Teekay LNG Partners

Q4-2019
Earnings Presentation

February 27, 2020

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 statements, among other things, regarding: the Partnership's ability to be insulated from the near-term weakness in the spot LNG shipping market or international LNG markets; the Partnership's expected 2020 financial results and the ability to achieve previously disclosed guidance figures; expectations on future allocation of capital towards balance sheet deleveraging and returning capital to unitholders; and the ability to pay increased distributions on its common units in 2020 and beyond. 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: 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 customers of the Partnership or any of its joint ventures to make future payments under our contracts; 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 towards returning capital to unitholders; 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.

Recent Highlights

Strong Q4-19 and Fiscal 2019 Financial Results

2019 adjusted net income per unit up 136% over 2018

2020 adjusted net income per unit expected to be 45% to 73% higher than 2019

	Actual Q4-2019	Actual Fiscal 2019	Increased 2019 Guidance Range	Result
Total Adjusted EBITDA[1]	$184m	$685m	$685m - 695m	**Within range**
Adjusted net income[1]	$50m	$169m	$165m - 175m	**Within range**
Adjusted earnings per unit[1]	$0.56	$1.79	$1.75 - 1.85	**Within range**

- All newbuilds and growth projects now delivered
  - Final two Yamal ARC7 vessels delivered in Nov. and Dec. 2019
  - Bahrain Regasification Terminal achieved construction completion in Jan. 2020 and concurrently began receiving payments under terminal use agreement
- 2020 guidance ranges maintained
  - Fixed LNG coverage of 97% for Fiscal 2020 provides earnings stability
- Awilco fulfilled obligation to repurchase two LNG carriers from Teekay LNG in early-Jan. 2020 and repay deferred hire in full plus interest
  - Provided $260 million of delevering while building liquidity by +$100 million
- Returning capital to unitholders
  - Distributions to increase by 32%, to $1.00 per unit per annum, effective Q1-20
  - Opportunistically repurchasing common units at attractive prices
    - Since Investor Day in Nov. 2019, repurchased 563,700 units for a total cost of $7.4 million at an average price of $13.15 per unit

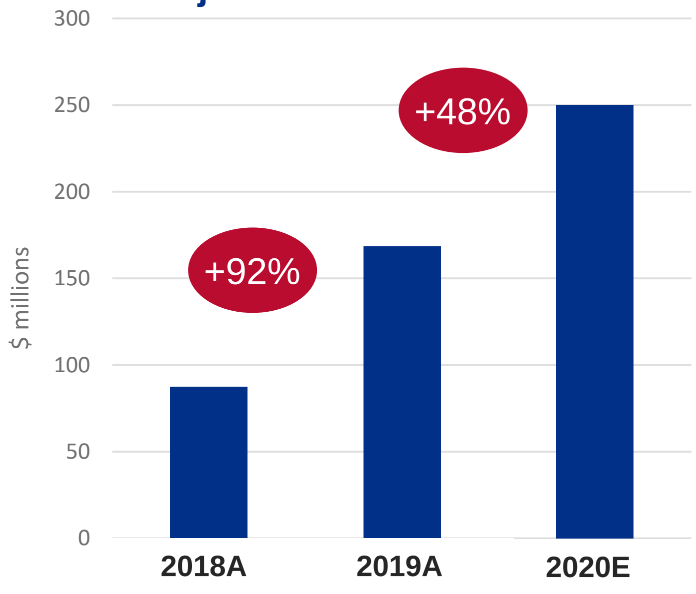
1) These are non-GAAP financial measures. Please see Teekay LNG's Q4-19 earnings release for definitions and reconciliations to the comparable GAAP measures.

2019 Actual Results Within Guidance Range; 2020 Results Guidance Maintained

2020 results expected to increase significantly over 2019 as earnings from newbuild deliveries and strong period charters are fully recognized

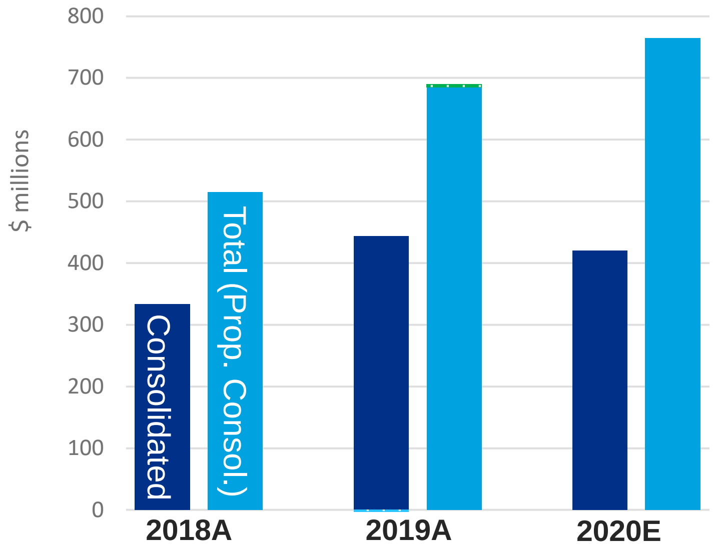
LP Yield = 8.6% based on expected 2020 distribution of $1.00 per unit per annum and $11.68 unit price (as of Feb. 25, 2020)

Adjusted Net Income(1)



Current Trading Multiple 4.1x 2020 EPU(1)(2)

Adjusted EBITDA(1)



Current Trading Multiple 8.1x 2020 Total Adj. EBITDA(1)(2)

2020 Guidance Ranges

	Adjusted Net Income(1)	EPU(1)(3)	Consol. adj. EBITDA(1)	Total adj. EBITDA(1)
Range – high	$270m	$3.10/unit	$430m	$780m
Range – low	$230m	$2.60/unit	$410m	$750m
Midpoint	$250m	$2.85/unit	$420m	$765m
% change from 2019 Actual results(1)	48%	59%	(5%)	12%

(1) These are non-GAAP financial measures. Please see Teekay LNG's Q4-19 earnings release for definitions and reconciliations to the comparable GAAP measures.
(2) Based on unit price of $11.68 per unit as of Feb. 25, 2020 and mid-point of 2020 guidance range. See Appendix for calculation and references.
(3) Assumes 77.5 million LP units remain outstanding throughout the year and excludes the impact of any future repurchases

Long-Term Contract Coverage With High Quality Customers

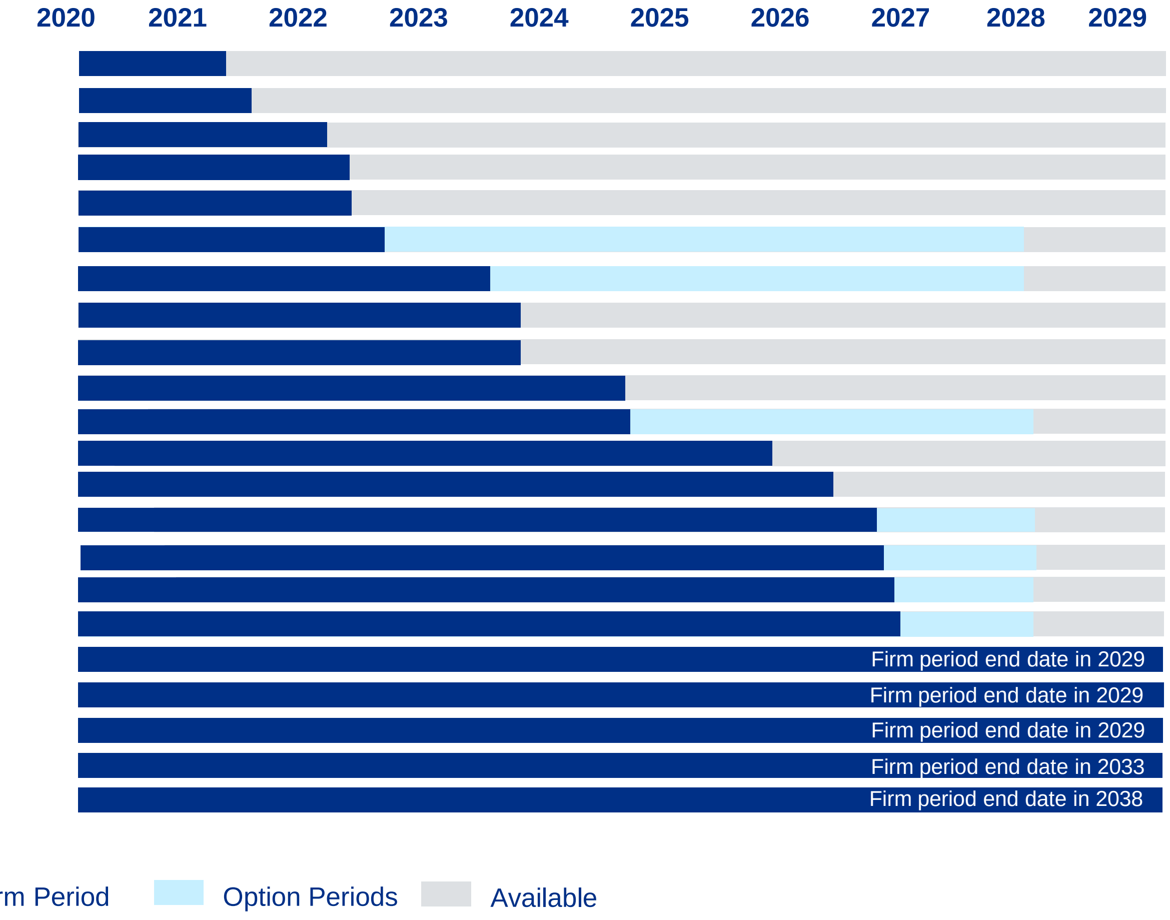
Teekay LNG's fixed-rate contracts:

- 'Take-or-pay' (e.g. customer pays full-hire to Teekay LNG irrespective of their usage of the vessel)
- Not impacted by LNG prices
- Not impacted by structural or global imbalances of LNG

Current Charter Terms – Consolidated Fleet

Average Total Fleet Age: 9 years(1)

	Ownership	Propulsion	Charterer
Creole Spirit	100%	MEGI	CHENIERE
Oak Spirit	100%	MEGI	CHENIERE
Torben Spirit	100%	MEGI	
Polar Spirit	100%	Steam	PETRONAS
Arctic Spirit	100%	Steam	PETRONAS
Hispania Spirit	100%	Steam	
Catalunya Spirit	100%	Steam	
Macoma	100%	MEGI	
Murex	100%	MEGI	
Myrina	100%	MEGI	
Madrid Spirit	100%	Steam	
Magdala	100%	MEGI	
Megara	100%	MEGI	
Sean Spirit	100%	MEGI	bp
Al Marrouna	70%	Steam	
Al Areesh	70%	Steam	
Al Daayen	70%	Steam	
Tangguh Hiri	70%	DFDE	
Tangguh Sago	70%	DFDE	
Galicia Spirit	100%	Steam	UNION FENOSA
Yamal Spirit	100%	MEGI	YAMAL LNG
Bahrain Spirit	100%	MEGI	Bahrain LNG



(1) Average fleet age on January 1, 2020

Joint Venture LNG Fleet

LNG fleet revenues 97% and 92% fixed for 2020 and 2021, respectively

- 2020 net 1.5 vessel exposure from mid-May and early / mid-June
- Each $10,000 per day change in short-term rates = $3.3 million, or 1.3% impact on 2020 adjusted net income(2) and 0.4% on 2020 total adjusted EBITDA(2)

Current Charter Terms – Joint Venture Fleet

Average Total Fleet Age: 9 years

	Ownership	Propulsion	Charterer	2020 – 2029
Methane Spirit	52%	TFDE	OSAKA GAS	
Marib Spirit[1]	52%	DFDE	CHENIERE	
Arwa Spirit[1]	52%	DFDE	CHENIERE	
Excalibur	50%	Steam		
Magellan Spirit (in-charter)	52%	TFDE	BR PETROBRAS	
Woodside Donaldson	52%	TFDE		
Meridian Spirit	52%	TFDE	TOTAL	Firm period end date in 2030
Soyo	33%	TFDE		Firm period end date in 2031
Malanje	33%	TFDE		Firm period end date in 2031
Lobito	33%	TFDE		Firm period end date in 2031
Cubal	33%	TFDE		Firm period end date in 2032
Al Huwaila	40%	SSD[3]		Firm period end date in 2033
Al Kharsaah	40%	SSD[3]		Firm period end date in 2033
Al Shamal	40%	SSD[3]		Firm period end date in 2033
Al Khuwair	40%	SSD[3]		Firm period end date in 2033
Pan Asia	30%	TFDE		Firm period end date in 2037
Pan Americas	30%	TFDE		Firm period end date in 2038
Pan Europe	20%	TFDE		Firm period end date in 2038
Pan Africa	20%	TFDE		Firm period end date in 2039
Eduard Toll	50%	ARC7	YAMAL LNG	Firm period end date in 2045
Rudolf Samoylovich	50%	ARC7	YAMAL LNG	Firm period end date in 2045
Nikolay Yevgenov	50%	ARC7	YAMAL LNG	Firm period end date in 2045
Vladimir Voronin	50%	ARC7	YAMAL LNG	Firm period end date in 2045
Georgiy Ushakov	50%	ARC7	YAMAL LNG	Firm period end date in 2045
Yakov Gakkel	50%	ARC7	YAMAL LNG	Firm period end date in 2045
Regas Terminal	30%	Terminal		Firm period end date in 2039

Firm Period

Option Periods

Available

(1) Trading in short-term market as a result of the temporary closing of YLNG's LNG plant in Yemen in 2015 due to the conflict situation. 3-year suspension agreement signed in May 2019.
(2) These are non-GAAP financial measures. Please see Teekay LNG's Q4-19 earnings release for definitions and reconciliations to the comparable GAAP measures. Percentages based in mid-point of 2020 guidance.
(3) SSD = Slow Steam Diesel

Teekay LNG's Joint Ventures Represent Significant Value

Proportionate EBITDA of $340 - 350 million from joint ventures expected in 2020

Joint ventures expected to have approximately $100 million per year of dividend capacity to TGP

TGP Joint Venture	Primary Customer	TGP Ownership %	TGP Equity Investment $ millions (Dec 31, 2019)	# of vessels	Avg. Age of Vessels	Avg. Remaining Contract Length	TGP's Proportionate Share: Forward Revenues ($ millions)	TGP's Proportionate Share: Debt (Dec 31, 2019)	TGP's Proportionate Share: To be Drawn ($ millions)	TGP's Proportionate Share: Normal-ized Amort. ($ millions)	Next Debt Maturity
MALT	OSAKA GAS, TOTAL, BR PETROBRAS	52%	$357	6	10 years	7 years	$355	$266	-	$26	2H-2023
Yamal	YAMAL LNG	50%	$264	6	<1 year	27 years	$2,766	$768		$34	2030 / 32
Exmar LNG / LPG	Various	50%	$184	23	9 years	3 years	$201	$271	-	$35	Q2-2021
RG3		40%	$121	4	11 years	14 years	$660	$262	-	$10	2026
MINT	Angola	33%	$89	4	7 years	13 years	$499	$192	-	$11	2H-2023
Bahrain Terminal	nogaholding	30%	$60	1	Q1-20 start-up	21 years	$868	$215[1]	$7	$9	2036
Pan Union		25% (avg.)	$80	4	<1 year	19 years	$587	$178	-	$6	2029 / 31
Total			**$1,155**	**48**		**~15 years**	**$5,936**	**$2,152**	**$7**	**$131**	

(1) Includes $3M drawdown completed in January 2020.

Seasonal Strength in Q4-19; Spot Rates Decreased in 2020 Due to Coronavirus Uncertainty

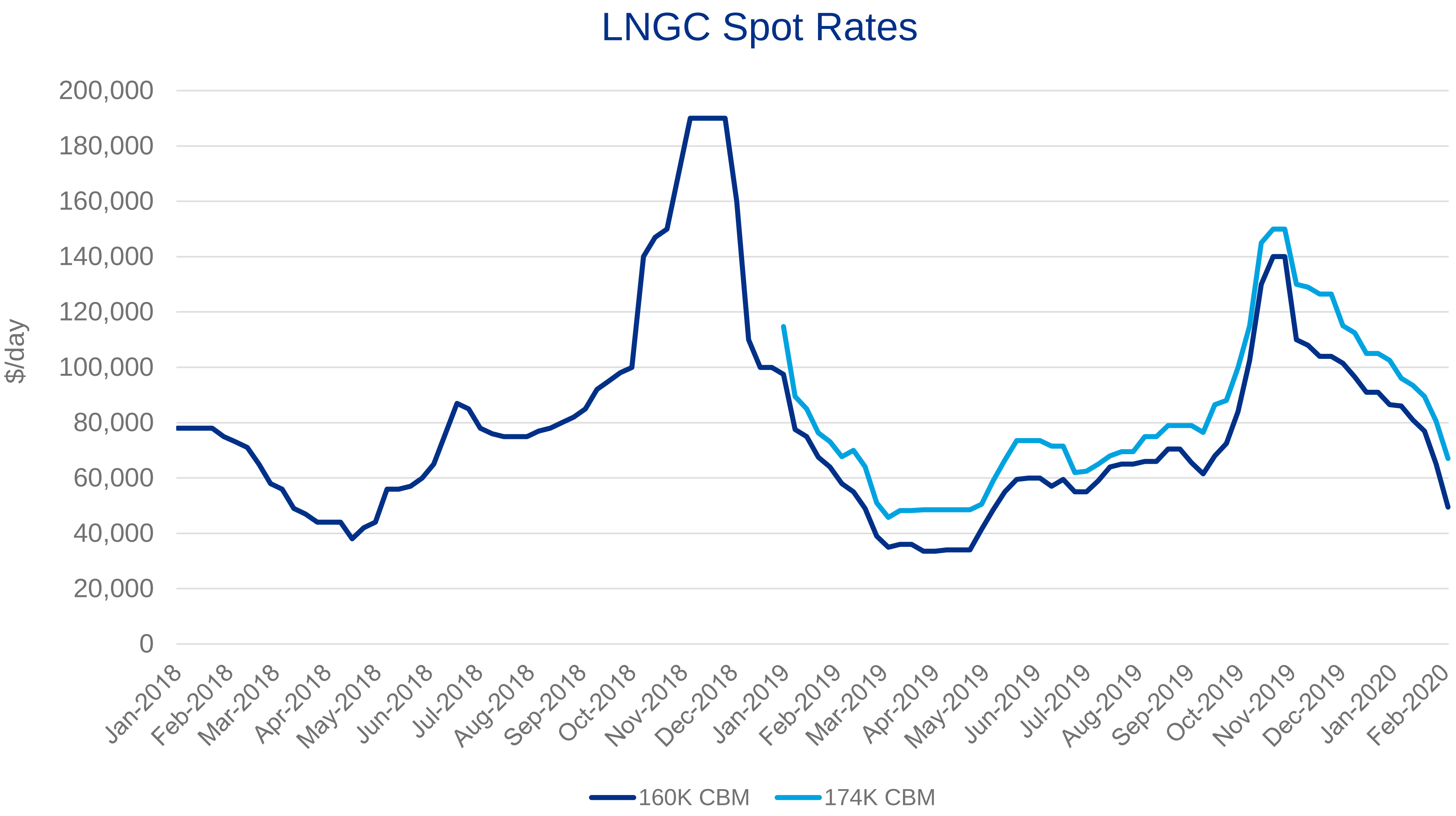
Peak winter demand and lack of supply tightened the shipping market in Q4-19

- 30-35 vessels were used for floating storage resulting in spot rates reaching $140,000/day in October 2019
- 2019 spot rates averaged $69,350/day

Demand uncertainty due to Coronavirus have decreased broker headline rates to current levels of $45,500/day, consistent with Spring levels in past 2 years

Low LNG prices limits the amount of arbitrage trading

TGP’s exposure to the spot market in 2020 is limited to net 1.5 vessels starting in mid-2020



Source: Clarksons

TGP's J/Vs Represent Hidden Value

Calculating EV/EBITDA on Consolidated GAAP figures excludes a significant part of TGP's business in its joint ventures.

In addition, consolidated Enterprise Value (numerator) includes over $1 billion of invested capital in equity-accounted joint ventures, but the denominator excludes any EBITDA from equity-accounted joint ventures.

Summarized Adjusted Income Statement (USD millions)	**Consolidated**	**Proportionate Share of J/Vs**	**Eliminations**	**Total Proportionate Consolidation**
Q4-19				
Net voyage revenues	150,365	96,829	(6,033)	241,161
Vessel OPEX, T/C-in, G&A expenses	(41,522)	(30,683)	6,033	(66,172)
Depreciation and amortization expense	(34,603)	(13,852)	-	(48,455)
Income from Vessel Operations	74,240	52,294	-	126,534
Equity income	25,372		(25,372)	-
Net interest expense	(39,790)	(25,641)		(65,431)
Other	(6,291)	(1,281)		(7,572)
Net income incl. non-controlling interest (NCI)	53,531	25,372	(25,372)	53,531
Net income attributable to NCI	(3,189)	-	-	(3,189)
Net income attributable to common and pref units	50,342	25,372	(25,372)	50,342
Adjusted EBITDA (Q4-19)	112,618	71,550	-	184,168
Adjusted EBITDA (Q4-19 annualized)	450,472	286,200		736,672

Select Balance Sheet figures (USD millions) as at Dec. 31, 2019				
Net debt	2,988,979	1,967,429	-	4,956,408
Preferred equity	295,000	-	-	295,000
Tangguh and RGII NCI	55,289	-	-	55,289
Common equity - market capitalization[1]	905,200	-	-	905,200
Enterprise Value (EV)	4,244,468			6,211,897

EV / EBITDA (Q4-19 annualized)	9.4x	8.4x

(1) Based on unit price of $11.68 per unit as of Feb. 25, 2020

Balance Sheet Delevering Path Continues

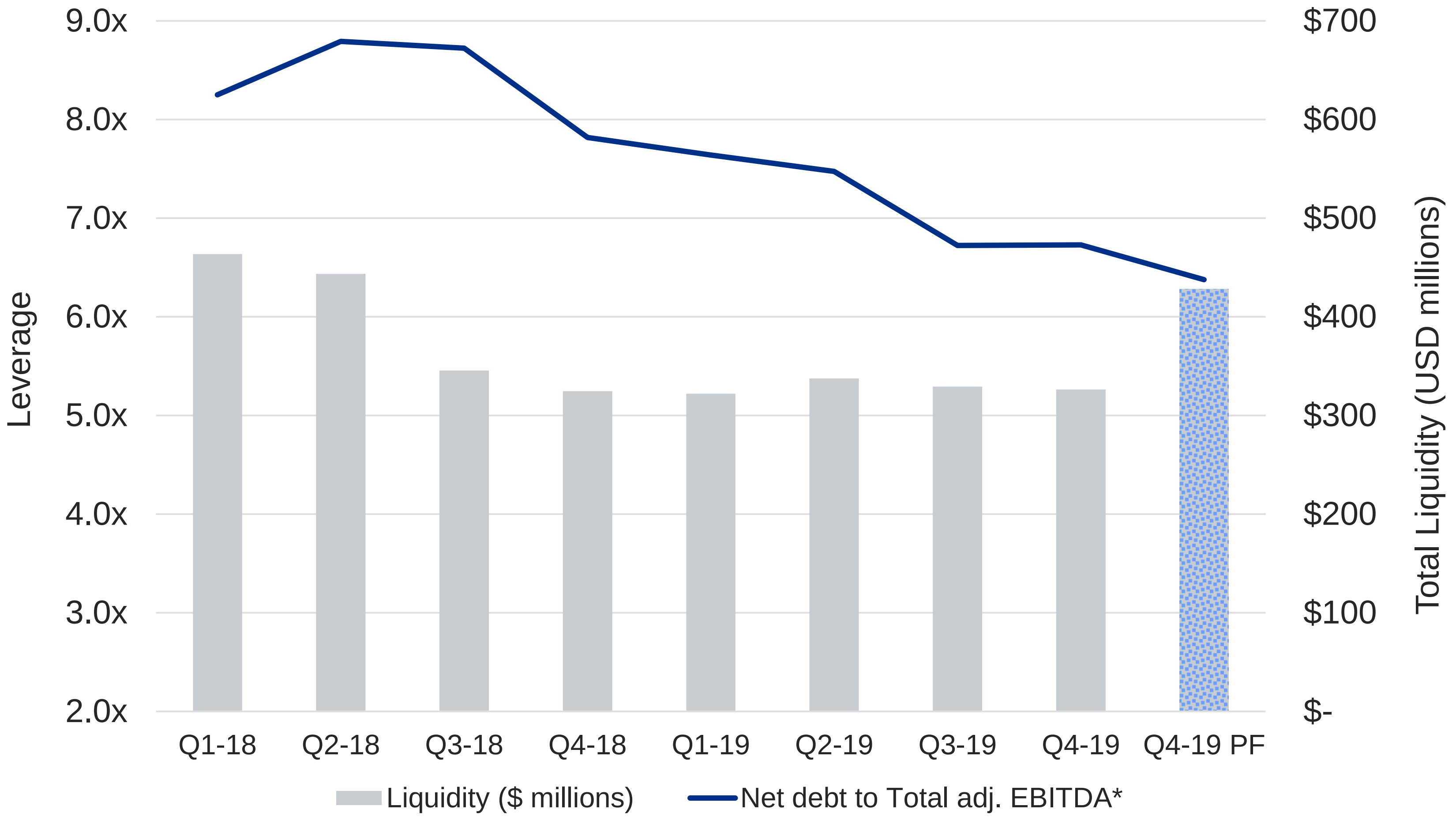
Leverage peaked in Q2-18 when TGP had 9 newbuildings on order

Leverage has been steadily declining as newbuildings have delivered onto fixed-rate contracts

Awilco's fulfillment of two-vessel purchase obligation reduced leverage by 0.3x and increased liquidity by +$100 million

Strong liquidity balance provides for additional strength and flexibility.

Leverage expected to continue declining into target range of 4.5x to 5.5x by early-2021



* EBITDA in each quarter has been annualized These are non-GAAP financial measures. Please see Teekay LNG's Q4-19 earnings release for definitions and reconciliations to the comparable GAAP measures.
PF – Q4-19 leverage and liquidity pro forma for Awilco purchase obligations which were fulfilled in early-January 2020

Teekay LNG Strategic Priorities

	2019 - 2021	Steps Taken Since Start of 2019
Chartering	• LNG fleet 97% fixed through 2020 • Focus on high utilization during period of potential spot market weakness	• Fixed three vessels on 1-3 year charters in high \$70s to low \$80s k/day • < 5%(1) of LNG charters rolling off in 2020
Leverage	• Continue to delever with strengthening cash flows	• Leverage(2) reduced by 1.4x over past four quarters
Growth	• Conclude existing newbuilding program • Selectively participate in new tenders	• \$3.5 billion growth program completed • Expect some tenders to be delayed
Return of Capital	• Distribution increases as newbuilding deliveries commence charters • Opportunistic unit repurchases	• Distributions increased 79% • Repurchased 3.5% of o/s units
Structure	• Convert from K1 to 1099-filer • Consider IDR monetization • Consider conversion to C-Corp.	• Completed conversion to 1099-filer • Continue to evaluate

(1) Based on proportionate equity ownership
(2) Net debt to quarterly total adjusted EBITDA (annualized), pro forma for completion of Awilco transaction in January 2020

Appendix

TGP Detailed EV/EBITDA Calculations

EV/EBITDA multiples would be even lower if EV is adjusted for sale of two Awilco vessels in January 2020.

In $ millions except ratios and per unit data

Consolidated EV/EBITDA Calculation			
Cash		253.3	Dec. 31, 2019 Balance Sheet
Total Debt		3,242.3	Dec. 31, 2019 Balance Sheet
Net Debt	a	2,989.0	
Common units outstanding		77.5	
Unit price		$ 11.68	as at Feb. 25, 2020
Total Common Market Cap		905.2	
Preferreds A & B		295.0	Dec. 31, 2019 Balance Sheet
Total Equity value	b	1,200.2	
Tangguh and RG2 NCI	c	55.29	Dec. 31, 2019 Balance Sheet
Enterprise Value	d=a+b+c	4,244.5	
2020 EBITDA Guidance (midpoint)	e	420	As provided
Consol. EV/Consol. EBITDA	=d/e	10.1 x	

Proporitionately Consolidated EV/EBITDA Calculation			
Consolidated Cash		253.3	Dec. 31, 2019 Balance Sheet
Proportionate share of J/V cash		210.7	Dec. 31, 2019 Appendix F of Earnings Release
Total Proportionate Consolidated Cash		464.0	
Consolidated Debt		3,242.3	Dec. 31, 2019 Balance Sheet
Proportionate share of J/V Debt		2,178.2	Dec. 31, 2019 Appendix F of Earnings Release
Total Proportionate Consolidated Net Debt	a	4,956.4	
Common Units outstanding		77.5	
Unit price		$ 11.68	as at Feb. 25, 2020
Total Common Market Cap		$ 905.2	
Preferreds A & B		295.0	Dec. 31, 2019 Balance Sheet
Total Equity value (common + Prefs)	b	1,200.2	
Tangguh and RG2 NCI	c	55.29	Dec. 31, 2019 Balance Sheet
Enterprise Value	d=a+b+c	6,211.9	
2020 EBITDA Guidance (midpoint)	e	765	As provided
Total EV/Total EBITDA	=d/e	8.1 x	

Teekay LNG Adjusted Net Income

Q4-19 vs. Q3-19

(Thousands of U.S. Dollars except units outstanding or unless otherwise indicated)	Q4-2019	Q3-2019	Comments
Adjusted net voyage revenues[1]	150,365	144,694	Increase primarily due to the Madrid Spirit being off-hire for 62 days during Q3-19 for a scheduled drydocking and repairs.
Vessel operating expenses	(30,706)	(27,321)	Increased primarily due to the timing of overhauls to the propulsion and main engine maintenance for certain LNG carriers.
Time-charter hire expense	(5,987)	(5,336)	
Adjusted depreciation and amortization[1]	(34,603)	(34,248)	
General and administrative expenses	(4,829)	(5,393)	
Adjusted income from vessel operations[1]	74,240	72,396	
Adjusted equity income[1]	25,372	26,369	Decrease primarily due to lump-sum dry-dock hire revenue recognized for the Meridian Spirit in the MALT Joint Venture in Q3-19 in accordance with the new GAAP leasing standards adopted in 2019; partially offset by increase in the Yamal LNG Joint Venture due to the delivery of two ARC7 LNG carrier newbuildings in Q4-19.
Adjusted net interest expense[1]	(43,729)	(43,898)	
Adjusted other (expense) income – net[1]	(1,767)	243	Other expense increased primarily due to reclassification of certain non-income taxes from income tax expense.
Adjusted income tax expense [1]	(585)	(1,442)	Income tax expense decreased primarily due to reclassification of certain non-income taxes to other (expense) income.
Adjusted net income	53,531	53,668	
Less: Adjusted net income attributable to non-controlling interests	(3,189)	(3,154)	
Adjusted net income attributable to the partners and preferred unitholders	50,342	50,514	
Weighted-average number of common units outstanding	77,509,379	78,012,514	
Limited partner's interest in adjusted net income per common unit	0.56	0.55	

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

Reconciliations of Non-GAAP Financial Measures

Reconciliation of the Partnership's Adjusted Net Voyage Revenues:

(Thousands of U.S. Dollars)	Three Months Ended 31-Dec-19	Three Months Ended 30-Sep-19
Voyage revenues as reported	148,797	149,655
Voyage expenses as reported	(4,628)	(4,961)
Hire receipts from Awilco treated as a reduction in lease receivables for GAAP	6,196	-
Adjusted Net Voyage Revenues	**150,365**	**144,694**

Reconciliation of the Partnership's Adjusted Depreciation and Amortization:

(Thousands of U.S. Dollars)	Three Months Ended 31-Dec-19	Three Months Ended 30-Sep-19
Depreciation and amortization as reported	(33,053)	(34,248)
Awilco vessels derecognized and treated as sales-type leases for GAAP	(1,550)	-
Adjusted Depreciation and Amortization	**(34,603)**	**(34,248)**

Reconciliation of the Partnership's Adjusted Equity Income:

(Thousands of U.S. Dollars)	Three Months Ended 31-Dec-19	Three Months Ended 30-Sep-19
Equity income as reported	30,207	21,296
Proportionate share of unrealized (gain) loss on non-designated interest rate swaps	(6,271)	5,150
Proportionate share of other items	1,436	(77)
Adjusted Equity Income	**25,372**	**26,369**

Reconciliation of the Partnership's Adjusted Net Interest Expense:

(Thousands of U.S. Dollars)	Three Months Ended 31-Dec-19	Three Months Ended 30-Sep-19
Interest expense as reported	(40,712)	(40,574)
Interest income as reported	922	1,025
Realized losses on derivative instruments and other	(3,939)	(4,349)
Adjusted Net Interest Expense	**(43,729)**	**(43,898)**

Reconciliations of Non-GAAP Financial Measures (Continued)

Reconciliation of the Partnership's Adjusted Other (Expense) Income - Net:

(Thousands of U.S. Dollars)	Three Months Ended 31-Dec-19	Three Months Ended 30-Sep-19
Other expense as reported	(1,767)	(1,174)
Unamortized upfront fees recognized relating to original Torben Spirit sale-leaseback financing upon commencement of new sale-leaseback financing	-	1,417
Adjusted Other (Expense) Income - Net	**(1,767)**	**243**

Reconciliation of the Partnership's Adjusted Income Tax Expense:

(Thousands of U.S. Dollars)	Three Months Ended 31-Dec-19	Three Months Ended 30-Sep-19
Income tax expense as reported	(985)	(1,442)
Freight tax adjustments relating to prior years	400	-
Adjusted Income Tax Expense	**(585)**	**(1,442)**

Q1-2020 Outlook

Adjusted Net Income	Q1 2020 Outlook (compared to Q4 2019)
Adjusted net voyage revenues	• $6M decrease as a result of the WilForce and WilPride LNG carrier sales in Q1-20 • $2M decrease from one less calendar day in Q1-20 vs Q4-19
Vessel operating expenses	• Expected to be consistent with Q4-19
Time-charter hire expense	• Expected to be consistent with Q4-19
Adjusted depreciation and amortization expense	• $2M decrease as a result of the WilForce and WilPride carrier sales in Q1-20
General and administrative expenses	• Expected to be consistent with Q4-19
Adjusted equity income	• $3M increase in Bahrain LNG JV due to the commencement of the terminal use agreement in Q1-20 • $3M increase in Yamal LNG JV due to the deliveries of two ARC7 LNG carrier newbuildings in Q4-19
Adjusted net interest expense	• $5M decrease due to the repayment of the loans that were collateralized by the WilForce and WilPride LNG carriers, and lower forecasted LIBOR rate in Q1-20 vs Q4-19
Other income - net	• Expected to be consistent with Q4-19
Adjusted income tax expense	• Expected to be consistent with Q4-19
Adjusted net income attributable to non-controlling interests	• Expected to be consistent with Q4-19

2020(E) Drydock Schedule

Summary of Dry-dock and Off-hire Days

Entity	Segment	March 31, 2020 (E)		June 30, 2020 (E)		September 30, 2020 (E)		December 31, 2020 (E)		Total 2020 (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	30	-	10	1	40
	LPG - Consolidated	1	40	-	-	-	-	-	-	1	40
	LNG Equity Accounted	-	-	-	-	-	-	1	30	1	30
	LPG Equity Accounted	2	28	1	24	2	28	3	90	8	170
		3	68	1	24	3	58	4	130	11	280

*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

- (E) – Estimate