

# **Teekay Tankers**

## **Q2-2019 Earnings Presentation**

**August 1, 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: crude oil and refined product tanker market fundamentals, including the balance of supply and demand in the oil and tanker markets, the occurrence and expected timing of a tanker market recovery, the impact of geopolitical tensions, forecasts of worldwide tanker fleet growth, the amount of tanker scrapping and newbuilding tanker deliveries, estimated increase in vessel off-hire time, estimated growth in global oil demand and supply, future tanker rates, future OPEC oil production, the expected increase in global refinery throughput, the expected increase in U.S. crude oil production, pipeline capacity and exports and the corresponding impact on tanker demand, tanker spot rates and the Company's full service lightering business, and the estimated impact of IMO 2020 regulations on refinery throughput and tanker demand; the Company's liquidity and market position; and the timing for completion of the transition to the Company's new RSA structure. 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; the impact of geopolitical tensions; greater or less than anticipated levels of tanker newbuilding orders and deliveries and 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, including IMO 2020; increased costs; the availability under the Company's revolving credit facilities and loans; 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, 2018. 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

---

### Q2-19 Results

Total adjusted EBITDA<sup>(1)</sup> of \$36.2 million, up from \$16.6 million in Q2-18

Adjusted net loss<sup>(1)</sup> of \$(12.1) million, or \$(0.05) per share, up from adjusted net loss<sup>(1)</sup> of \$(28.7) million, or \$(0.11) per share, in Q2-18

### Strong full service lightering results

U.S. crude exports averaged a record high 3.0 mb/d in Q2-19

Rising U.S. crude exports drove TNK's Aframax TCE returns \$4,000 per day above market average in Q2-19

### Tanker Market

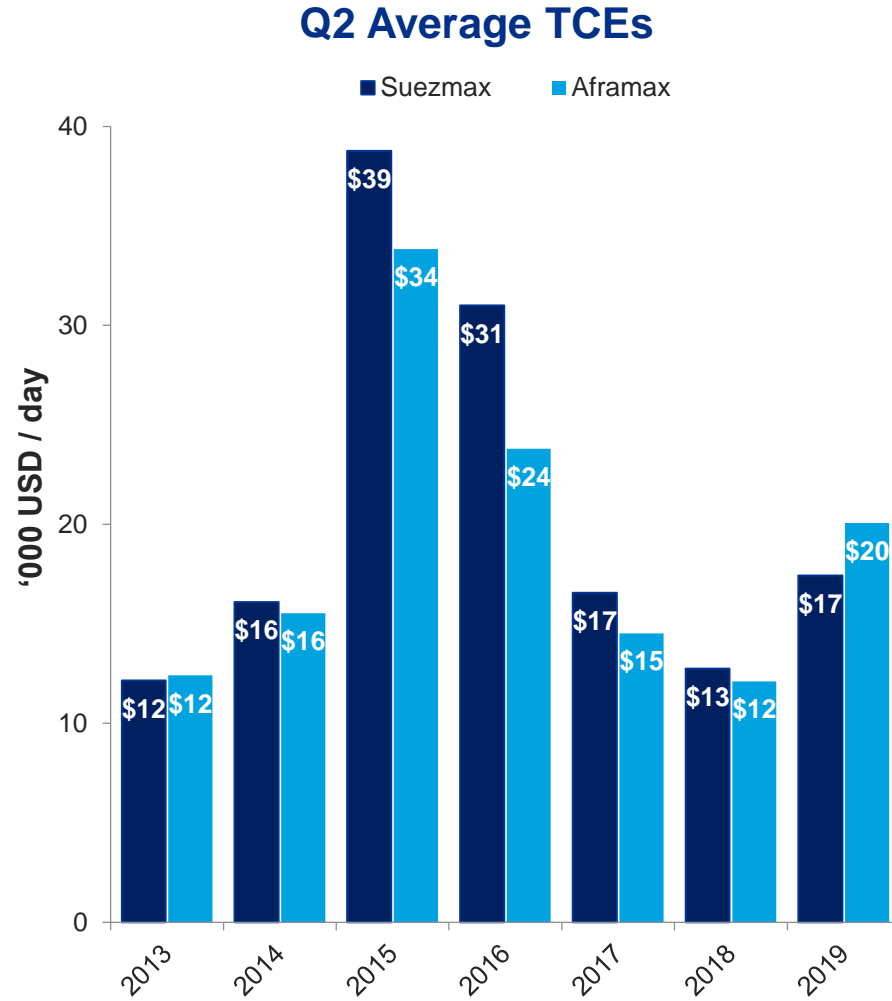
Tanker rates higher y-o-y in Q2-19

Beginning of Q3-19 affected by seasonal weakness, but fundamentals expected to tighten later in the year

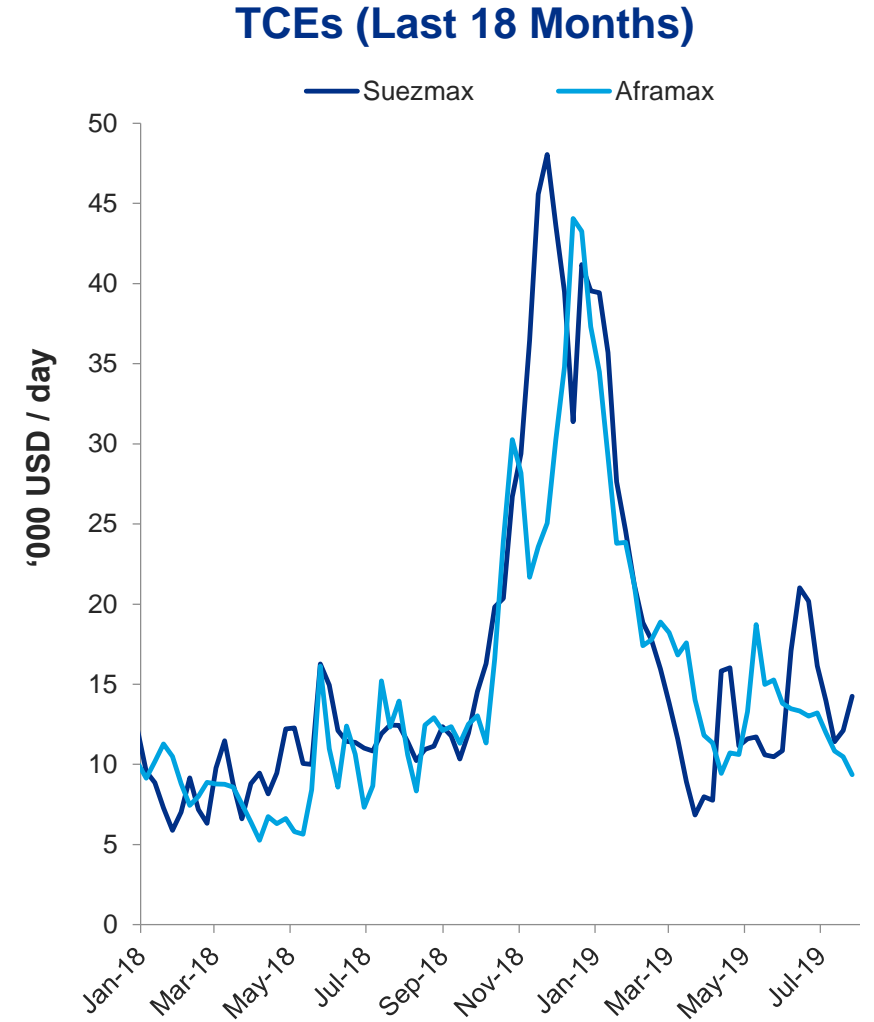
(1) These are non-GAAP financial measures. Please see Teekay Tankers' Q2-19 earnings release for definitions and reconciliations to the comparable GAAP measures.

## Strongest Q2 TCEs Since 2016

Seasonal weakness at the start of Q3, but increased year-on-year volatility indicates a tighter supply / demand balance



Source: Teekay Tankers

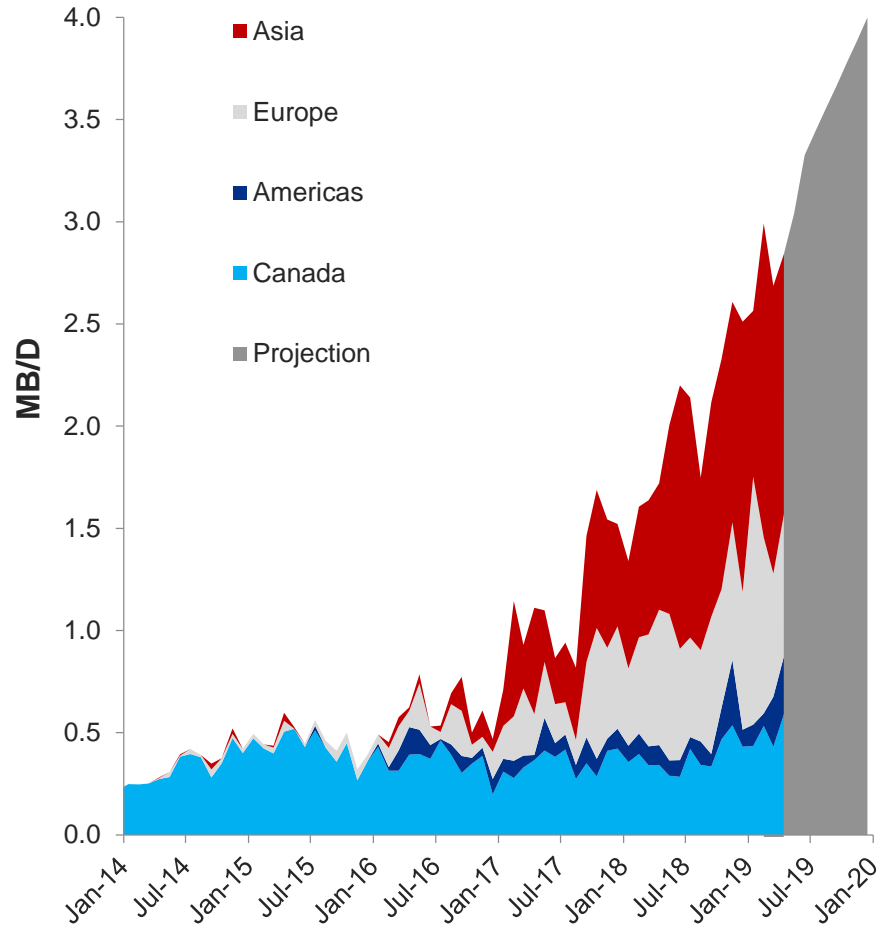


Source: Clarksons

## U.S. Gulf Lightering Boosts Aframax Results

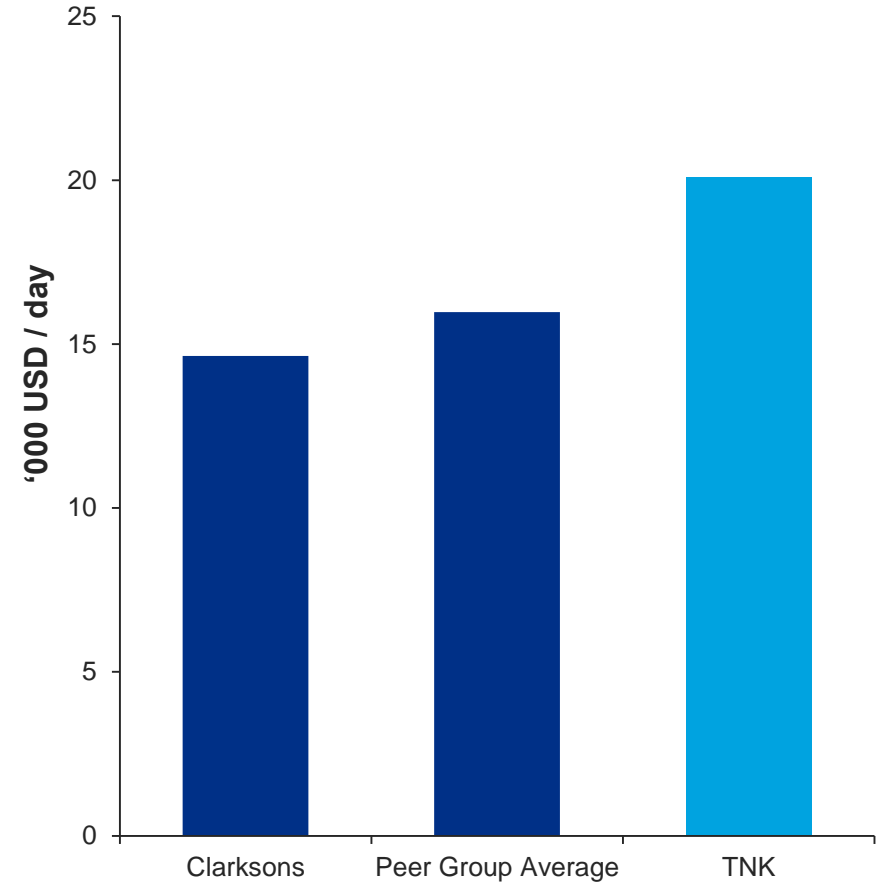
U.S. crude oil export growth leading to increased lightering demand

### U.S. Crude Oil Exports



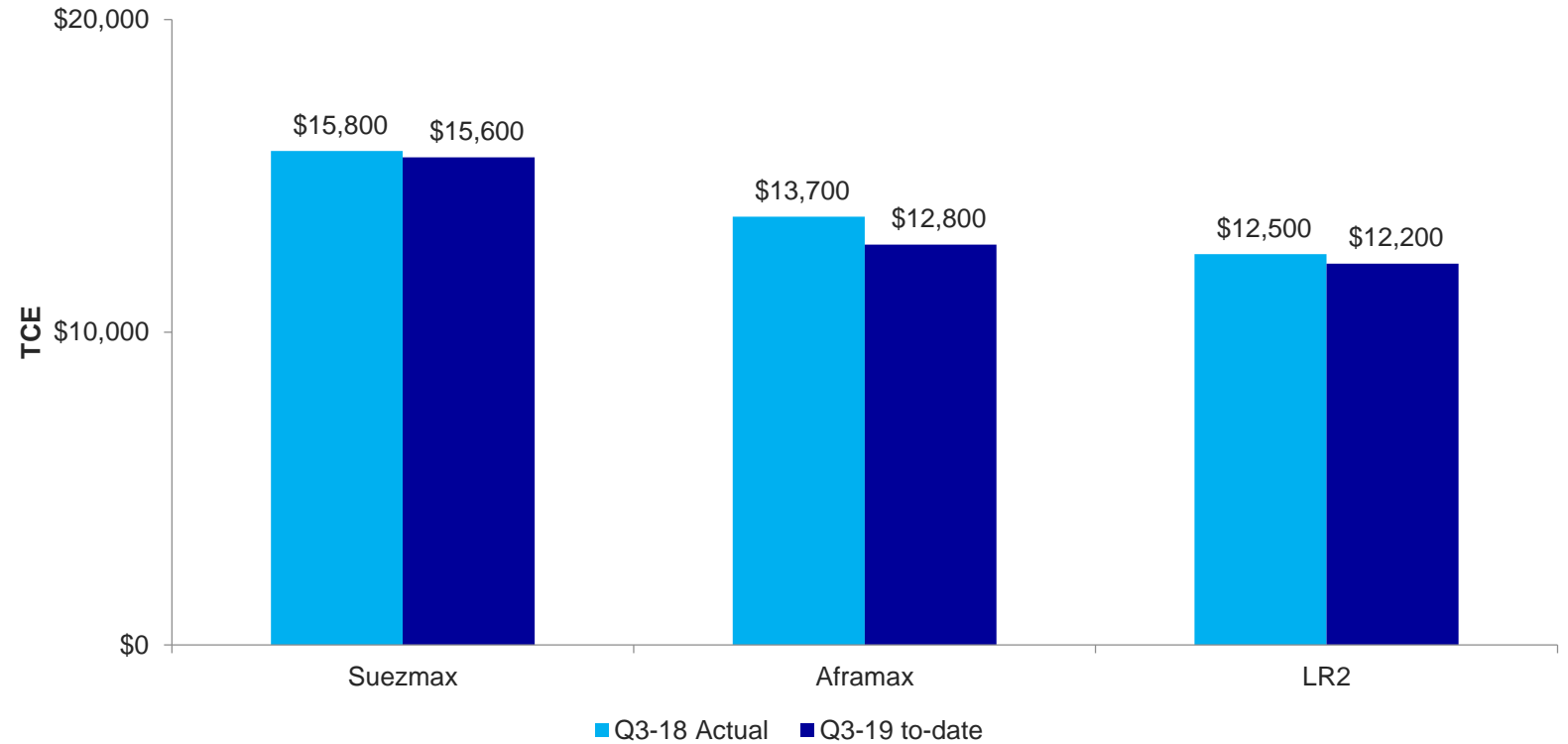
Source: EIA / Internal Estimates

### Q2-2019 TNK Aframax TCEs vs. Benchmarks



Source: Clarksons / Internal

## Q3-19 Spot TCEs Update



	Suezmax	Aframax	LR2
Q3-19 spot ship days available	2,567	1,915	710
Q3-19 % booked to-date	37%	37%	32%

- (1) Combined average spot TCE rate including Teekay Suezmax RSA, Teekay Suezmax Classic RSA and non-pool voyage charters  
 (2) Combined average spot TCE rate including Teekay Aframax RSA, Teekay Aframax Classic 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.

## Market Outlook

---

Demand / supply balance expected to tighten later in the year leading to increased volatility and higher rates

### Demand Drivers

---

- + Global refinery throughput projected to be 2.4 mb/d higher in 2H-19 vs. 1H-19
- + U.S. crude exports projected to reach 4 mb/d by end-2019 and may reach 5 mb/d by the end of 2020
- + IMO 2020 could lead to new trade patterns / arbitrage movements, floating storage, and increased port congestion
- ≈ Downward revision of 2019 oil demand growth forecast to 1.1 mb/d, but rebounding to 1.4 mb/d growth in 2020
- OPEC supply cuts extended through to March 2020
- Venezuela sanctions negative for regional mid-size tanker markets

### Supply Drivers

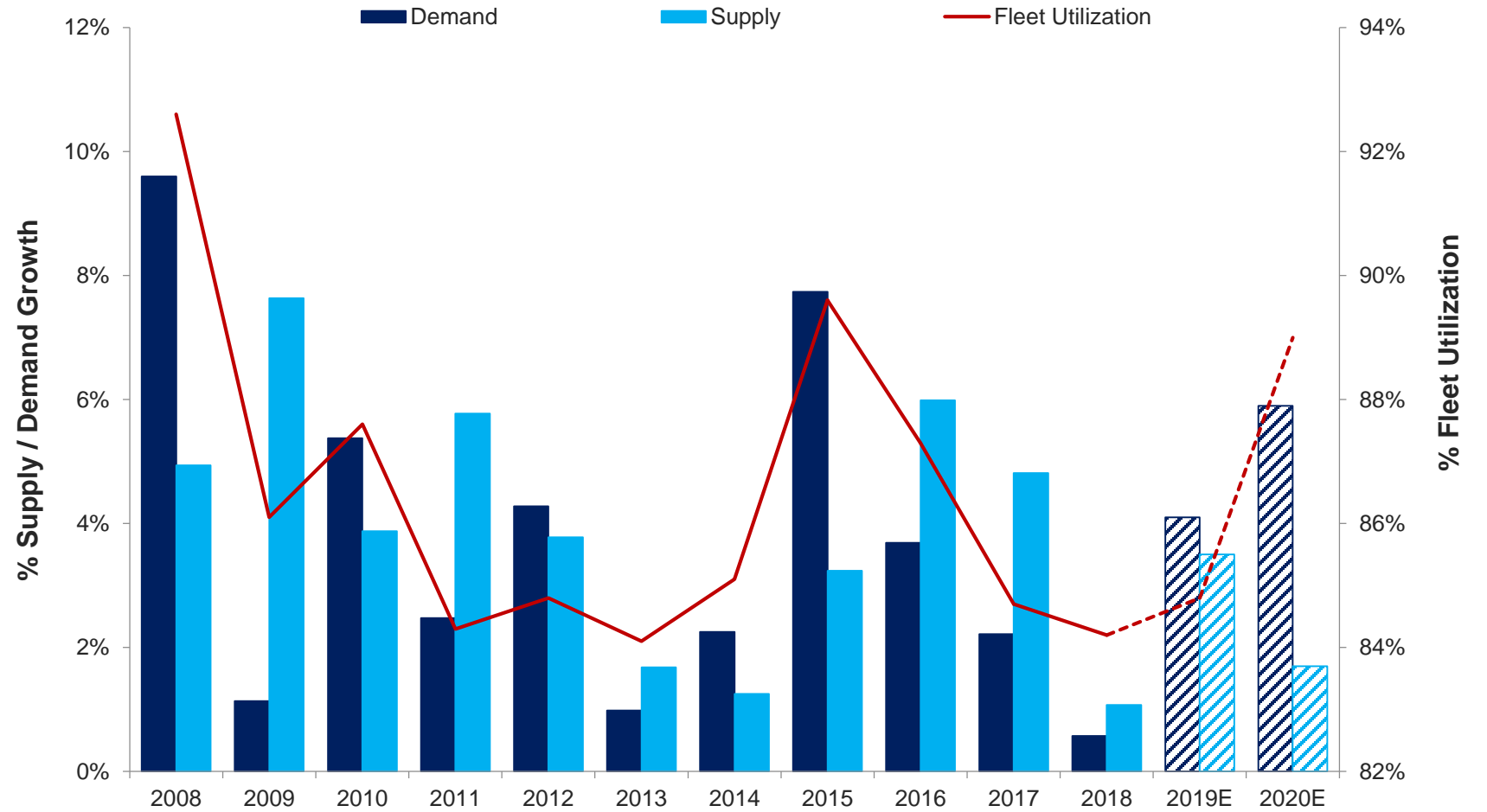
---

- + Tanker orderbook stands at 8.7% of the existing fleet size (lowest since 1997)
- + Fleet growth projected to slow to approx. 2% in 2020
- + Major shipyards currently booked through mid-2021
- + Increase in vessel off-hire time expected during 2H-19 as vessels are taken out of service to retrofit scrubbers
- Lower than expected tanker scrapping in 2019 ytd

# Tanker Fleet Utilization Forecast

Fleet utilization set to approach 90% in 2020

## Tanker Fleet Utilization Forecast



Source: Clarksons / Internal Estimates







**Save The Date**



**October 2, 2019**

**Grand Hyatt Hotel, New York**

8:00 - 8:30 am  
8:30 - 11:30 am

Registration  
Presentations (1x1s to follow)

To RSVP:

[Register Online](#)

For more information, and to  
request a 1x1 investor meeting:

+1 604 609 6437

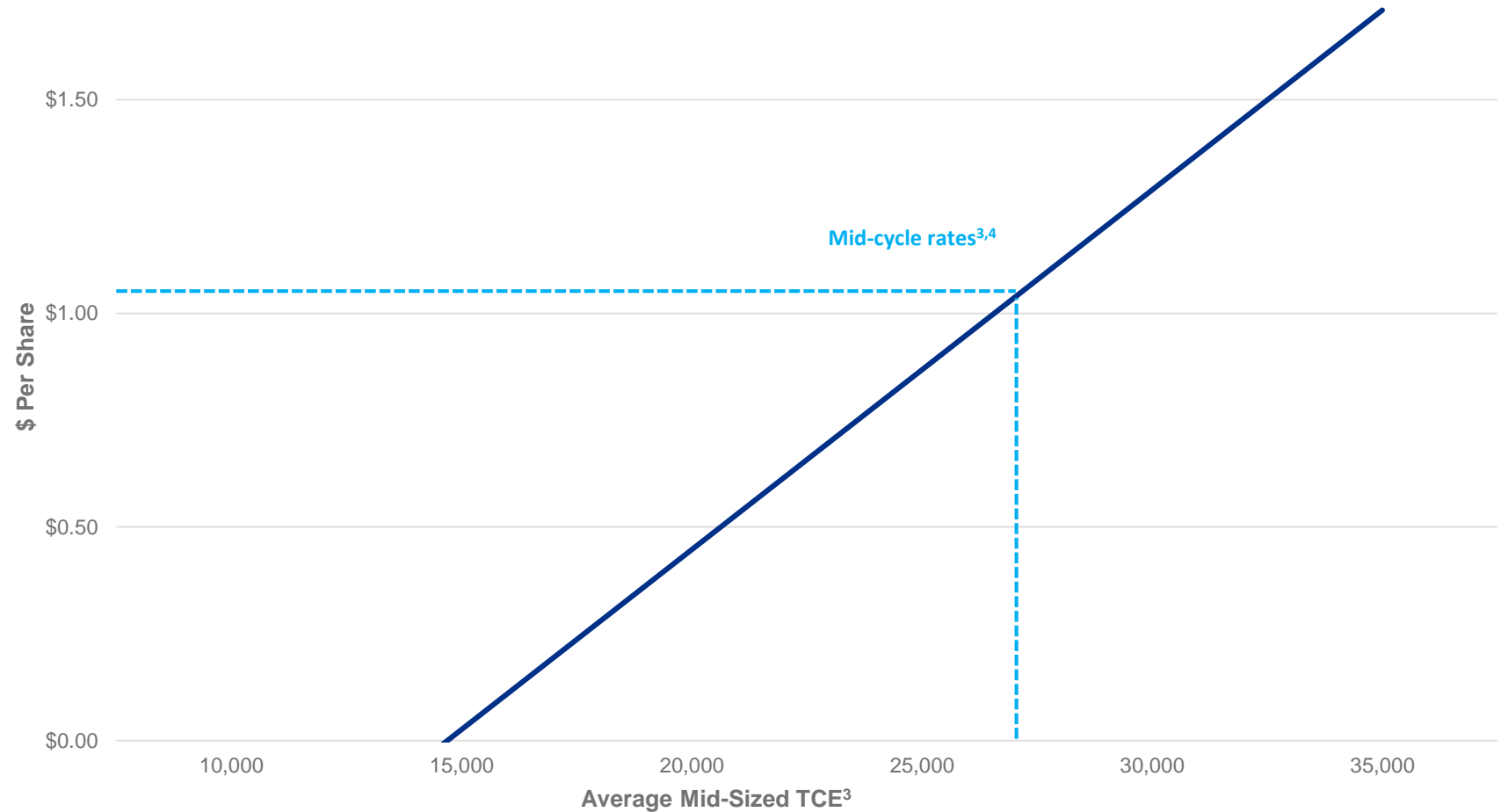
emily.yee@teekay.com



# Appendix

## TNK Offers Significant Upside in Tanker Market Recovery

FCF<sup>1</sup> Per Share Spot Rate Sensitivity<sup>2</sup>



(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.

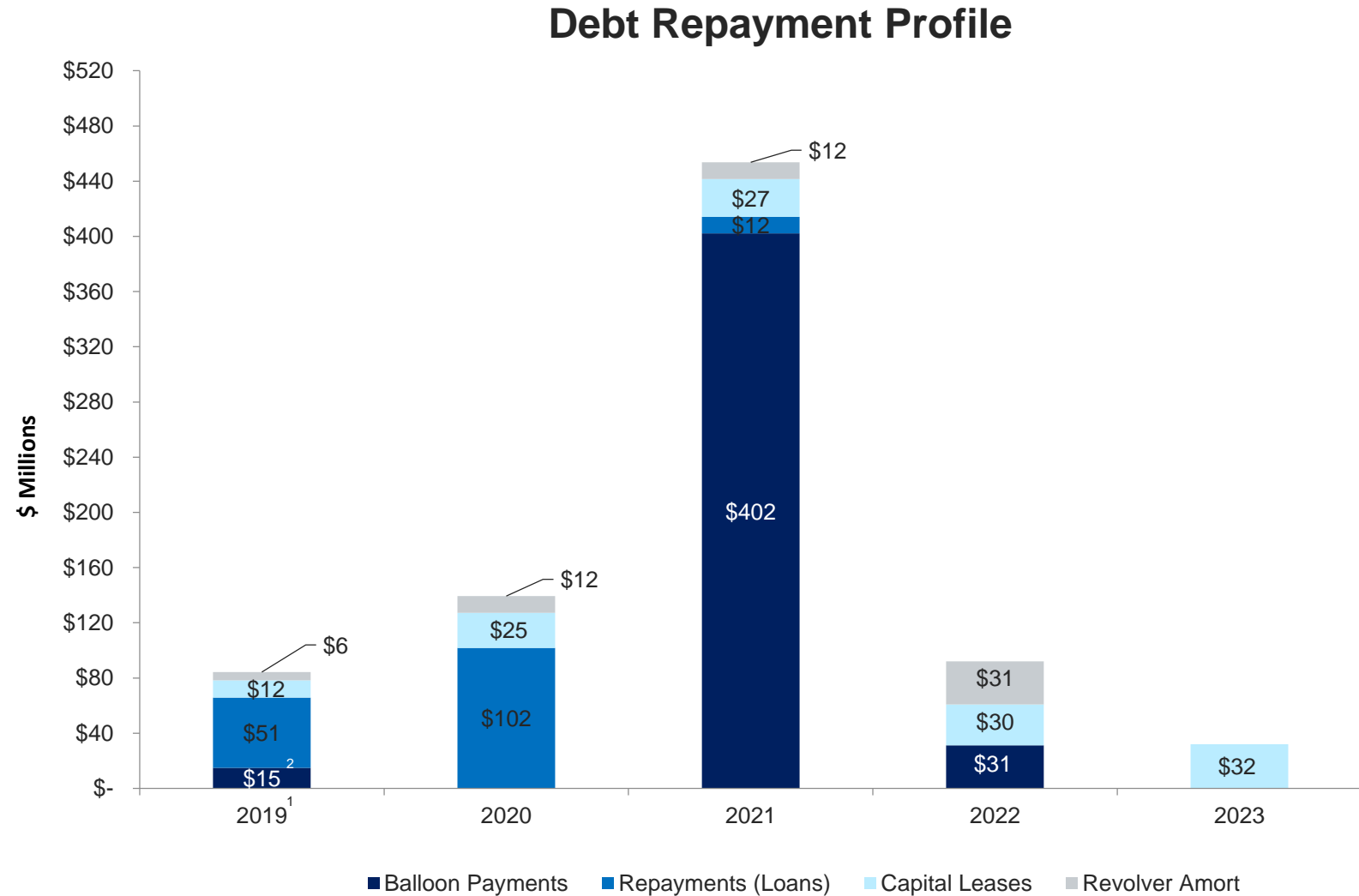
(2) For 12 months ending Q2-20

(3) Based on weighted average number of forecast Suezmax and Aframax / LR2 spot market ship days for 12 months ending Q2-20

(4) Mid-cycle spot rates based on 90% Clarkson's global average 15-year mean



## Debt Repayment Profile

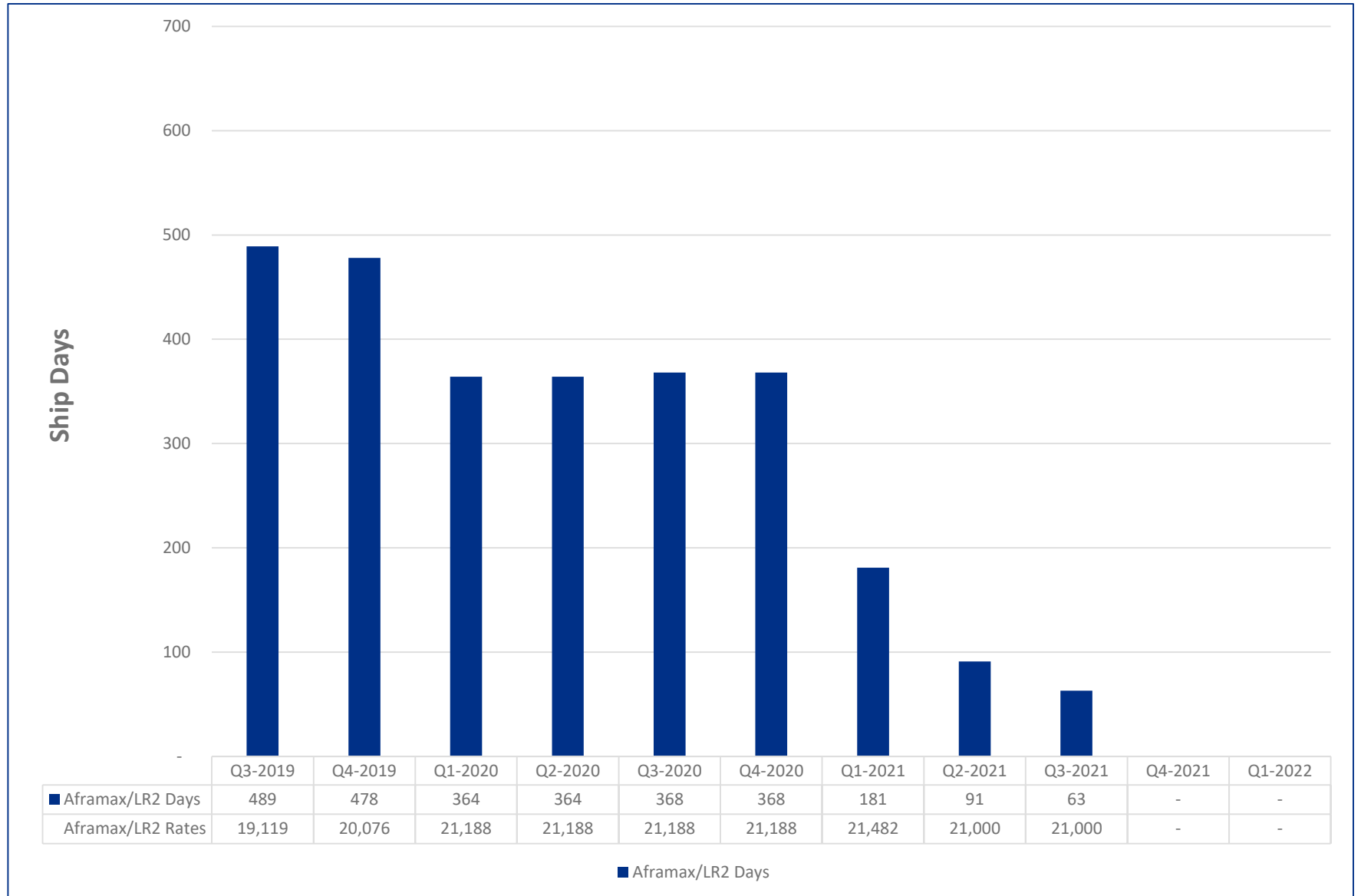


(1) Repayments are presented for the remaining 6 months of 2019

(2) Working Capital Loan with an initial maturity date in August 2019 but is continually extended for periods of six months thereafter until the lender gives notice in writing that no further extensions shall occur.

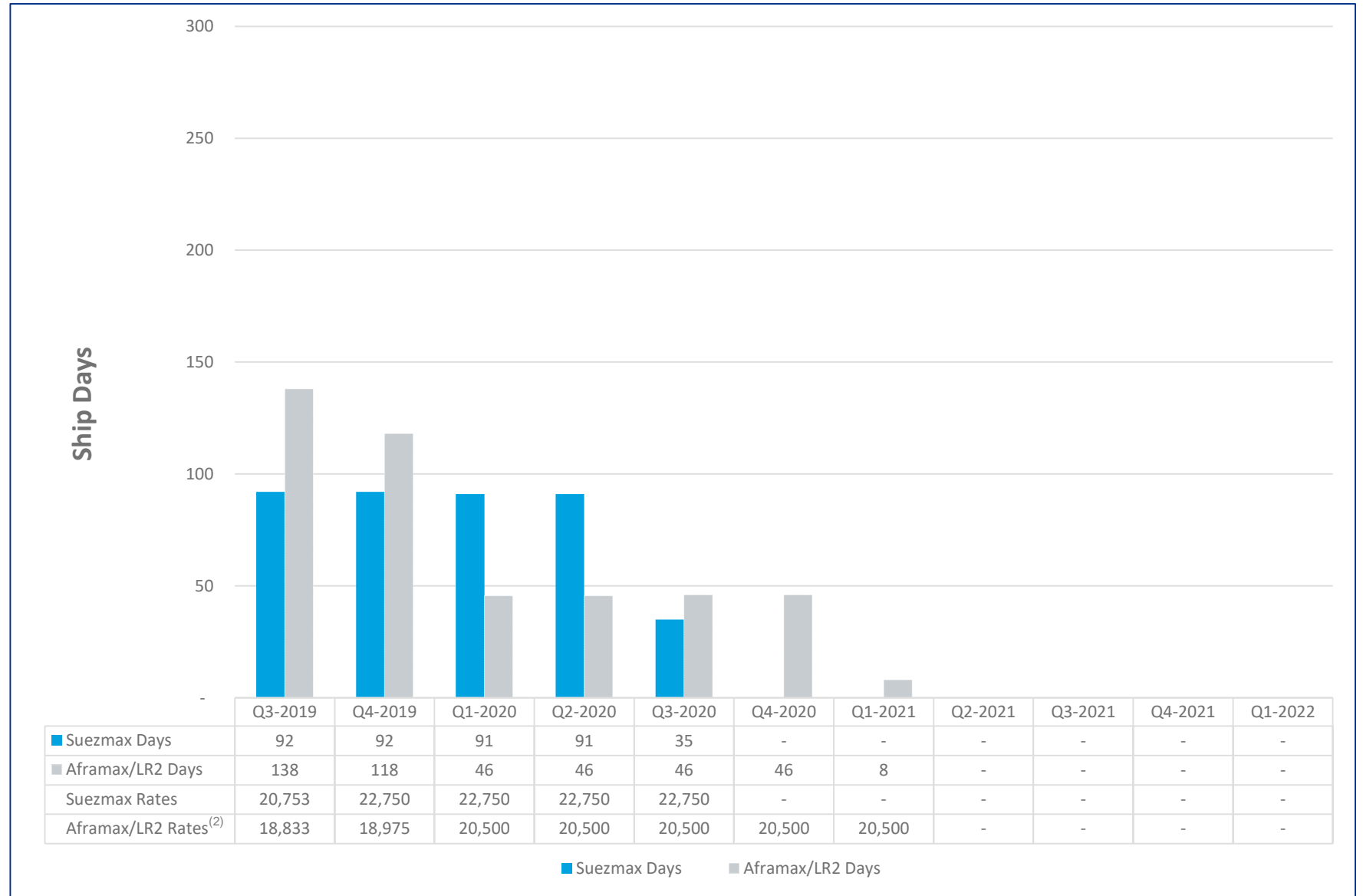


## Fleet Employment – In Charter<sup>1</sup>



(1) Based on existing charters excluding extension options

## Fleet Employment – Out-Chartering<sup>1</sup>



(1) Based on existing charters excluding extension options and expected drydock/ off-hire days noted on slide 18

(2) Excludes full service lightering

## Q3-19 Outlook

Income Statement Item	Q3-19 Outlook (expected changes from Q2-19) <sup>(1)</sup>
Revenues	<p>Increase of approximately 170 net revenue days, mainly due to fewer scheduled dry dockings and more calendar days in Q3-19.</p> <p>Refer to Slide 6 for Q3-19 to-date spot tanker rates.</p>
Depreciation and amortization	<p>Increase of approximately \$1.0 million, primarily due to the depreciation of first dry dockings for various former TIL vessels subsequent to our acquisition of TIL in late 2017 and recent dry dockings of various older vessels which have a shorter depreciation period.</p>

(1) Changes described are after adjusting Q2-19 for items included in Appendix A of Teekay Tankers Q2-19 Earnings Release and realized gains and losses on derivatives (see slide 17 to this earnings presentation for the Consolidated Adjusted Line Items for Q2-19).

# Adjusted Net (Loss) Income<sup>1</sup>

## Q2-19 vs Q1-19

(In thousands of U.S. dollars)

Statement Item	Q2-2019 (unaudited)	Q1-2019 (unaudited)	Variance	Comments
Revenues	202,248	232,488	(30,240)	Decrease primarily due to lower overall spot TCE rates and more scheduled dry dockings, partially offset by more full service lightering voyage days in Q2-19.
Voyage expenses	(92,668)	(97,339)	4,671	Decrease consistent with change in Revenues, partially offset by more full service lightering voyage days and more vessels trading in the spot market in Q2-19 compared to Q1-19.
Vessel operating expenses	(53,600)	(54,587)	987	
Time-charter hire expenses	(10,792)	(9,448)	(1,344)	Increase primarily due to a full quarter of operation of two chartered-in vessels that were delivered to us in Q1-19 and a short-term chartered-in vessel used to perform full service lightering activities in Q2-19.
Depreciation and amortization	(30,658)	(29,865)	(793)	
General and administrative expenses	(9,508)	(9,165)	(343)	
Income from operations	5,022	32,084	(27,062)	
Interest expense	(15,596)	(15,988)	392	
Interest income	221	365	(144)	
Equity (loss) income	(169)	753	(922)	
Other expense	(1,620)	(2,567)	947	
Adjusted net (loss) income	(12,142)	14,647	(26,789)	

(1) Refer to slide 17 for the Q2-19 reconciliations of non-GAAP financial measures to the most directly comparable financial measures under United States generally accepted accounting principles (GAAP). For the Q1-19 reconciliation, refer to page 16 of the Q1-19 earnings presentation.





# Consolidated Adjusted Statement of Loss

Q2-19

(In thousands of U.S. dollars)

Statement Item	As Reported	Appendix A Items <sup>(1)</sup>	Reclassification for Realized Gain/ Loss on Derivatives	As Adjusted
Revenues	202,277	-	(29)	202,248
Voyage expenses	(92,668)	-	-	(92,668)
Vessel operating expenses	(53,600)	-	-	(53,600)
Time-charter hire expenses	(10,792)	-	-	(10,792)
Depreciation and amortization	(30,658)	-	-	(30,658)
General and administrative expenses	(9,508)	-	-	(9,508)
Income from operations	5,051	-	(29)	5,022
Interest expense	(16,607)	182	829	(15,596)
Interest income	221	-	-	221
Realized and unrealized loss on derivative instruments	(1,778)	2,578	(800)	-
Equity loss	(169)	-	-	(169)
Other expense	(1,025)	(595)	-	(1,620)
Net loss	(14,307)	2,165	-	(12,142)

(1) Please refer to Appendix A in Teekay Tankers Q2-19 Earnings Release for a description of Appendix A items.



## Drydock & Off-hire Schedule

Teekay Tankers Segment	March 31, 2019 (A)		June 30, 2019 (A)		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	3	107	7	286	5	150	2	70	17	613
Fixed-Rate Tanker	-	-	-	-	-	-	-	-	-	-
Other - Unplanned Offhire	-	123	-	47	-	70	-	60	-	300
	3	230	7	333	5	220	2	130	17	913

Note:

- (1) Includes vessels scheduled for drydocking and an estimate of unscheduled offhire.
- (2) In the case that a vessel drydock & offhire straddles between quarters, the drydock & offhire 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 offhire.

