

Teekay LNG Partners

Q3-2019 Earnings Appendix

November 14, 2019

Adjusted Net Income

Q3-19 vs. Q2-19

(Thousands of U.S. Dollars except units outstanding or unless otherwise indicated)	Q3-2019	Q2-2019	Comments
Net voyage revenues ⁽¹⁾	144,694	147,037	Decreased primarily due to 62 off-hire days for the Madrid Spirit during Q3'19 for a scheduled drydocking and additional repairs.
Vessel operating expenses	(27,321)	(27,457)	
Time-charter hire expense	(5,336)	(3,080)	Increased due to the Magellan Spirit's scheduled dry docking during Q2-19.
Depreciation and amortization	(34,248)	(35,338)	
General and administrative expenses	(5,393)	(5,667)	
Income from vessel operations	72,396	75,495	
Adjusted equity income ⁽¹⁾	26,369	7,964	Adjusted equity income increased primarily due to higher fixed rates for the Marib Spirit and Arwa Spirit upon commencement of their one-year charter contracts in June 2019 and July 2019, respectively, lump-sum dry-dock hire revenue of \$2.8 million recognized for the Meridian Spirit in accordance with new GAAP leasing standards adopted in 2019 (previously recognized evenly over the term of the drydock period); scheduled drydockings of the Woodside Donaldson and the Magellan Spirit during Q2'19 and deliveries of two ARC7 LNG carrier newbuildings in the Yamal LNG Joint Venture in June and August 2019.
Adjusted interest expense ⁽¹⁾	(44,923)	(44,585)	
Interest income	1,025	960	
Other income – net	243	236	
Income tax expense	(1,442)	(2,472)	
Net income	53,668	37,598	
Less: Net income attributable to Non-controlling interests	(3,154)	(3,163)	
Net income attributable to the partners and preferred unitholders	50,514	34,435	
Weighted-average number of common units outstanding	78,012,514	78,603,636	
Limited partner's interest in adjusted net income per common unit	0.55	0.35	

1) Refer to slide labelled Reconciliations of Non-GAAP Financial Measures for a reconciliation of Net Voyage Revenues, Adjusted Equity Income, and Adjusted Interest Expense.

Reconciliations of Non-GAAP Financial Measures

Reconciliation of the Partnership's Net Voyage Revenues:

(Thousands of U.S. Dollars)	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019
Voyage revenues as reported	149,655	153,060
Voyage expenses as reported	(4,961)	(6,023)
Net Voyage Revenues	144,694	147,037

Reconciliation of the Partnership's Adjusted Equity Income:

(Thousands of U.S. Dollars)	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019
Equity income as reported	21,296	1,738
Proportionate share of unrealized loss on non-designated interest rate swaps	5,150	5,102
Proportionate share of other items	(77)	1,124
Adjusted Equity Income	26,369	7,964

Reconciliation of the Partnership's Adjusted Interest Expense:

(Thousands of U.S. Dollars)	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019
Interest expense as reported	(40,574)	(41,018)
Realized losses on derivative instruments and other	(4,349)	(3,567)
Adjusted Interest Expense	(44,923)	(44,585)

Q4 2019 Outlook

Adjusted Net Income	Q4 2019 Outlook (compared to Q3 2019)
Adjusted net voyage revenues	<ul style="list-style-type: none"> • \$5M increase from Madrid Spirit due to the off-hire in Q3-19 for a scheduled dry-docking and additional repairs • \$1M increase due to the higher forecasted spot rates expected to be earned by the Partnership's seven multi-gas vessels in Q4-19 • (\$1M) decrease as a result of the Alexander Spirit tanker sale in Q4-19
Adjusted vessel operating expenses	<ul style="list-style-type: none"> • Expected to be consistent with Q3-19
Time-charter hire expense	<ul style="list-style-type: none"> • Expected to be consistent with Q3-19
Adjusted depreciation and amortization expense	<ul style="list-style-type: none"> • Expected to be consistent with Q3-19
General and administrative expenses	<ul style="list-style-type: none"> • \$2M increase primarily due to anticipated higher allocated costs and professional fees as a result of the work performed to resolve the sanctions impacting the Yamal LNG JV; and increase of business development activities in Q4-19
Adjusted equity income	<ul style="list-style-type: none"> • \$4M increase in Yamal LNG JV due to the delivery of the Nikolay Yevgenov in Q3-19 and the deliveries of the Georgiy Ushakov and Yakov Gakkel in Q4-19 • \$2M increase in Bahrain LNG JV due to the expected commencement of operations of the terminal in Q4-19 • (\$3M) decrease in Malt JV due to lumpsum drydock hire revenue for the Meridian Spirit in Q3-19 in accordance with new leasing standards adopted in 2019
Adjusted interest expense	<ul style="list-style-type: none"> • Expected to be consistent with Q3-19
Interest income	<ul style="list-style-type: none"> • Expected to be consistent with Q3-19
Other income - net	<ul style="list-style-type: none"> • Expected to be consistent with Q3-19
Adjusted income tax expense	<ul style="list-style-type: none"> • \$1M decrease primarily due to adjustments in tax provisions
Adjusted net income attributable to non-controlling interests	<ul style="list-style-type: none"> • Expected to be consistent with Q3-19

2019(E) Drydock Schedule

Entity	Segment	March 31, 2019 (A)		June 30, 2019 (A)		September 30, 2019 (A)		December 31, 2019 (E)		Total 2019 (E)	
		Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days
Teekay LNG	LNG - Consolidated	1	37	-	-	1	55	-	-	2	92
	LPG - Consolidated	1	38	-	-	1	25	-	-	2	63
	LNG Equity Accounted (1)	-	4	2	88	-	-	-	-	2	92
	LPG Equity Accounted	1	23	3	78	1	30	-	-	5	131
		3	102	5	166	3	110	-	-	11	378

*NOTE: In the case that a vessel's offhire days straddles between quarters, the quarter with the majority of offhire days will have the vessel allocated to it.

- (A) – Actual
- (E) – Estimate

Note (1) - The Magellan Spirit drydock in Q2'19 is included in the LNG Equity Accounted line, however, as the vessel is chartered-in by the Partnership from the MALT Joint Venture, the drydock will have an impact on the Partnership's consolidated voyage revenues and time-charter hire expense.

