 16,906             | 5,620                                   | (31,759)       | (9,744)                                 |
| Loss on sale of vessel   | —                  | —                                       | 514            | 257                                     |
| Direct finance lease payments received in excess of revenue recognized                       | 14,689             | 5,133                                   | 12,519         | 4,488                                   |
| Amortization of in-process contracts   | (1,722)            | (936)                                   | (1,816)        | (956)                                   |
| Gain on sale of equity-accounted investment <sup>(2)</sup>                                   | —                  | —                                       | —              | (5,563)                                 |
| Adjusted EBITDA from equity-accounted vessels  | 125,951            | 51,509                                  | 100,552        | 42,591                                  |
| Adjusted EBITDA from equity-accounted LNG vessels  | 110,902            | 43,986                                  | 88,072         | 36,351                                  |
| Adjusted EBITDA from equity-accounted LPG vessels  | 15,049             | 7,523                                   | 12,480         | 6,240                                   |

(1) The Partnership's equity-accounted vessels for the three months ended March 31, 2019 and 2018 include: the Partnership's 40 percent ownership interest in Teekay Nakilat (III) Corporation, which owns four LNG carriers; the Partnership's 49 percent ownership interest in the Partnership's joint venture with Exmar NV (the *Excalibur Joint Venture*), which owns one LNG carrier; the Partnership's 50 percent ownership interest up to January 2018 in the Excelsior Joint Venture, which owns one regasification unit; the Partnership's 33 percent ownership interest in four LNG carriers servicing the Angola LNG project; the Partnership's 52 percent ownership interest in the Teekay LNG-Marubeni Joint Venture, which owns six LNG carriers; the Partnership's 50 percent ownership interest in Exmar LPG BVBA, which owns and in-charters 22 LPG carriers as at March 31, 2019, compared to 22 owned and in-chartered LPG carriers, including two LPG carrier newbuildings, as at March 31, 2018; the Partnership's ownership interest ranging from 20 to 30 percent in four LNG carriers as at March 31, 2019 for Shell, compared to two LNG carriers and two LNG carrier newbuildings as at March 31, 2018; the Partnership's 50 percent ownership interest in two ARC7 LNG carriers and four ARC7 LNG carrier newbuildings in the Yamal LNG Joint Venture as at March 31, 2019, compared to one ARC7 LNG carrier and five ARC7 LNG carrier newbuildings as at March 31, 2018; and the Partnership's 30 percent ownership interest in the Bahrain LNG Joint Venture, which owns an LNG receiving and regasification terminal under construction in Bahrain.

(2) On January 31, 2018, the Partnership sold its 50 percent ownership interest in the Excelsior Joint Venture, which resulted in gain of \$5.6 million for the three months ended March 31, 2018.



## Teekay LNG Partners L.P.

### Appendix F - Summarized Financial Information of Equity-Accounted Joint Ventures

(in thousands of U.S. Dollars)

|  | As at March 31, 2019 |   | As at December 31, 2018 |   |
|--|----------------------|---|-------------------------|---|
|  | (unaudited)          |   | (unaudited)             |   |
|  | At<br>100%           | Partnership's<br>Portion <sup>(1)</sup> | At<br>100%              | Partnership's<br>Portion <sup>(1)</sup> |
| Cash and restricted cash, current and non-current  | 419,715              | 169,223                                 | 388,820                 | 164,247                                 |
| Current portion of derivative assets   | 3,216                | 1,488                                   | 4,840                   | 2,225                                   |
| Other current assets   | 68,508               | 30,928                                  | 86,424                  | 31,129                                  |
| Vessels and equipment, including vessels related to finance leases and operating lease right-of-use assets | 2,372,143            | 1,164,036                               | 2,327,971               | 1,141,364                               |
| Advances on newbuilding contracts  | 1,287,701            | 504,827                                 | 1,321,284               | 494,486                                 |
| Net investments in sales-type and direct financing leases, current and non-current                         | 3,310,651            | 1,203,917                               | 3,089,375               | 1,163,980                               |
| Derivative assets  | 1,727                | 864                                     | 10,660                  | 3,977                                   |
| Other non-current assets   | 46,661               | 38,137                                  | 50,625                  | 37,690                                  |
| <b>Total assets</b>  | <b>7,510,322</b>     | <b>3,113,420</b>                        | <b>7,279,999</b>        | <b>3,039,098</b>                        |
| Current portion of long-term debt and obligations related to finance leases and operating leases           | 257,207              | 111,052                                 | 284,150                 | 125,984                                 |
| Current portion of derivative liabilities  | 14,351               | 5,008                                   | 12,695                  | 4,420                                   |
| Other current liabilities  | 122,102              | 53,525                                  | 127,266                 | 53,874                                  |
| Long-term debt and obligations related to finance leases and operating leases                              | 4,471,572            | 1,770,888                               | 4,202,745               | 1,680,986                               |
| Shareholders' loans, current and non-current   | 367,680              | 131,629                                 | 367,475                 | 131,386                                 |
| Derivative liabilities   | 107,829              | 42,439                                  | 61,814                  | 23,149                                  |
| Other long-term liabilities  | 67,220               | 34,057                                  | 67,793                  | 34,552                                  |
| Equity   | 2,102,361            | 964,822                                 | 2,156,061               | 984,747                                 |
| <b>Total liabilities and equity</b>  | <b>7,510,322</b>     | <b>3,113,420</b>                        | <b>7,279,999</b>        | <b>3,039,098</b>                        |
| Investments in equity-accounted joint ventures   |                      | 964,822                                 |                         | 984,747                                 |
| Advances to equity-accounted joint ventures  |                      | 131,629                                 |                         | 131,386                                 |
| Investments in and advances to equity-accounted joint ventures, current and non-current portions           |                      | 1,096,451                               |                         | 1,116,133                               |

- (1) The Partnership's equity-accounted vessels as at March 31, 2019 and December 31, 2018 include: the Partnership's 40 percent ownership interest in Teekay Nakilat (III) Corporation, which owns four LNG carriers; the Partnership's 49 percent ownership interests in the Excalibur Joint Venture, which owns one LNG carrier; the Partnership's 33 percent ownership interest in four LNG carriers servicing the Angola LNG project; the Partnership's 52 percent ownership interest in the Teekay LNG-Marubeni Joint Venture, which owns six LNG carriers; the Partnership's 50 percent ownership interest in Exmar LPG BVBA, which owns and in-charters 22 LPG carriers; the Partnership's ownership interest ranging from 20 percent to 30 percent in four LNG carriers as at March 31, 2019 for Shell, compared to three LNG carriers and one LNG carrier newbuilding as at December 31, 2018; the Partnership's 50 percent ownership interest in two ARC7 LNG carriers and four ARC7 LNG carrier newbuildings in the Yamal LNG Joint Venture as at March 31, 2019; and the Partnership's 30 percent ownership interest in the Bahrain LNG Joint Venture, which owns an LNG receiving and regasification terminal under construction in Bahrain.

## Forward-Looking Statements

This release contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements, among other things, regarding: the timing of newbuilding vessel deliveries (including expected early deliveries, where applicable) and completion of the Bahrain regasification facility, and the commencement of related contracts; the effects of future newbuilding deliveries, recent new charters and the completion of the Bahrain facility on the Partnership's Total Adjusted EBITDA, earnings and financial leverage; expectations on the Partnership's 2019 financial results; the strength of the LNG and LPG carrier market; the expected commencement date of the charter contracts for the *Magellan Spirit*, *Arwa Spirit* and *Marib Spirit* LNG carriers; the Partnership's capital allocation plan and its ability to create equity value and allocate excess capital in the future; and Teekay LNG's ability to benefit from future LNG fundamentals. 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; deliveries of vessels under charter contracts and the commencement thereof; changes in production of LNG or LPG, either generally or in particular regions; changes in trading patterns or timing of start-up of new LNG liquefaction and regasification projects significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; the potential for early termination of long-term contracts of existing vessels in the Partnership's fleet; higher than expected costs and expenses; general market conditions and trends, including spot, multi-month and multi-year charter rates; 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 or the Partnership's joint ventures' ability to secure or draw on financings for its vessels; potential lack of cash flow to reduce balance sheet leverage or of excess capital available to allocate; 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, 2018. 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.