

Teekay LNG Partners

Q3-2020 Earnings Presentation

November 12, 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 impact of COVID-19 and related global events on the Partnership's operations and cash flows; expected increase in the Partnership's earnings and cash flows commencing in the fourth quarter of 2020; the Partnership's ability to achieve previously disclosed financial guidance for 2020; fixed charter coverage for the Partnership's LNG fleet for the remainder of 2020 and 2021; the Partnership's operational performance and cost competitiveness; expected reductions in the Partnership's interest costs as it continues to reduce its debt levels; and the continued performance of the Partnership's and its joint ventures' charter contracts. 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, including as a result of off-hire days or dry-docking requirements; delays in the Partnership's ability to successfully and timely complete dry dockings; 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 contracts; potential further delays to the formal commencement of commercial operations of the Bahrain Regasification Terminal; the inability of the Partnership to renew or replace long-term contracts on existing 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, 2019. 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

Focus on fixed-rate contracts maximizes utilization and revenue

Reaffirmed 2020 Financial Guidance

Overdue seafarers reduced substantially – no reported cases of COVID-19 to-date

Strong Quarterly Results

- Adj. Net Income⁽¹⁾ of \$58.9 million and Adj. EPU⁽¹⁾ of \$0.59, down slightly from Q2-20 mainly due to drydocks
- Expect Q4-20 results to increase

Marib Spirit on-charter to early-22

- LNG fleet now 96% fixed for 2021
- Expected avg. F2021 LNG TCE rate of ~\$80k/day

Strong Demand for LNG

- Near-term – strong Asian demand for LNG supporting rates
- Longer-term – LNG is integral to energy transition

Strong Financial Foundation

- Leverage continues to decrease: \$95 million⁽²⁾ reduction Q3-20 vs. Q2-20
- Total liquidity of \$431 million as of Sept 30, 2020

TGP is a Compelling Investment

- 8.3%⁽³⁾ distribution yield, covered 2.4x by earnings
- Integral part of the world's energy transition to a low carbon future



(1) These are non-GAAP financial measures. Please see Teekay LNG's Q3-20 earnings release for definitions and reconciliations to the comparable GAAP measures.

(2) Includes Teekay LNG's proportionate share of net debt in its equity-accounted joint ventures.

(3) As of Nov. 11, 2020 and a unit price of \$12.06

Long-Term Contract Coverage With High Quality Customers

Marib Spirit chartered until early-2022

- +1yr. option declarable end-2021

LNG fleet revenues now 100% and 96% fixed for 2020 and 2021, respectively

Next contract rollovers in late-February 2021

- 52%-owned *Methane Spirit*
- 100%-owned *Creole Spirit*

Current Charter Terms - Joint Venture LNG Fleet

Average Total Fleet Age: 9.5 years

	Ownership	Propulsion	Charterer	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Methane Spirit	52%	TFDE	Q3AKA GAS	[Firm Period]									
Arwa Spirit ⁽¹⁾	52%	DFDE	TRAFIGURA	[Firm Period]									
Excalibur	50%	Steam	Q3AKA GAS	[Firm Period]									
Marib Spirit ⁽¹⁾	52%	DFDE	TRAFIGURA	[Firm Period]									
Magellan Spirit (in-charter)	52%	TFDE	ENI PETROBRAS	[Firm Period]									
Woodside Donaldson	52%	TFDE	WOODSIDE	[Firm Period]									
Meridian Spirit	52%	TFDE	TOTAL	[Firm Period]									
Soyo	33%	TFDE	Q3AKA GAS	[Firm Period]									
Malanje	33%	TFDE	Q3AKA GAS	[Firm Period]									
Lobito	33%	TFDE	Q3AKA GAS	[Firm Period]									
Cubal	33%	TFDE	Q3AKA GAS	[Firm Period]									
Al Huwaila	40%	SSD ⁽²⁾	Q3AKA GAS	[Firm Period]									
Al Kharsaah	40%	SSD ⁽²⁾	Q3AKA GAS	[Firm Period]									
Al Shamal	40%	SSD ⁽²⁾	Q3AKA GAS	[Firm Period]									
Al Khuwair	40%	SSD ⁽²⁾	Q3AKA GAS	[Firm Period]									
Pan Asia	30%	TFDE	Q3AKA GAS	[Firm Period]									
Pan Americas	30%	TFDE	Q3AKA GAS	[Firm Period]									
Pan Europe	20%	TFDE	Q3AKA GAS	[Firm Period]									
Pan Africa	20%	TFDE	Q3AKA GAS	[Firm Period]									
Eduard Toll	50%	ARC7	YAMAL LNG	[Firm Period]									
Rudolf Samoylovich	50%	ARC7	YAMAL LNG	[Firm Period]									
Nikolay Yevgenov	50%	ARC7	YAMAL LNG	[Firm Period]									
Vladimir Voronin	50%	ARC7	YAMAL LNG	[Firm Period]									
Georgiy Ushakov	50%	ARC7	YAMAL LNG	[Firm Period]									
Yakov Gakkel	50%	ARC7	YAMAL LNG	[Firm Period]									
Regas Terminal	30%	Terminal	Q3AKA GAS	[Firm Period]									

■ Firm Period ■ Option Periods ■ Available



(1) Trading in the 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) SSD = Slow Steam Diesel

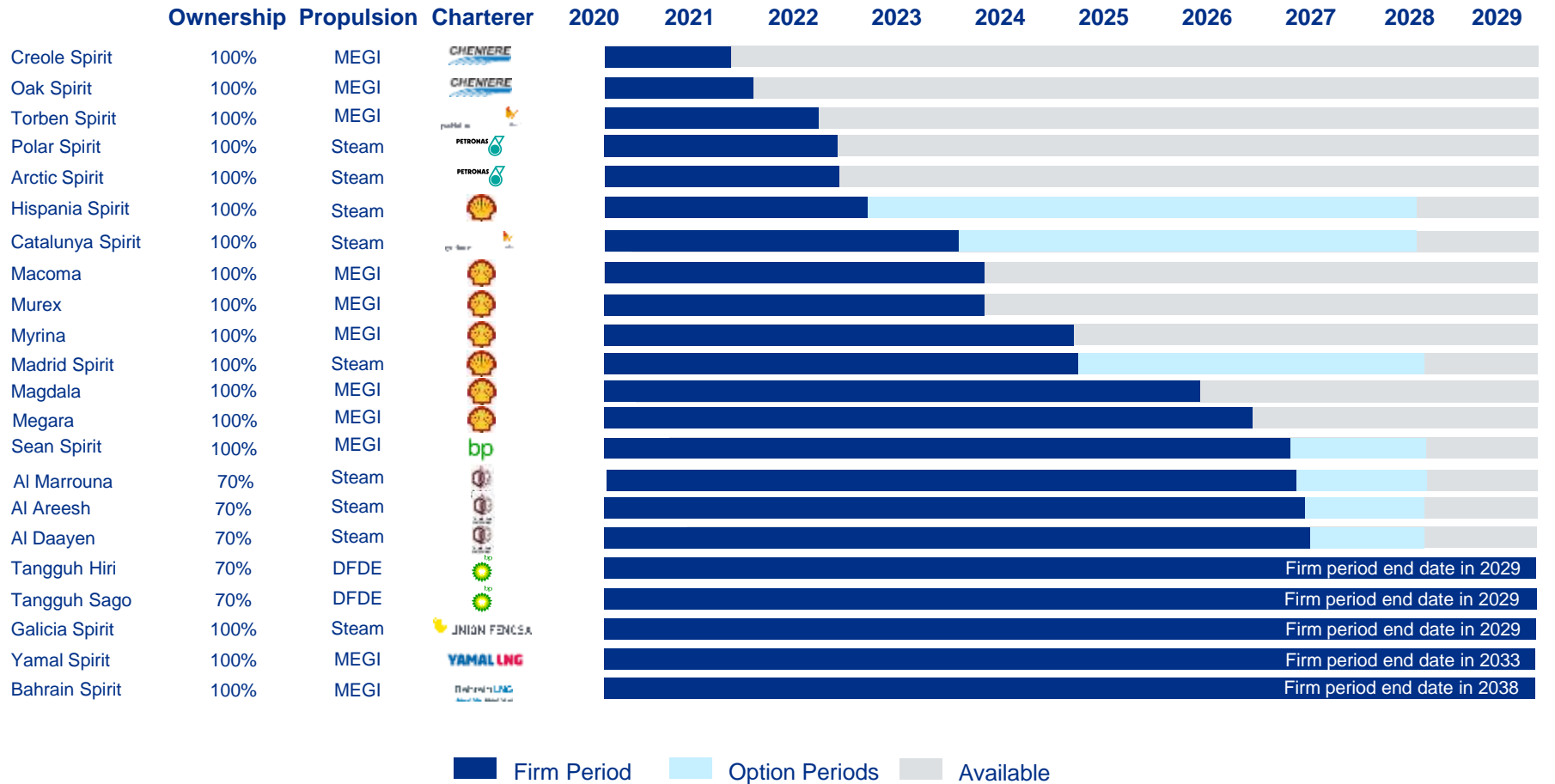
Long-Term Contract Coverage With High Quality Customers

Teekay LNG's fixed-rate contracts fleet-wide:

- 'Take-or-pay' (i.e. customer pays full hire to Teekay LNG irrespective of their usage of the vessel)
- Not impacted by LNG prices or cargo cancellations

Current Charter Terms - Consolidated LNG Fleet

Average Total Fleet Age: 9.5 years⁽¹⁾



(1) Average fleet age on Sept. 30, 2020

LNG Carrier Spot Rates Have Increased Recently

Spot rate strength a result of:

- Arbitrage window has re-opened, with LNG prices stronger in Asia vs. Europe, positively impacting ton-mile demand
- Fewer LNG cargo cancellations (Dec = 0) has increased near-term demand for tonnage
- Seasonal upswing with an expectation of a cold winter in N.E. Asia (Japan, Korea and northern China)

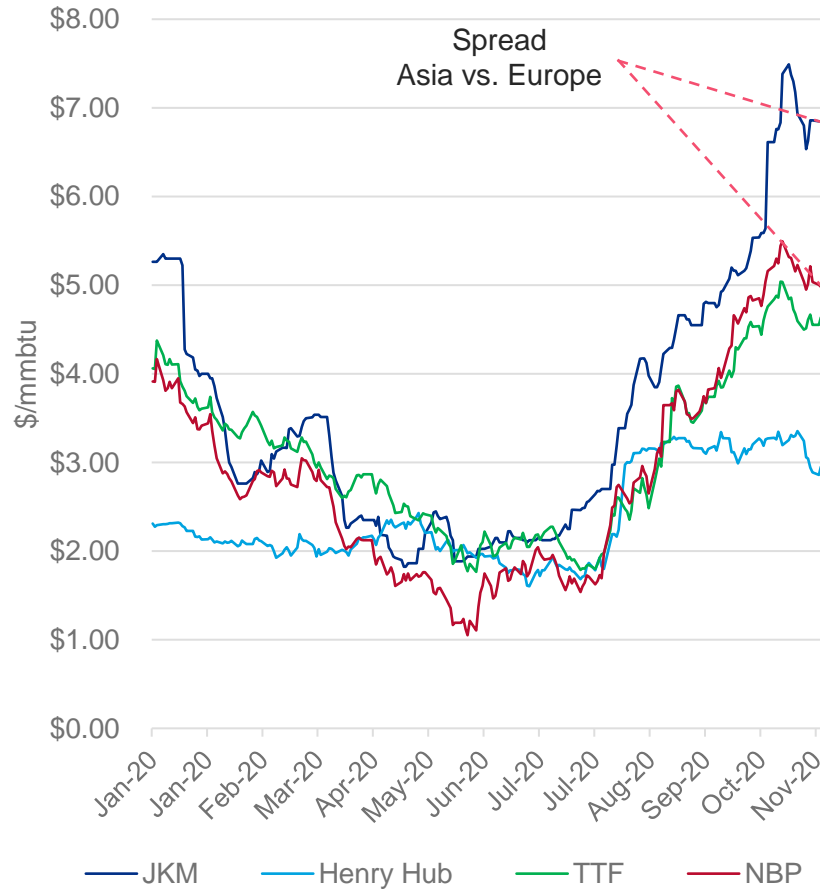
Looking to 2021, rates expected to normalize again:

- Sluggish demand for LNG
- Elevated vessel deliveries

TGP 96% fixed for 2020 and nearly all of 2021

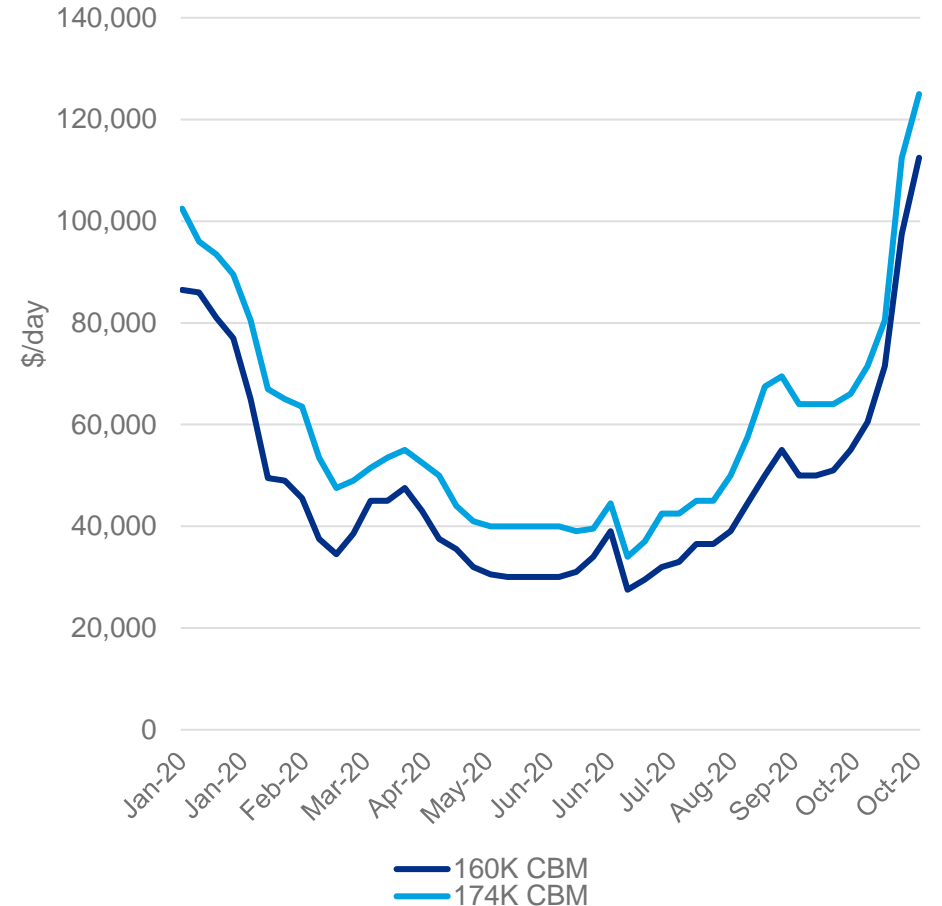


Gas prices by region



Source: Bloomberg & Platts

LNGC spot rates

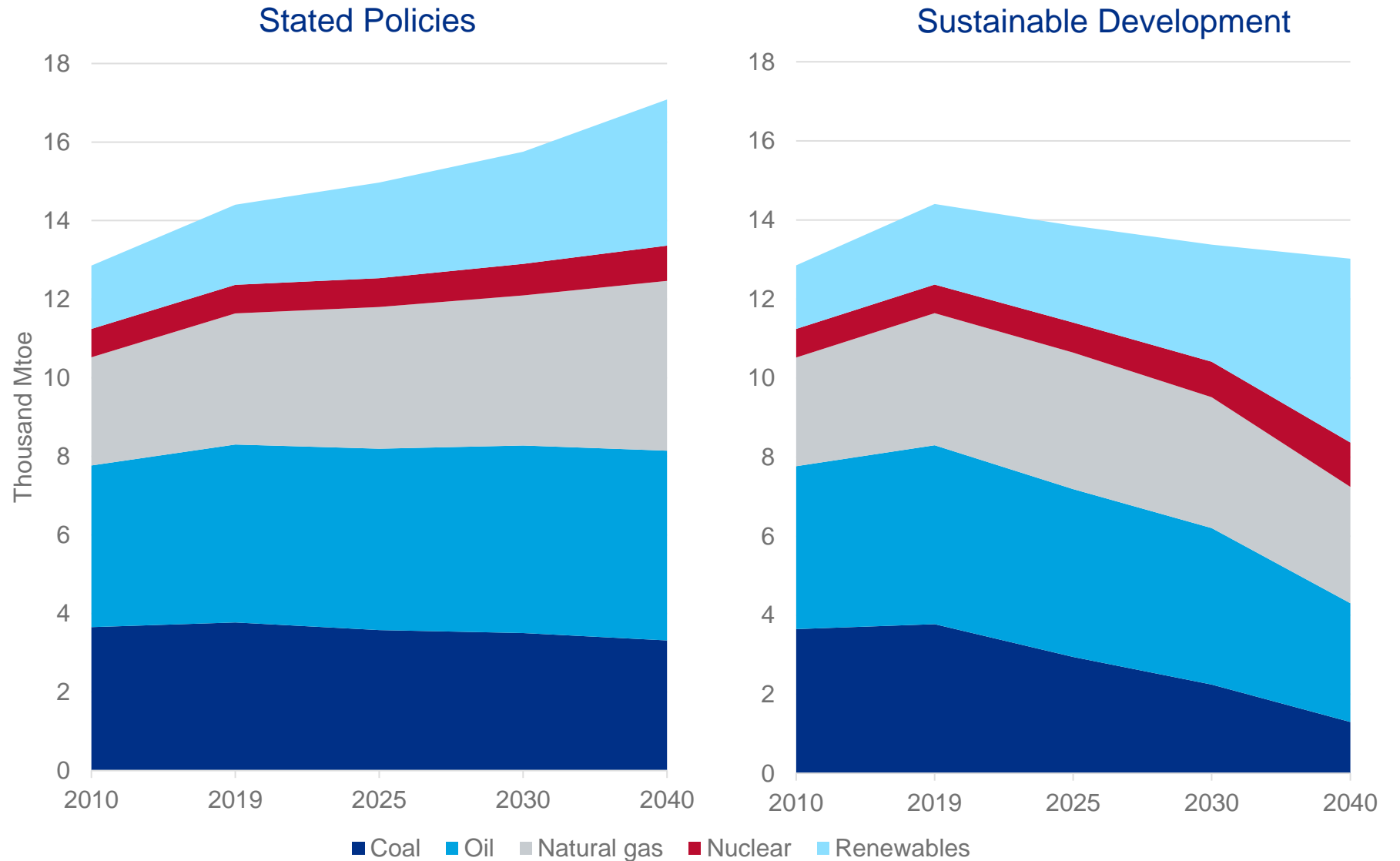


Source: Clarksons

Global Energy Transition Out to 2040

Natural gas remains key component of energy mix and a key transition fuel along with the growth in renewables

- **Stated Policies** reflects currently announced policies and targets
 - Almost 20% increase in global energy demand to 2040
 - Natural gas provides >35% of new energy supply
- **Sustainable Development** puts the world on track to achieve Paris Agreement
 - 10% decrease in global energy demand to 2040
 - Natural gas provides >20% of energy mix in 2040



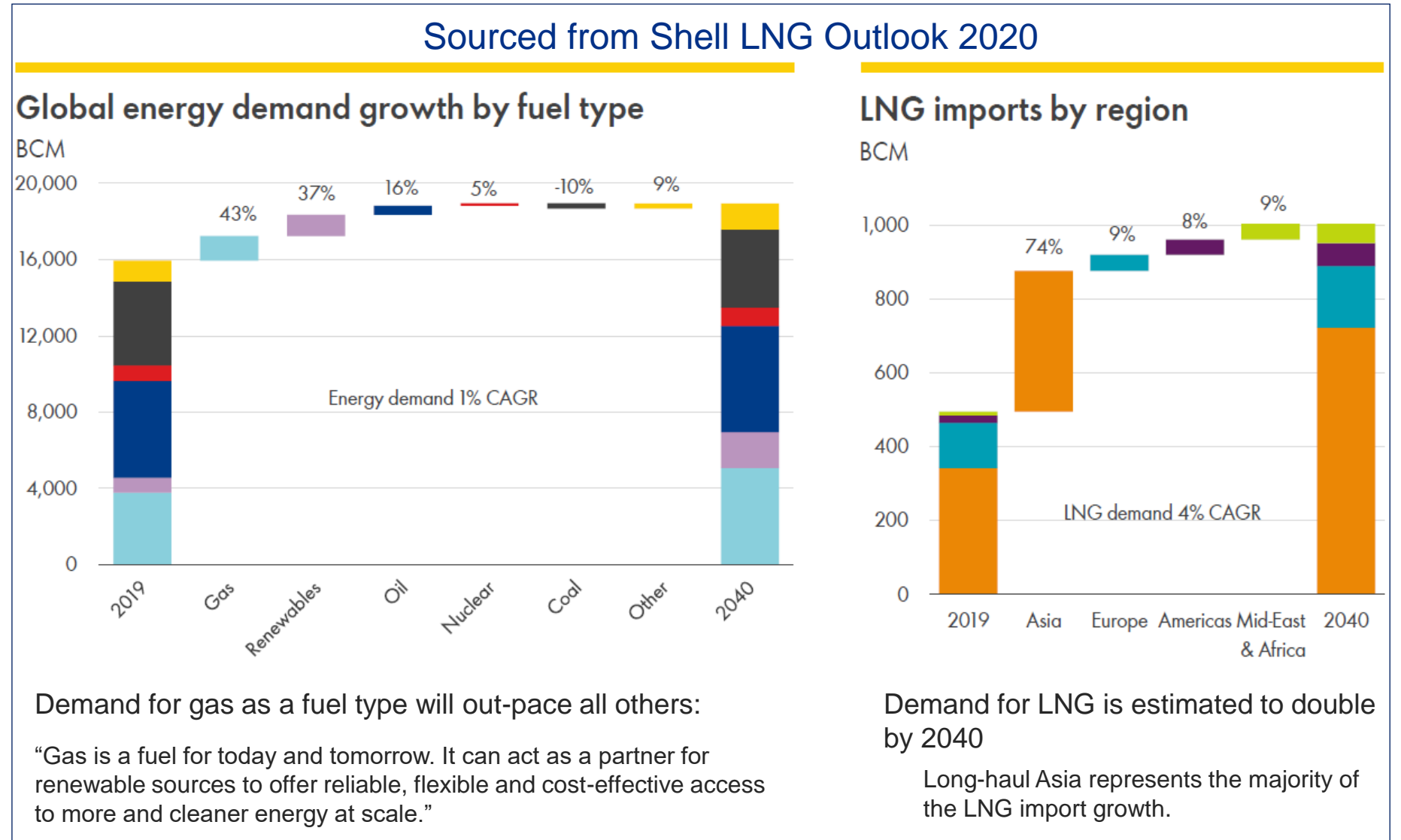
Our Customers are Re-focusing Towards Gas and Renewables

Gas considered a 'Bridge' to a decarbonized future

- CO₂ emissions per energy output are 50% of coal
- Gas for power generation will greatly expand

Natural gas predicted to take over as the largest energy source this decade

LNG dominates growth in global gas trade, although there will be increasing competition from other fuels and technologies



TGP's Financial Position Continues to Strengthen

Leverage continues to decline which benefits all stakeholders

Issued 5-yr, \$112 million unsecured NOK Bond in August at 5.74%

- Initially, proceeds used to repay revolvers

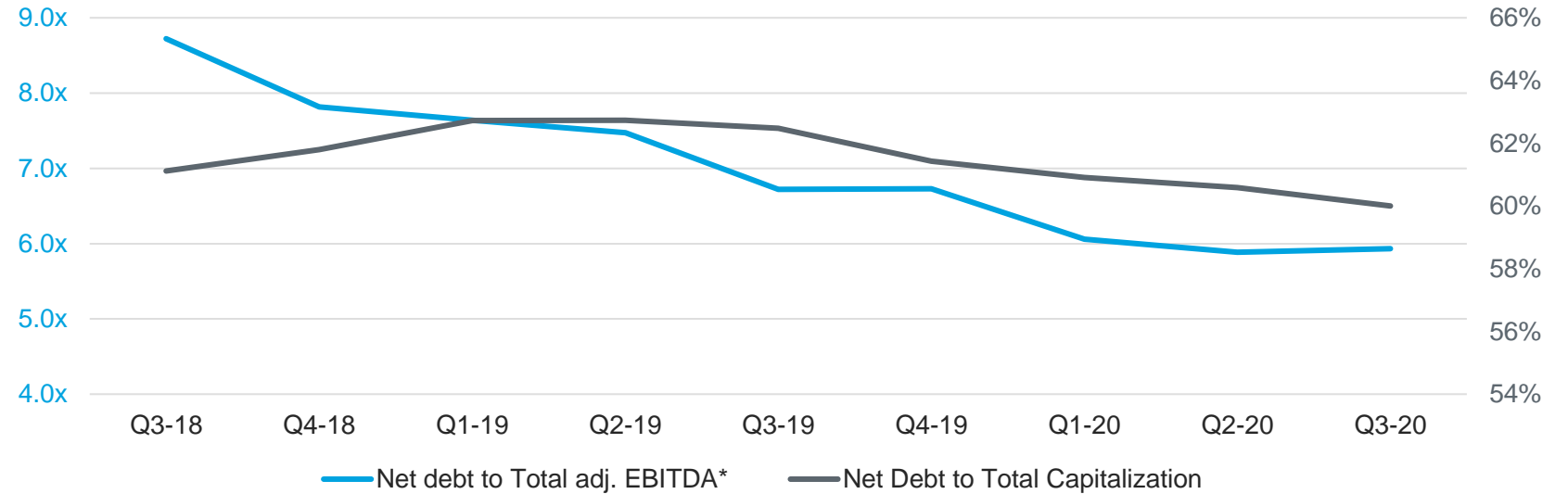
Strong liquidity balance provides additional strength and flexibility

No remaining debt maturities in 2020

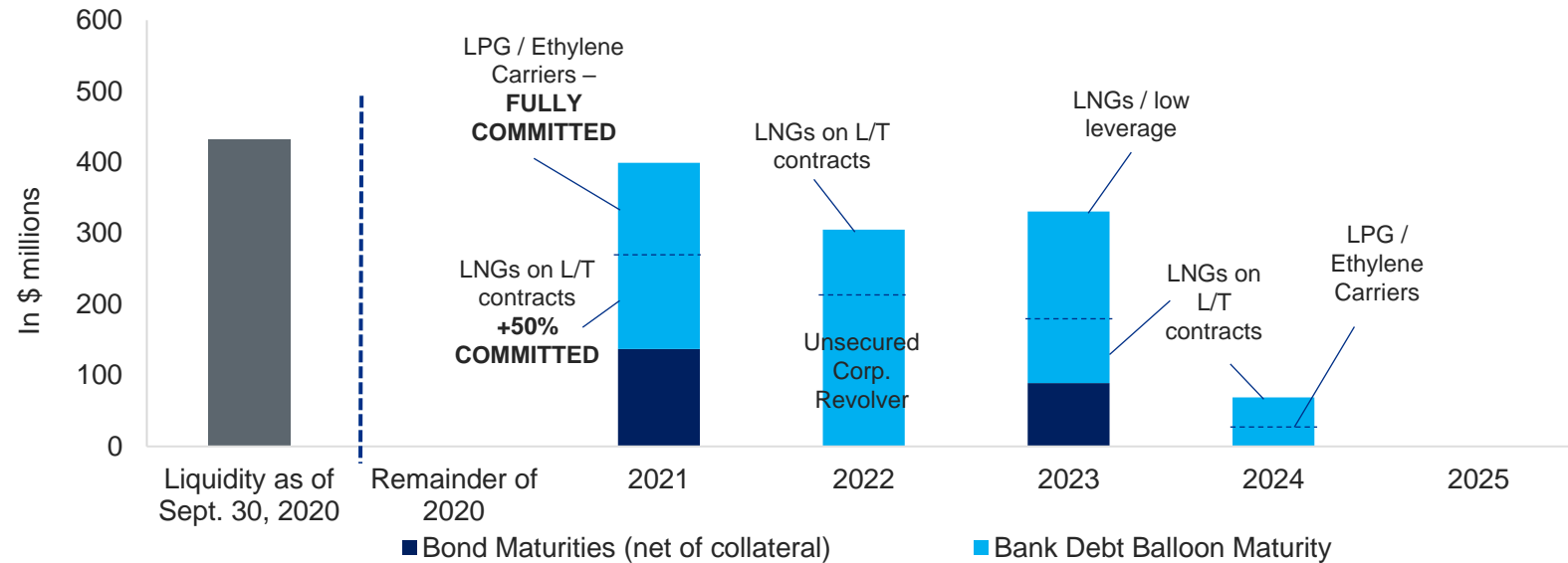
Two commercial debt facilities maturing in 2021 and refinancing progressing well:

- Expect refinancings to be completed well in advance of maturities

Financial Leverage



Debt Balloon Maturity and Refinancing Profile**



* EBITDA in each quarter has been annualized and includes our proportionate share of the EBITDA from our equity-accounted joint ventures. Net Debt also includes our proportionate share of our equity-accounted joint ventures. These are non-GAAP financial measures. Please see Teekay LNG's Q3-20 earnings release for definitions and reconciliations to the comparable GAAP measures.

** Debt maturities are based on % ownership, contractual maturity dates and exclude possible early refinancings

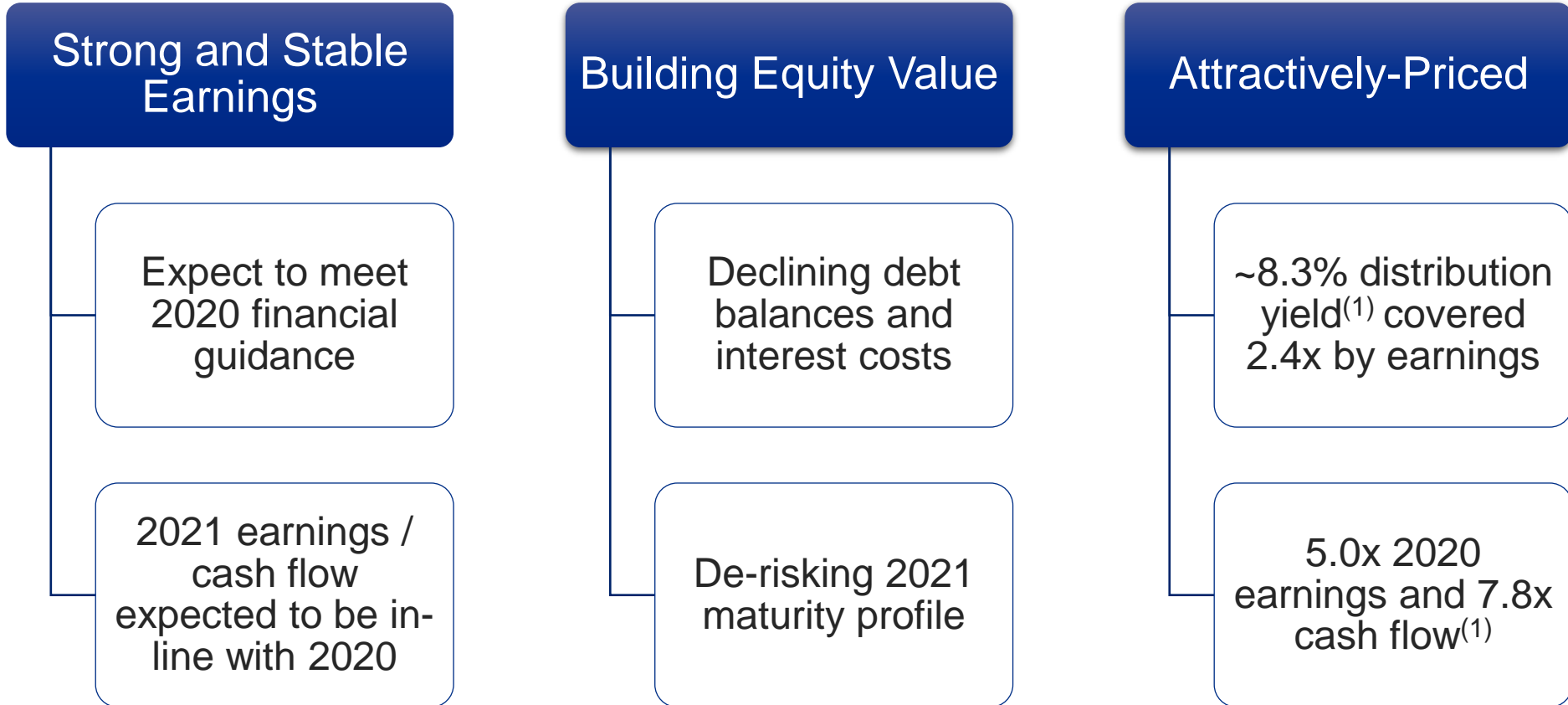
TGP Represents a Compelling Investment

As 4th largest independent LNG shipping company, Teekay LNG plays an integral role as the world transitions to a low carbon future

Strong cash flow and earnings generation provides capacity to sustainably increase distributions

- Current distribution represents only 42% of Q3-20 adjusted EPU

Total liquidity of over \$430 million provides optionality to opportunistically add-value through prudent allocation of capital



⁽¹⁾ Based on unit price of \$12.06 per unit and annual distribution of \$1 per common LP unit as of November 11, 2020 and low-end of 2020 guidance range. See Appendix for calculation and references.

Appendix

TGP Detailed EV/EBITDA Calculation

In \$ millions except ratios and per unit data

Proportionately Consolidated EV/EBITDA Calculation			
Consolidated Cash		254.8	Sept. 30, 2020 Balance Sheet
Proportionate share of J/V cash		251.0	Sept. 30, 2020 Appendix F of Earnings Release
Total Proportionate Consolidated Cash		505.8	
Consolidated Debt		2,852.1	Sept. 30, 2020 Balance Sheet
Proportionate share of J/V Debt		2,089.3	Sept. 30, 2020 Appendix F of Earnings Release
Total Proportionate Consolidated Net Debt	a	4,435.6	
Common Units outstanding		86.95	
Unit price		\$ 12.06	as at Nov. 11, 2020
Total Common Market Cap		\$1,048.6	
Preferreds A & B		295.0	Sept. 30, 2020 Balance Sheet
Total Equity value (common + Prefs)	b	1,343.6	
Tangguh and RG2 NCI	c	52.7	Sept. 30, 2020 Balance Sheet
Enterprise Value (EV)	d=a+b+c	5,831.9	
2020 EBITDA Guidance (low end of range)	e	750	As provided
Total EV/Total EBITDA	=d/e	7.8 x	

Consolidated EV/EBITDA Calculation			
Cash		254.8	Sept. 30, 2020 Balance Sheet
Total Debt		2,852.1	Sept. 30, 2020 Balance Sheet
Net Debt	a	2,597.3	
Common units outstanding		86.95	
Unit price		\$ 12.06	as at Nov. 11, 2020
Total Common Market Cap		1,048.6	
Preferreds A & B		295.0	Sept. 30, 2020 Balance Sheet
Total Equity value	b	1,343.6	
Tangguh and RG2 NCI	c	52.68	Sept. 30, 2020 Balance Sheet
Enterprise Value (EV)	d=a+b+c	3,993.6	
2020 EBITDA Guidance (low end of range)	e	410	As provided
Consol. EV/Consol. EBITDA	=d/e	9.7 x	

Adjusted Net Income

Q3-20 vs. Q2-20

(Thousands of U.S. Dollars except units outstanding or unless otherwise indicated)	Q3-2020	Q2-2020	Comments
Net voyage revenues	144,985	142,876	
Vessel operating expenses	(30,642)	(28,407)	Increased due to timing of maintenance and repairs on certain LNG carriers
Time-charter hire expenses	(5,980)	(5,368)	
Depreciation and amortization	(32,601)	(31,629)	
General and administrative expenses	(6,165)	(7,883)	Decreased primarily due to additional professional fees incurred in Q2-20
Income from vessel operations	69,597	69,589	
Adjusted equity income ⁽¹⁾	29,932	35,900	Decreased primarily due to redeployment of certain 52%-owned LNG carriers at lower rates and scheduled dry dockings of certain LPG carriers in Q3-20
Adjusted net interest expense ⁽¹⁾	(35,738)	(38,538)	Decreased due to lower LIBOR and lower debt balances
Adjusted other income (expense) – net ⁽¹⁾	248	(419)	
Adjusted income tax expense ⁽¹⁾	(1,420)	(75)	Increased due to change in timing of tax deductions recorded in Q2-20
Adjusted net income	62,619	66,457	
Less: Adjusted net income attributable to non-controlling interests	(3,686)	(3,814)	
Adjusted net income attributable to the partners and preferred unitholders	58,933	62,643	
Weighted-average number of common units outstanding	86,951,234	82,197,665	
Limited partner's interest in adjusted net income per common unit	0.59	0.67	

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



Reconciliations of Non-GAAP Financial Measures

Reconciliation of the Partnership's Adjusted Equity Income:

(Thousands of U.S. Dollars)	Three Months Ended 30-Sep-20	Three Months Ended 30-Jun-20
Equity income as reported	24,346	32,155
Proportionate share of unrealized (gain) loss on non-designated interest rate swaps	(2,680)	3,806
Unrealized credit loss provisions	7,099	(423)
Proportionate share of other items	1,167	362
Adjusted Equity Income	29,932	35,900

Reconciliation of the Partnership's Adjusted Net Interest Expense:

(Thousands of U.S. Dollars)	Three Months Ended 30-Sep-20	Three Months Ended 30-Jun-20
Interest expense as reported	(30,528)	(35,143)
Interest income as reported	1,406	1,697
Realized losses on derivative instruments and other	(6,616)	(5,092)
Adjusted Net Interest Expense	(35,738)	(38,538)

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

(Thousands of U.S. Dollars)	Three Months Ended 30-Sep-20	Three Months Ended 30-Jun-20
Other expense as reported	(14,149)	(679)
Unrealized credit loss provisions	14,397	260
Adjusted Other Income (Expense) - Net	248	(419)

Reconciliation of the Partnership's Adjusted Income Tax Expense:

(Thousands of U.S. Dollars)	Three Months Ended 30-Sep-20	Three Months Ended 30-Jun-20
Income tax (expense) recovery as reported	(1,420)	1,804
Adjustments relating to prior years	-	(1,879)
Adjusted Income Tax Expense	(1,420)	(75)

Q4 2020 Outlook

Adjusted Net Income	Q4 2020 Outlook (compared to Q3 2020)
Net voyage revenues	• \$1M decrease from multi-gas vessels due to lower forecasted daily rates in Q4-20
Vessel operating expenses	• Expected to be consistent with Q3-20
Time-charter hire expenses	• Expected to be consistent with Q3-20
Depreciation and amortization expense	• Expected to be consistent with Q3-20
General and administrative expenses	• Expected to be consistent with Q3-20
Adjusted equity income	• \$1M increase due to fewer dry dockings of certain LPG and LNG vessels in Q4-20
Adjusted net interest expense	• \$1M decrease due to lower forecasted LIBOR rate in Q4-20 vs Q3-20 and the forecasted reduction of debt
Adjusted other expense – net	• Expected to be consistent with Q3-20
Income tax expense	• Expected to be consistent with Q3-20
Adjusted net income attributable to non-controlling interests	• Expected to be consistent with Q3-20

2020(E) Drydock Schedule

Entity	Segment	March 31, 2020 (A)		June 30, 2020 (A)		September 30, 2020 (A)		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	32	-	8	1	40
	LPG - Consolidated	-	-	1	26	-	5	-	-	1	31
	LNG Equity Accounted	-	-	-	-	2	60	3	54	5	114
	LPG Equity Accounted	1	30	-	-	4	200	1	46	6	276
		1	30	1	26	7	297	4	108	13	461

*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

