Teekay Tankers

Q1-2020 Earnings Presentation

May 21, 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, 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 and the volatility of such markets; forecasts of worldwide tanker fleet growth or contraction and newbuilding tanker deliveries and vessel scrapping; estimated growth in global oil demand and supply; future tanker rates; future OPEC+ oil production or oil supply cuts; floating storage demand; the impact of the COVID-19 outbreak and related developments on the Company's business and tanker market fundamentals; the Company's forward fixed rate revenues; future free cash flow breakevens; timing for the commencement of a time charter-out contract; the Company's continued operation of its oil ship-to-ship transfer support services in North America and the Caribbean and the synergies of that business with the Company's core Full Service Lightering business; the Company's liquidity and market position; the Company's strategic priorities and anticipated delevering of the Company's balance sheet; the Company's ability to create shareholder value; and the Company's positioning within its industry. 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 tanker rates; changes in the production of, or demand for, oil or refined products; changes in trading patterns significantly affecting overall vessel tonnage requirements; OPEC+ production and supply levels; oil contango levels; the duration and extent of the COVID-19 outbreak and any resulting effects on the markets in which the Company operates; the impact of the COVID-19 outbreak on the Company's ability to maintain safe and efficient operations; the impact of geopolitical tensions and changes in global economic conditions; greater or less than anticipated levels of tanker newbuilding orders and deliveries and greater or less than anticipated rates of tanker scrapping; 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 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 and IMO 2030; increased costs; 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, 2019. 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

Highest Results in More than 10 Years

Total adjusted EBITDA[1] of $155.4 million, up $22.6 million from Q4-19

Adjusted net income[1] of $110.0 million, or $3.27 per share, up from adjusted net income[1] of $83.0 million, or $2.47 per share, in Q4-19

Quarterly EPS yield of 20.0%[2] (annualized yield of 80.0%)

Strengthening our Balance Sheet

Generated over $140 million of free cash flow[1] and completed approximately $60 million of vessel sales in Q1-20

- Q1-20 net debt reduced by approx. $200 million, or over 20%, from Q4-19
- Q1-20 liquidity of $368 million
- Net debt to total cap reduced to 40.0% vs. 48.4% in Q4-19

Closed the previously announced sale of the ship-to-ship transfer services business in late-April

Tanker Market

Mid-size tanker spot rates in Q1-20 were the highest since Q3-08

Q2-20 looks set to be another strong quarter partially driven by floating storage demand

Additional five one-year Suezmax out-charters secured at an average rate of $45,600/day and one six-month out-charter at $52,500/day

Three Aframax-sized vessels out-chartered for 12 to 24-month periods at an average rate of $26,750/day

(1) These are non-GAAP financial measures. Please see Teekay Tankers' Q1-20 earnings release for definitions and reconciliations to the comparable GAAP measures.
(2) Based on TNK's closing share price on May 20th of $16.05

Operating in a COVID-19 Environment

Protecting the health and safety of our seafarers and onshore staff while ensuring business continuity

Focus on Safety and Health of our Crew

- Crew changes are not possible except for special cases and our seafarers remain onboard beyond their planned length
- Preventative policies enforced to ensure health and safety of our crew

Operations Continue to Perform Efficiently

- No onboard cases of COVID-19
- Onshore staff working remotely with full capabilities
- Vessel availability remains unaffected, no impact on vessel days

Maintenance Management

- Advanced purchases of critical spares
- No drydocks in Q1-20. One vessel to drydock in Q2-20. Obtained extensions for two other vessels that were scheduled for drydock in Q2-20

Rates in Q1-20 the Highest in Over 10 Years

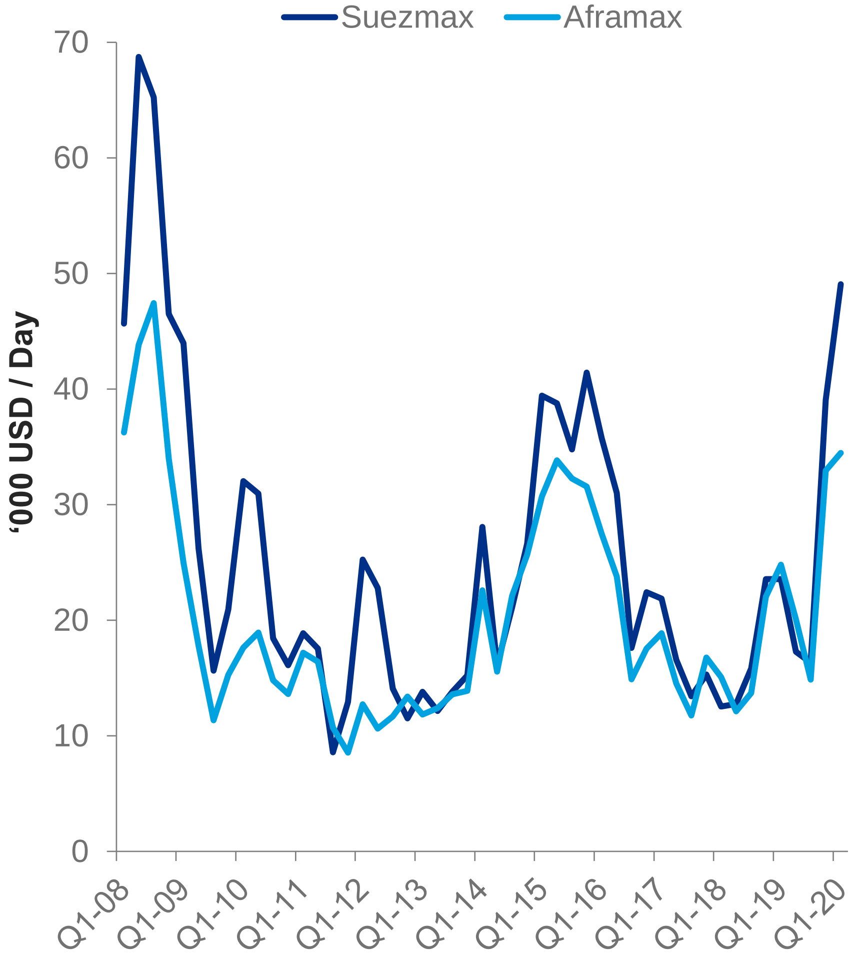
Elevated supply in March and April due to Russia / Saudi price war, collapse in oil prices, and rise in floating storage boosted spot tanker rates in Q1-20

Floating storage approaching historical highs

Storage demand and logistical delays expected to continue in the near-term

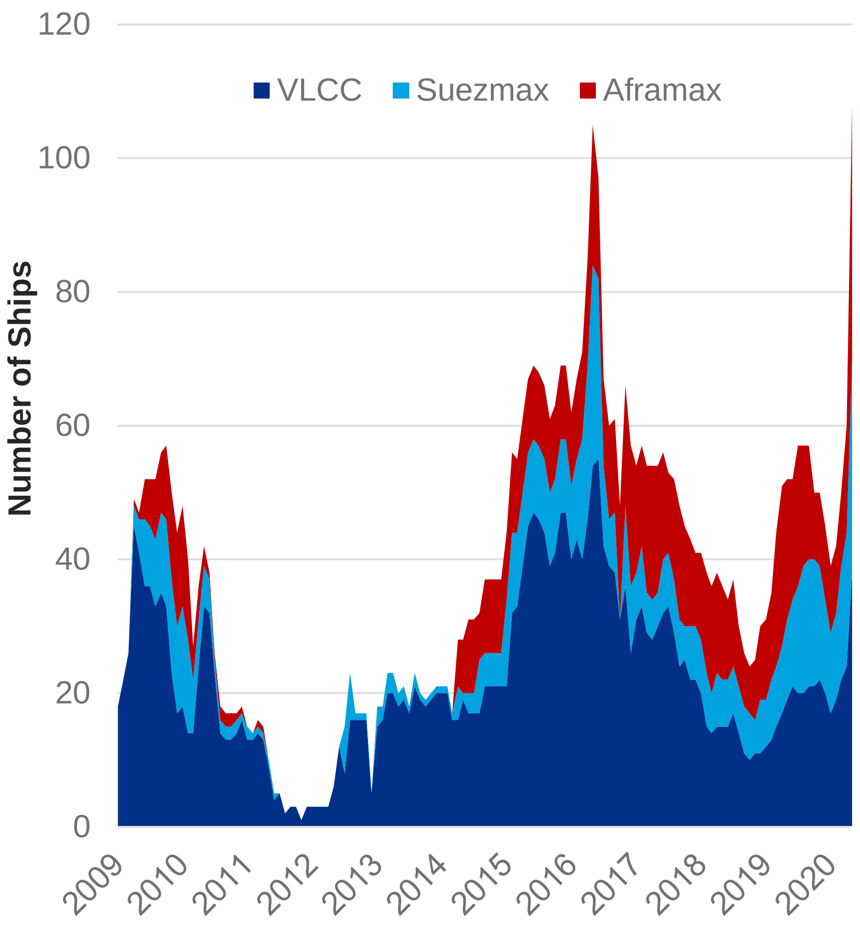
Global oil supply starting to decline on OPEC+ cuts and falling production in non-OPEC countries due to low oil prices

Average Mid-Size TCEs



Source: Teekay Tankers

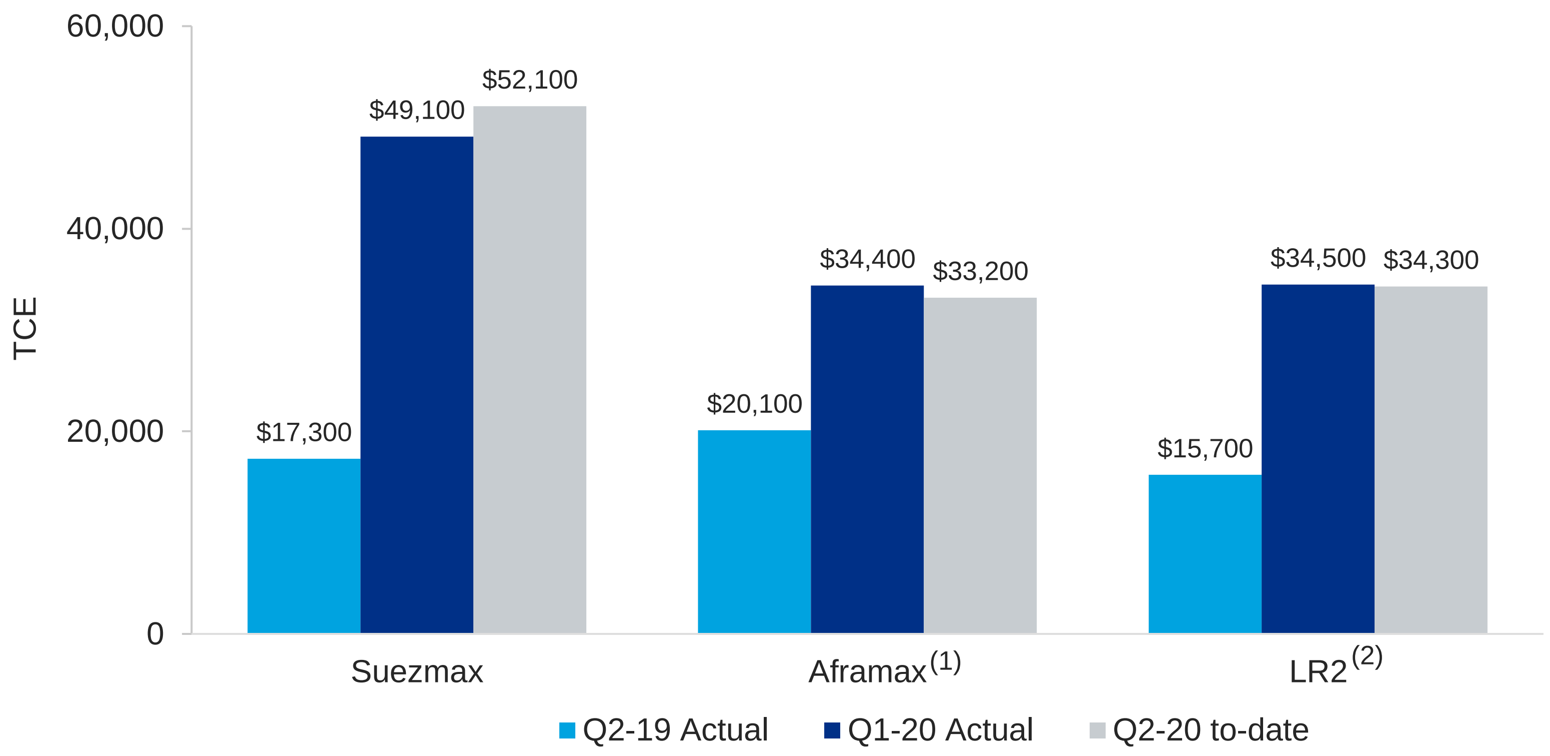
Crude Tanker Floating Storage(1)



Source: Braemar ACM

(1) Trading vessels only. Excludes Iranian VLCCs. Floating storage duration of at least 30 days

Q2-20 Spot TCEs Update



	Suezmax	Aframax(1)	LR2(2)
Q2-20 spot ship days available	1,570	1,644	886
Q2-20 % booked to-date	69%	64%	58%

(1) Earnings and percentage booked to-date include Aframax RSA, full service lightering (FSL) and non-pool voyage charters for all Aframax vessels; for periods prior to Q1-20, earnings included all vessels trading in the Aframax RSA which included LR2 vessels trading in the dirty spot market.

(2) Earnings and percentage booked to-date include Aframax RSA, FSL and non-pool voyage charters for all LR2 vessels, whether trading in the clean or dirty spot market, all LR2s are trading dirty Q2-20 to-date; for periods prior to Q1-2020, earnings included all vessels trading in the Taurus RSA, which excluded some LR2 vessels trading in FSL or non-pool dirty market.

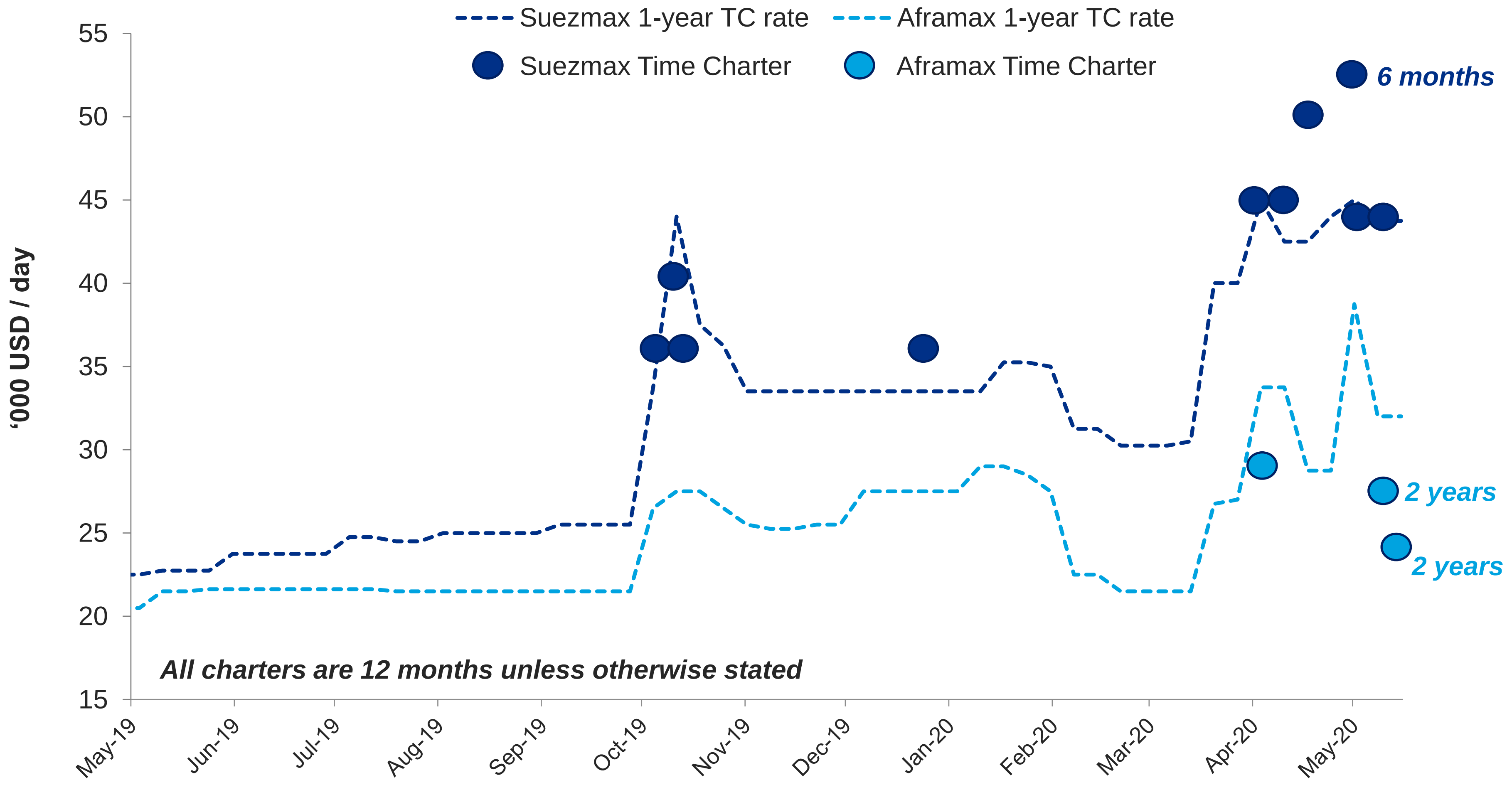
TNK Securing Fixed-Rate Coverage at Time Charter Market Peaks

10 Suezmaxes and 3 Aframax sized vessels out-chartered since October 2019 for periods of 6-24 months

$170 million(1) of fixed forward time charter revenues

Approximately 20% of ship days fixed for the next 12 months(2)

TNK Out-Charters vs. TC Rates



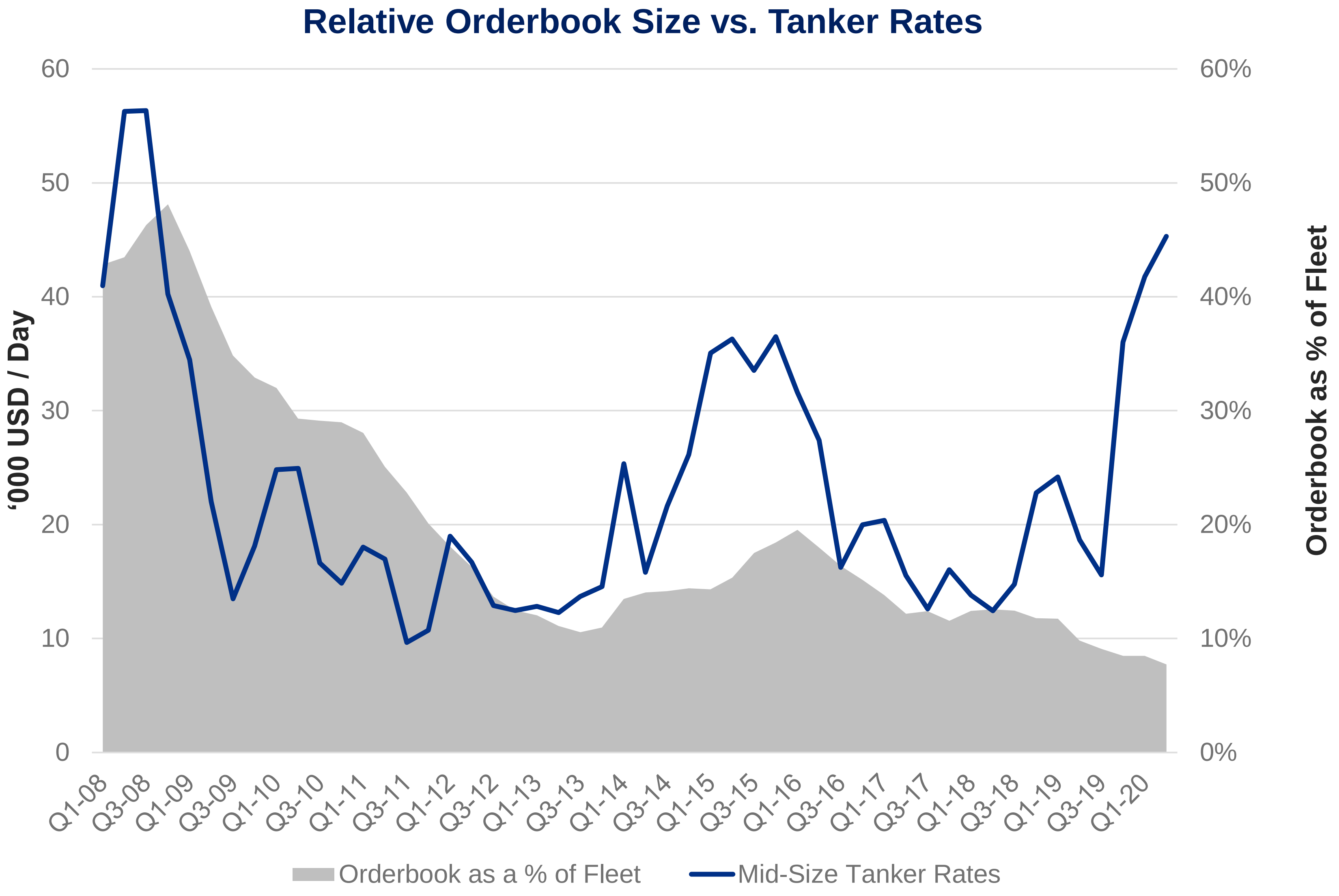
Source: Clarksons

(1) For the period commencing April 1, 2020
(2) Includes Full Service Lightering

Medium-Term Uncertainty, but Lower Fleet Growth Than in Prior Cycles

Potential for a period of destocking as oil markets normalize, however…

- Tanker orderbook currently 8% of the existing fleet size, lowest since 1997
- Tanker ordering remains low
- Aging global fleet with a large number of potential scrap candidates
- Fleet growth expected to remain very low for the next 2 years
- Tanker fleet is far better positioned to weather a period of weaker demand than in prior cycles



Significantly Improved Financial Strength

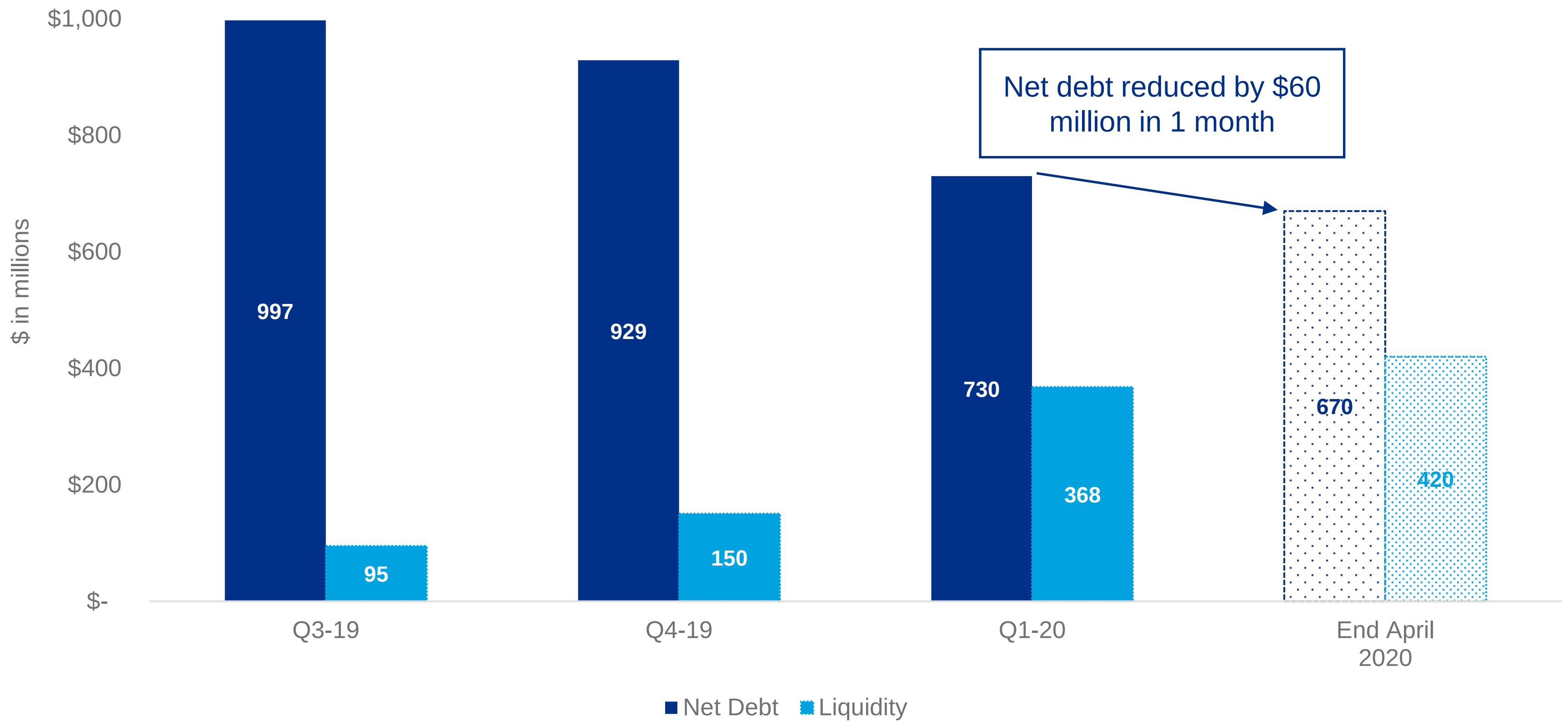
Generated over $140 million of free cash flow(2) in Q1-20 and completed $60 million in asset sales

- Net debt reduced by over 20% from Q4-19 to $730 million at end of Q1-20
- Liquidity increased by $218 million to $368 million from Q4-19 to Q1-20

Strong April cash flows further reduced net debt and increased liquidity

Secured time charter-out contracts reduced breakeven by over $4,000 per day(3)

Net Debt(1) and Liquidity



(1) Net debt is a non-GAAP financial measure and represents short-term, current and long-term debt and current and long-term obligations related to finance leases less cash and cash equivalents and restricted cash.
(2) Free cash flow (FCF) represents net income, plus depreciation and amortization, unrealized losses from derivative instruments, loss on sales of vessels, equity loss from the equity-accounted joint venture, and any write-offs and certain other non-cash non-recurring items, less unrealized gains from derivative instruments, gain on sales of vessels, equity income from the equity-accounted joint venture and certain other non-cash items. Please refer to the Teekay Tankers Earnings Releases for reconciliation to most directly comparable GAAP financial measure.
(3) For 12 months ending March 31, 2021

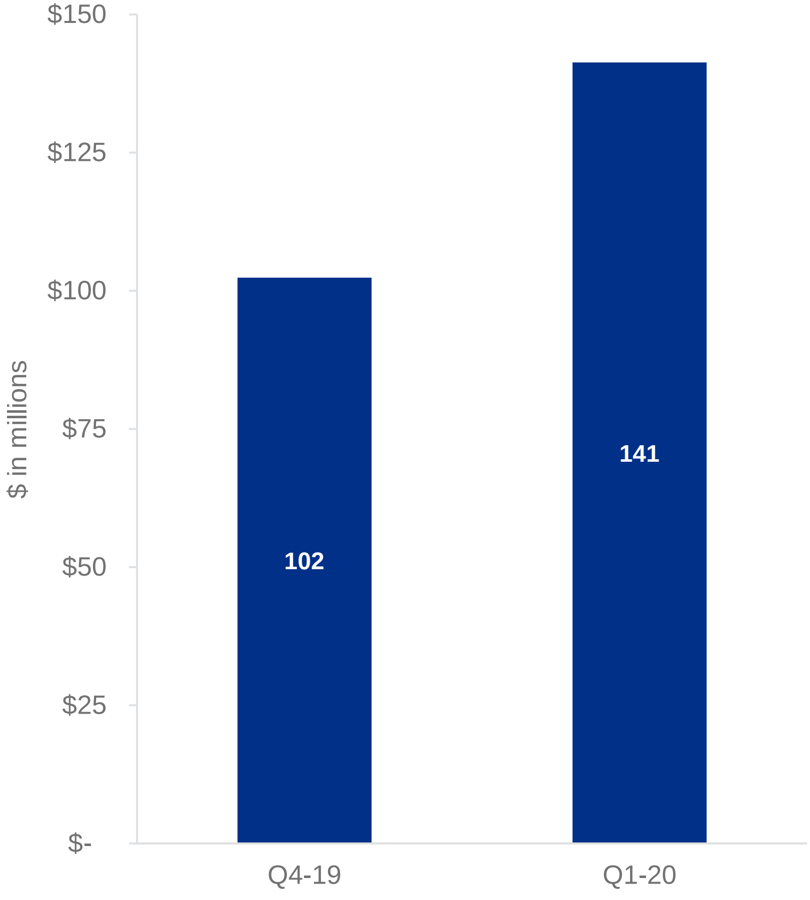
Continuing to Create Significant Shareholder Value

Annualized Q1-2020 free cash flow yield of approximately 100% based on current share price[1]

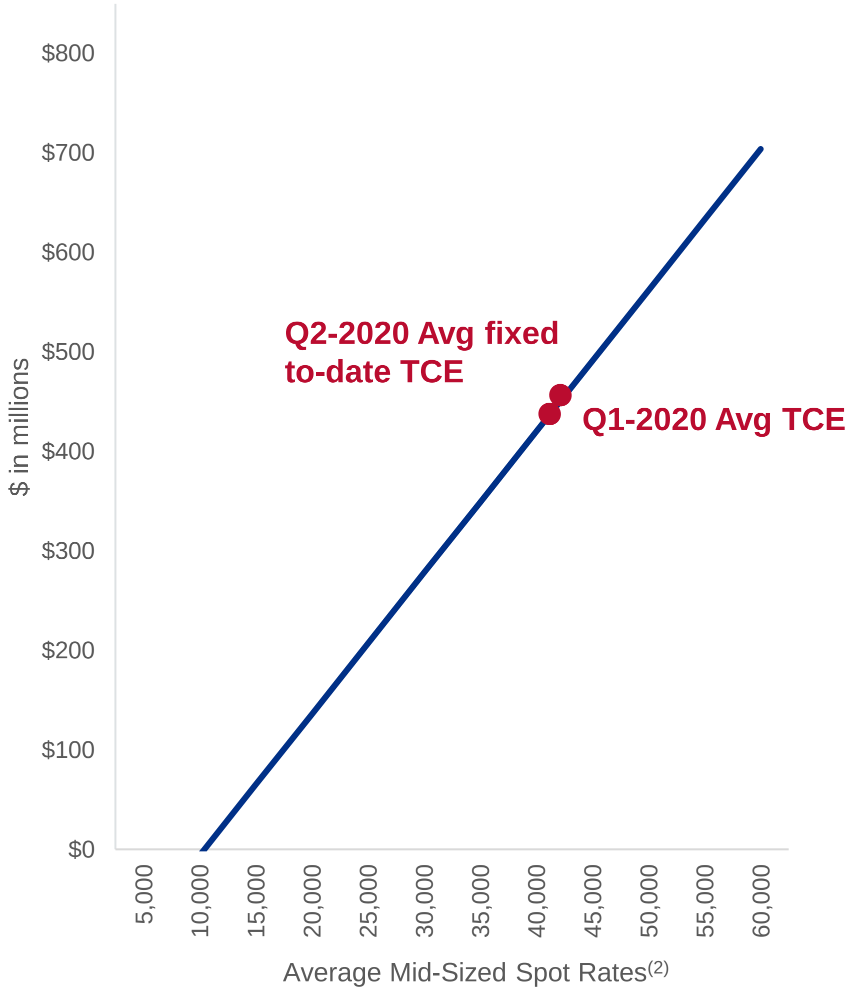
Over $240 million of free cash flow generated in the last two quarters

Strong free cash flow expected in Q2-20; remains positive even at significantly lower spot tanker rates

Free Cash Flow[3]



FCF[3][4] Spot Rate Sensitivity Next 12 Months[5]



(1) Based on TNK's closing share price on May 20th of $16.05
(2) Average of Suezmax and Aframax spot rates
(3) 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.
(4) Includes estimated expenditures for drydock and ballast water treatment system installation
(5) For 12 months ending March 31, 2021

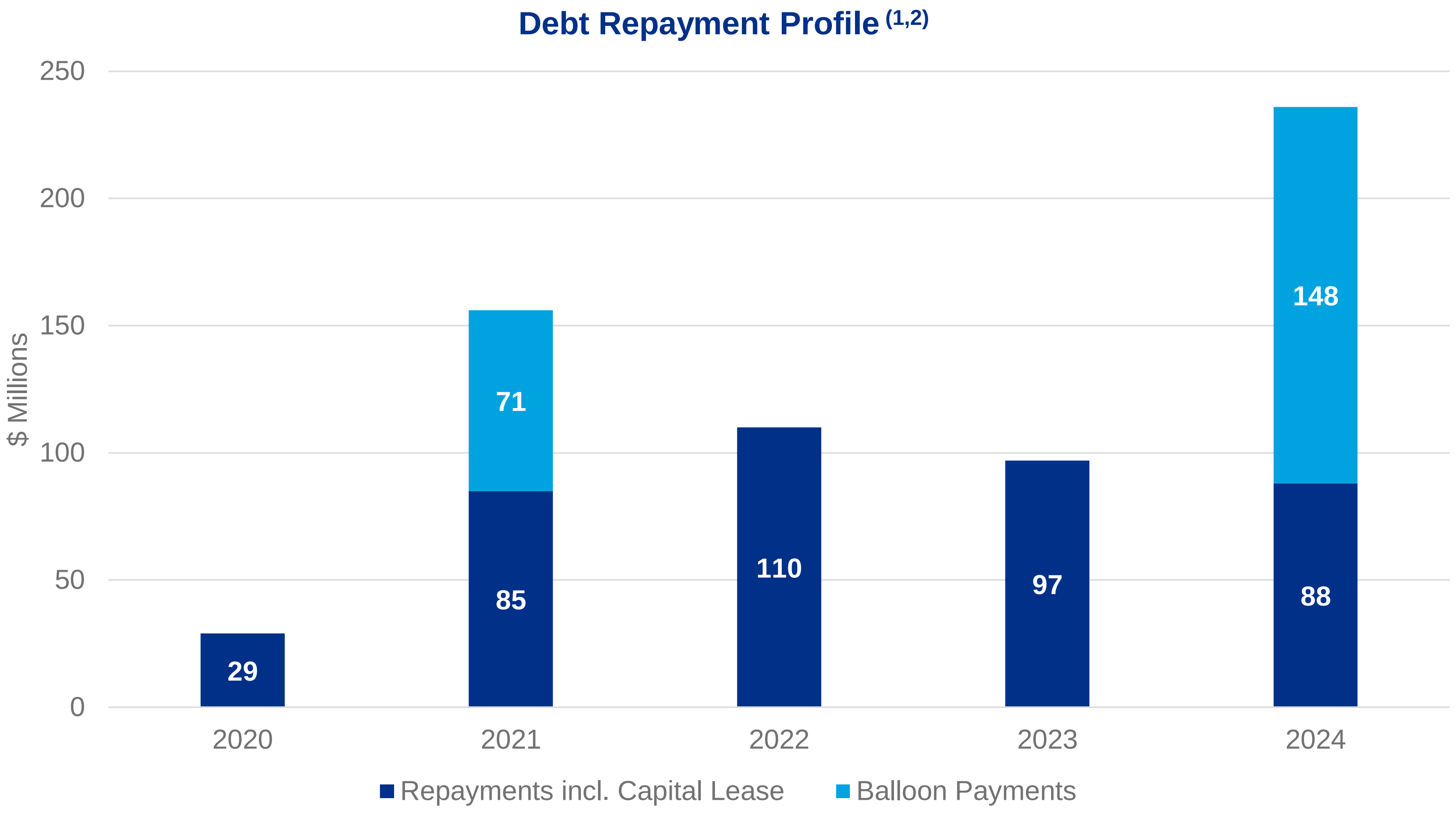
Executing on our Strategic Priorities

Continue to execute on our strategic priorities despite operating in COVID-19 environment

	2020 Strategic Priorities	Execution to-date
Operating Leverage	• Maintain significant spot exposure • Opportunistically increase fixed rate out-charter contracts	• 80% of the fleet trading in spot market • Out-chartered 10 Suezmaxes, three Aframax-sized vessels for 6 to 24-month periods
Financial	• Focus on delevering, building net asset value and reducing cost of capital • No dividends expected in 2020	• Net Debt reduced by 29% from Q3-19 to $730M in Q1-20 • Grew significant liquidity position with no substantial debt maturities until 2024
Assets	• Consider selling vessels on an opportunistic basis • No vessel investments	• Completed 3 vessel sales in Q1-20 • Closed sale of non-core ship-to-ship transfer support services business
IMO 2020	• Smooth transition to low sulphur fuels	• Secured quality LSFO supplies and no operational difficulties encountered • Did not install scrubbers or speculate on fuel spreads thus avoiding unnecessary capex, debt or losses

Appendix

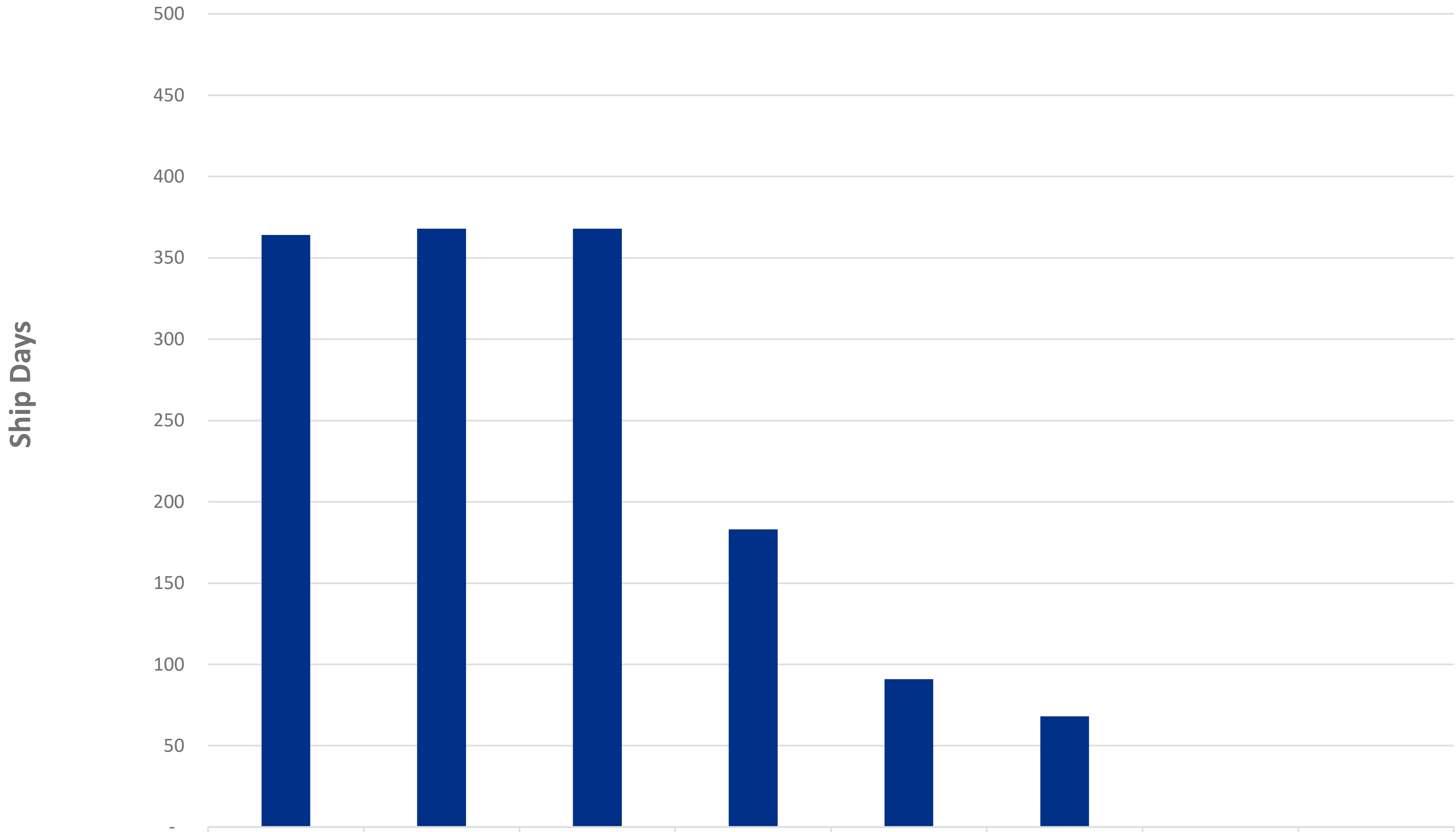
Debt Repayment Profile



(1) Excludes working capital loan facility which is expected to be continually extended for periods of six months unless and until the lender gives notice that no further extensions shall occur

(2) Repayment profile based on current drawn amounts

Fleet Employment – In Charter(1)

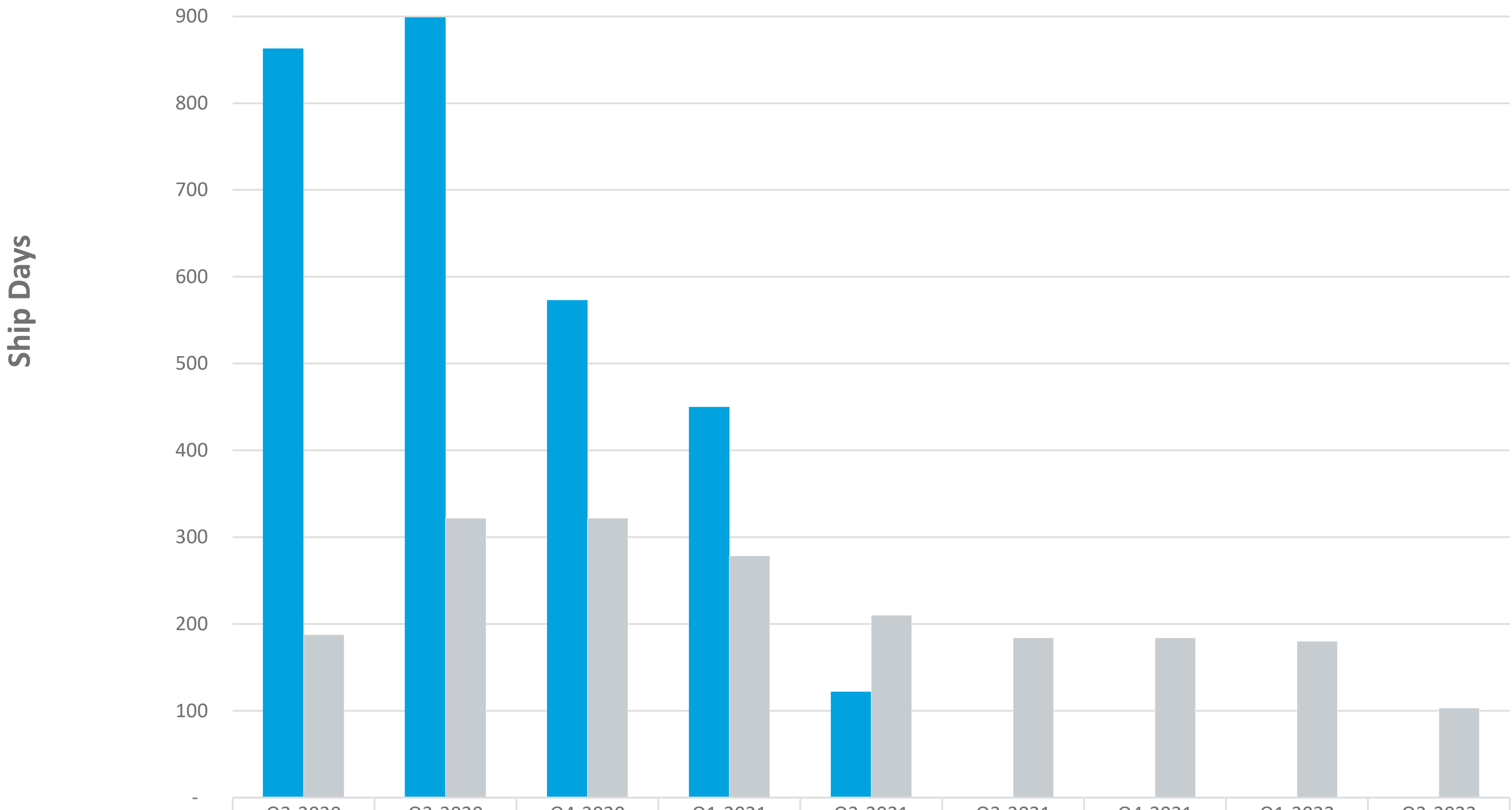


	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Q1-2022
Aframax/LR2 Days	364	368	368	183	91	68	-	-
Aframax/LR2 Rates	21,188	21,188	21,188	21,471	21,000	21,000	-	-

Aframax/LR2 Days

(1) Based on existing charters excluding extension options

Fleet Employment – Out-Charters[(1)]



	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Q1-2022	Q2-2022
Suezmax Days	863	899	573	450	122	-	-	-	-
Aframax/LR2 Days	188	322	322	279	210	184	184	180	103
Suezmax Rates	40,268	42,542	44,312	45,600	45,189	-	-	-	-
Aframax/LR2 Rates	25,905	25,857	25,857	26,559	26,075	25,625	25,625	25,625	24,915

Suezmax Days   Aframax/LR2 Days

(1) Based on existing charters excluding extension options and expected drydock/ off-hire days noted on slide 19

Q2-20 Outlook

Income Statement Item	Q2-20 Outlook[1] (expected changes from Q1-20)
Revenues	Decrease of approximately 220 net revenue days, mainly due to the sale of three vessels and the redelivery of two chartered-in vessels in Q1-20, as well as more drydockings in Q2-20 compared to Q1-20. The sale of the non-US portion of the ship-to-ship support services business and LNG terminal management business in Q2-20 will also contribute to a decrease of approximately $5.6 million in revenues. Refer to Slide 6 for Q2-20 booked to-date spot tanker rates.
Vessel operating expenses	An increase of approximately $0.5 million, primarily due to the timing of planned maintenance activities, partly offset by the sale of three vessels in Q1-20. The sale of the non-US portion of the ship-to-ship support services business and LNG terminal management business in Q2-20 will contribute to a decrease of approximately $3.9 million in operating expenses.
General and administrative expenses	Increase of approximately $1.3 million, primarily due to stock-based compensation, which is recognized annually in the quarter it is granted. The sale of the non-US portion of the ship-to-ship support services business and LNG terminal management business in Q2-20 will contribute to a decrease of approximately $0.3 million in general & administrative expenses.
Interest expense	Decrease of approximately $1.5 million, primarily due to scheduled repayments and prepayments on our credit facilities.
Equity income	Increase of approximately $0.7 million, primarily due to higher earnings expected from our equity-accounted vessel.

(1) Changes described are after adjusting Q1-20 for items included in Appendix A of Teekay Tankers Q1-20 Earnings Release and realized gains and losses on derivatives (see slide 17 to this earnings presentation for the Consolidated Adjusted Line Items for Q1-20).

Adjusted Net Income[1]

Q1-20 vs Q4-19

(In thousands of U.S. dollars)

Statement Item	Q1-2020 (unaudited)	Q4-2019 (unaudited)	Variance	Comments
Revenues	341,851	327,932	13,919	Increase primarily due to higher overall spot TCE rates in Q1-20, higher net results from full service lightering, as well as fewer off-hire days, partially offset by the sale of four Suezmax vessels during Q4-19 and Q1-20 and the redelivery of two Aframax chartered-in vessels in Q1-20.
Voyage expenses	(119,241)	(124,561)	5,320	Decrease primarily due to a reduction in spot voyage activities resulting from the sale of four Suezmax vessels during Q4-19 and Q1-20 and more vessels trading in the fixed market, partially offset by fewer off-hire days.
Vessel operating expenses	(50,649)	(51,875)	1,226	Decrease primarily due to the sale of four Suezmax vessels during Q4-19 and Q1-20, partly offset by the timing of planned maintenance activities.
Time-charter hire expenses	(9,879)	(12,312)	2,433	Decrease due to the redelivery of two Aframax chartered-in vessels in Q1-20.
Depreciation and amortization	(29,632)	(31,943)	2,311	Decrease primarily due to the sale of four Suezmax vessels during Q4-19 and Q1-20, as well as no depreciation being taken on the held for sale assets.
General and administrative expenses	(9,286)	(8,992)	(294)	
Income from operations	123,164	98,249	24,915	
Interest expense	(14,723)	(15,284)	561	
Interest income	256	147	109	
Equity income	1,940	1,693	247	
Other expense	(656)	(1,814)	1,158	
Adjusted net income	109,981	82,991	26,990	

(1) Refer to slide 18 for the Q1-20 reconciliations of non-GAAP financial measures to the most directly comparable financial measures under United States generally accepted accounting principles (*GAAP*). For the Q4-19 reconciliation, refer to the Q4-19 earnings presentation.

Consolidated Adjusted Statement of Income

Q1-20

(In thousands of U.S. dollars)

Statement Item	As Reported	Appendix A Items (1)	Reclassification for Realized Gain/ Loss on Derivatives	As Adjusted
Revenues	341,900	-	(49)	341,851
Voyage expenses	(119,241)	-	-	(119,241)
Vessel operating expenses	(50,649)	-	-	(50,649)
Time-charter hire expenses	(9,879)	-	-	(9,879)
Depreciation and amortization	(29,632)	-	-	(29,632)
General and administrative expenses	(9,286)	-	-	(9,286)
Loss and write-down on sale of vessels	(3,087)	3,087	-	-
Income from operations	120,126	3,087	(49)	123,164
Interest expense	(15,135)	363	49	(14,723)
Interest income	256	-	-	256
Realized and unrealized (loss) on derivative instruments	(827)	827	-	-
Equity income	1,940	-	-	1,940
Other expense (income)	479	(1,135)	-	(656)
Net income	106,839	3,142	-	109,981

(1) Please refer to Appendix A in Teekay Tankers Q1-20 Earnings Release for a description of Appendix A items.

Drydock & Off-hire Schedule(1)(2)(3)

Teekay Tankers	March 31, 2020 (A)		June 30, 2020 (E)		September 30, 2020 (E)		December 31, 2020 (E)		Total 2020	
Segment	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	-	-	1	15	8	255	-	-	9	270
Fixed-Rate Tanker	-	-	-	-	2	60	-	-	2	60
Other - Unplanned Offhire	-	29	-	30	-	55	-	55	-	169
	-	29	1	45	10	370	-	55	11	499

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