TEEKAY LNG PARTNERS' SECOND QUARTER 2020 EARNINGS RESULTS CONFERENCE CALL

Company: Teekay LNG Partners L.P.

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Operator: Welcome to the Teekay LNG Partners Second Quarter 2020 Earnings Results Conference Call. During the call, all participants will be on a listen-only mode. Afterwards, you will be invited to participate in a question and answer session. At that time, if you have a question, participants will be asked to press star one to register for a question. For assistance during the call, please press star zero on your touch-tone phone. As a reminder, this call is being recorded. Now for opening remarks and introductions, I would like to turn the call over to the company. Please go ahead.

Scott Gayton: Before Mr. Kremin begins, I would like to direct all participants to our website at www.teekaylng.com where you'll find a copy of the second quarter of 2020 earnings presentation. We will review this presentation during today's conference call. Please allow me to remind you that our discussion today contains forward-looking statements. Actual results may differ materially from results projected by those forward-looking statements. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in the second quarter of 2020 earnings release and earnings presentation available on our website. I'll now turn the call over to Mark to again.

Mark Kremin: Thank you, Scott. Good morning everyone. And thank you for joining us on our Second Quarter of 2020 Earnings Conference Call for Teekay NLG Partners. We hope that you and your families are all safe and healthy. I'm joined today by Scott Gayton, Teekay Gas Group CFO. Before getting and into our results, I will take a moment to thank all our seafarers and shore-based staff for their continued dedication to maintain business continuity and bringing energy to the world with Teekay spirit.

While COVID-19 is having an unprecedented impact on the world, and it's clearly a major focus for us, our long-term contract cover with our high-quality customers has ensured it has had a minimal impact on Teekay LNG's operations and cashflows. We are truly proud of how our onshore colleagues and especially our seafarers have continued to respond to COVID-19 while maintaining consistently safe and efficient operations for our customers.

We have a number of slides to get through this quarter, each of which we believe is important for current and future investors to consider when evaluating Teekay LNG. Therefore, we will only briefly touch on each slide, which will provide more time for Q&A at the end. Turning to slide three of the presentation, we'll review some of Teekay LNG's recent highlights, as well as a few key takeaways. Our second quarter adjusted net income increased to a record $62.6 million, and our total adjusted EBITDA also reached a new record level $192.3 million. The eighth consecutive quarterly increase owing primarily to the delivery of our [inaudible] program, which was completed late last year.

Three of our 52% owned LNG carriers recently commenced new charters ranging from eight to 12 months. With these, our LNG fleet is 99% or essentially a hundred percent fixed for 2020 at attractive rates. As we will discuss, the current spot LNG carrier market is weak with brokers assessing rates at $35,000 to $40,000 per day, which does not account for utilization. On a utilization or time charter equivalent or TCE basis, spot fixtures today are earning owners closer to $30,000 per day all in compared to our average expected LNG TCE rate of over $80,500 per day for all of 2020.

Our strategy of maximizing utilization and thus the revenues of our LNG fleet is set to continue with 94% fixed rate LNG coverage in 2021. Importantly, each of the contracts within our portfolio of long-term charter contracts is backed by high quality customers, and each has been operating as expected. Because of this, we able to reaffirm our previously provided 2020 financial guidance. We have recalibrated our earnings per unit or EPU guidance slightly to account for the precise timing of the units issued to settle the IDR buyout completed in May. As a result, we expect EPU to be in the range of

$2.40 cents to $2.90 cents per unit in 2020. Further details can be found in the appendix to the presentation.

We believe we have strong financial foundation as our leverage continues to decrease. We have no remaining growth CapEx, no debt maturities in 2020, and those maturing in 2021, we believe are well in hand. Lastly, we have an actively returning capital to investors in a sustainable manner, which has included distribution increases of over 30% in each of the last two years and opportunistic buybacks. Our current district is well covered with a DCF coverage ratio of over four times and representing only 35% to 40% for our adjusted 2020 net income guidance range.

We'll finished this slide by acknowledging the excellent work of our shore and sea-based HR professionals who have made significant progress relieving a substantial portion of our colleagues at sea. This is no small feat given the logistical challenges that COVID has brought to worldwide travel. We still have work to do, and we will not stop until everyone has been relieved and returned to their families. But this must be done safely as has been completed to date with no current or past cases of COVID reported on board.

Looking to slide four. We mentioned up front that this was another record quarter for Teekay LNG. With the delivery of our $3.5 billion dollar-growth program in December of last year, we are now beginning to recognize the associated cashflow and earnings. This is leading to year-over-year and quarter-over-quarter growth, which has continued for the past two years, as you can see in each of these graphs. We took delivery of six LNG carriers in the Bahrain re gas[?] terminal over the past year, and we have enjoyed higher midsize LPG rates in our 50% owned JV with Exmar, all of which contributed to increased earnings and cashflow. Please note that we are expecting higher than normal repairs and maintenance and scheduled dry docking activity in Q3, which we'll expect will impact earnings next quarter. However, we expect this to be temporary and to - and we expect to finish the year strong. These impacts - the impacts of this activity can be seen in the appendix on slide 18.

Including slides five and six in our presentations for many quarters now. Perhaps this quarter more than any previous quarters, these slides set us apart from nearly everyone in our universe. Our take or pay contracts have no unilateral provisions for a change in the terms or charter rates. As we'll review in a moment, we have witnessed a number of cargo cancellations, but as expected, we continue to receive revenue per the terms of our charters. As stated last quarter, we do not foresee that any of our fixed rate contracts, which are detailed on this slide, are in jeopardy of being canceled, despite the uncertainty in today's energy environment.

Slide six details the LNG vessel names, our ownership percentage, form of propulsion, customers, fixed contract lengths of our LNG fleet, which is held within joint venture where we have shared control and thus are counted for using the equity method. Combining this fleet and our consolidated fleet detailed on slide five, all told we are now essentially 100% fixed for the remainder of 2020 and 94% fixed for 2021. Although it looks our exposure to the spot LNG carrier market is extremely small for the rest of 2020 and into 2021, we thought it might be interesting to provide our views on the current weakness in the spot markets, on slide seven and eight, and the possible green shoots we may be witnessing on slide nine.

Turning to slide seven. This is a graph of current spot LNG carrier rates as quoted by brokers. As mentioned earlier, this is not necessarily what the vessels are earning on a full utilization basis, which is generally less. 2020 started seasonally similar to 2019 with a strong albeit short winter spike led by relatively robust demand for LNG before declining into the spring. In February and March of this year, the impact of a warmer than anticipated winter, combined with the global slowdown as COVID really took hold, resulted in anemic[?] demand for LNG that is still working to recover. As a result, spot LNG rates have not materially moved off their lows for the better part of the past six months.

Looking now to slide eight. The weakness in rates discussed on the previous slide is particularly evident when looking at actual LNG trade flows as measured by the number of daily LNG cargoes into four major Asian and South Asian LNG demand centers. Namely Japan, South Korea, China, and

India. The number of daily cargoes into these nations in 2018 and 2019 followed fairly similar seasonal patterns, increasing and anticipation of colder winters and reducing during the summer months. However, once COVID really took hold in Asia in later January and February, the number of daily LNG cargoes decreased substantially, and in Japan, South Korea, and India below 2018 and 2019 levels.

There have been a few bright spots in the far East and India over the past few months, as buyers have looked to take advantage of cheap LNG prices. But significant uncertainty still remains as some lockdowns have been reinstated and businesses have reopened sporadically. And while these graphs are only highlighting the experience in Asia, European, natural gas consumption down 7% year-on-year during the first five months of this year, creating cratering gas prices in the region that has become a balancing point for the LNG trade.

On slide nine. There were a number of US LNG cargo cancellations in June, July, and August. However, so far, they are projecting 40% fewer cancellations for September. Before we move on to discuss the rest of the slide, as a reminder, cargo cancellations have no impact on our revenues. If our ship is ready to load and the customer cancels the cargo, we continue to be paid. We believe the very recent slight uptick in the price of LNG, shown in the graph to the left, may lead to an uptick in chartering activity levels for spot LNG carriers. Very recently, we have seen a reopening of the arbitrage window as graphed to the top-right assuming delivery into Japan in October, or as shown at the bottom right into Europe, whereby traders have been able to make a small operating profit on this contango, which may be behind the recent uptick in chartering activity the market has experienced. It's still too early to predict how this year's winter spot LNG market will develop. And while we do not have exposure until this December at the earliest, and even then, for only half a ship, we hope that these early signs do in fact become green shoots to greater LNG shipping activity and rates.

We haven't presented slide 10 for a while and we've updated it to June 30, 2020. Our forward fee base revenues, of which LNG-based revenue make up 99% of Teekay NLG’s total, amount to $9.3 billion. Importantly, most of this translates directly to cashflow with an EBITDA margin of 75% or $7 billion of

forward EBITDA. This level of EBITDA compares favorably to our current total adjusted net debt balances of $4.50 dollars, which includes our proportionate net debt of our joint ventures. Importantly, on average, our LNG has remaining fixed contract life in excess of 11 years. And these contracts are servicing the needs of what we would refer to as blue chip customers, whether they be household energy names like shell, BP, and [inaudible] to name a few. Government backed projects like our investments in ships, which serves the needs of Qatar and Bahrain, and projects which are strong and - strong commercially and technologically, like our Yamal icebreaking LNG carriers. I will now turn over to Scott who will discuss the next two slides before we conclude.

Scott Gayton: Thank you, Mark. Turning to slide 11. We have discussed our balanced capital allocation plan in the past, and it's been about nine months since reviewing it at our investor day. So, we'd like to take a moment to discuss the progress made on each initiative since November of last year. As we reviewed with you in the past, and as I will do on the next slide, we're making good progress with our de-levering efforts. We have reduced our total adjusted net debt by $428 million or nearly 10% since the end of 2019, which helps keep us on track to be within our targeted leverage range in 2021.

We have been returning capital to investors in multiple sustainable ways. We have increased distributions by over 30% in each of the last two years. However, as Mark mentioned earlier, our current distribution of $1 per unit is still many times covered by both stable earnings and cashflow, and we have repurchased nearly $45 million of our own LP units at attractive prices. However, with the continued uncertainty in the broader financial markets, I expect additional unit repurchases will remain on hold at this time.

And the last pillar of our balanced capital allocation plan, is the potential for discipline growth. We completed our growth program in late 2019, and with most project tenders delayed six to 12 months due to COVID, any future new building deliveries has been pushed out to 2025 at the earliest. What suits us fine because we have lots of options to continue executing on the first two pillars, in the meantime.

Turning to slide 12, and looking at the graph to the top of this slide, our leverage continues to decrease. Looking at the blue line, our leverage as measured by net debt to total adjusted EBITDA on a proportionate basis, continues to reduce. We have moved from an annualized 6.7 times one year ago to 5.9 time as of the end of Q2, 2020 on an annualized basis, and we expect our de-levering efforts will continue into the future due to scheduled amortization. This de-levering benefits investors by building financial flexibility, through a higher equity base and through interest expense savings. While a significant portion of our interest rate exposure has been hedged, should interest rates remain low, the interest cost on our floating rate debt will also decline, as indicated in the appendix. Where in, we expect Q3 consolidated net interest expense to decline by an estimated $3 million or nearly 8% compared with consolidated adjusted net interest expense in Q2 2020.

Looking at the chart to the bottom, right, we also believe that our financial foundation is strong because of our very manageable debt repayment profile. We have current liquidity of over $305 million and no further debt maturities in 2020. We have two commercial debt facilities at one Norwegian and bond that mature in 2021. And we have now agreed terms with the existing banks and are expecting to refinance both 2021 bank debt maturities over the next few months. And as for the NOC bond, it doesn't mature until October 2021, so we have time before needing to address this maturity. However, I know that the US high yield bond market is currently very strong with attractive pricing, and we are hopeful that the Norwegian market reopens after summer holidays next week, it will be equally constructive.

In summary, we have strong liquidity balance, a very manageable debt profile, and a strong bank group and therefore, we believe Teekay LNG has a strong financial foundation, which benefits all stakeholders. I will now turn the call back to Mark to conclude.

Mark Kremin: Thank you, Scott. Before we open up the call for questions, we would like to close out today by recognizing the continued volatility and uncertainty as occurred in the natural gas and LNG markets. Both from supply and pricing points of view, and the impact this has had on short-term LNG shipping rates and the longer-term outlook for new projects. As economies reopen, and hopefully return to the

same level of normalcy, more will become clear to us. However, during these uncertain times, we take comfort in our robust business model with a fully fixed out LNG fleet, strong financial foundation, and dedicated staff and seafarers who keep everyone safe as we plan to reorient around the new normal. Thanks for your time today. Operator, we are now available to take questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone key pad. If you were using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press star one, to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions. We'll take our first question from Randy Giveans with Jefferies gentlemen.

Randy Giveans: Hi, gentlemen. How's it going?

Mark Kremin: Good morning, Randy.

Randy Giveans: Good morning. So, looking, I guess it's slide 12, not much do or nothing to do really for the remainder of 2020, I guess. What are your plans for those kinds of larger repayments of the balloons in 2021, looking to refinance those or possibly even repay some or most with kind of cash on hand? And then I know you mentioned unlikely to repurchase common units, any appetite for the preferred units.

Scott Gayton: Hi Randy Scott here. So yeah, for the 2-21 maturities, and we've got the Norwegian bond which we will continue to monitor. We do have time on that one, but as I noted in my remarks that market, I think is going to open up strong next week and we'll see a number of issuances, which will give us some flexibility to look at that market. For both of the 2021 maturities, one of them is in our Exmar joint venture. And I would say that one is in the final stages. We're just getting one bank over the hump, and then we expect to have a fully committed deal there. So, work through documentation and that should be done within the next few months.

And then on the Tangguh deal that is a long-term charter backed by BP, goes out until 2029, I believe. And our lead bank has already committed and we've agreed terms. And so again, I expect that one to be tackled in the next few months. So, we're feeling pretty good about all of our 2021 maturities. And then as for paying some of it down with cash, I - we have $147 million remaining on the Norwegian bond in 2021. And as I've said in previous remarks, I do expect that that will be renewed albeit at a smaller level. So, we will actually be de-levering when we do look to refinance that one.

Randy Giveans: Got it. Okay. And then I guess just looking at long-term charters and kind of possible expansion, you stayed away from making any offers for the recent 14 LNG new buildings with Shell. Is that just because you're not looking at expansion at all right now, or did you just not like the terms, either the rates or the duration of those new building contracts?

Mark Kremin: Well, there's a few things, Randy. One is Shell is a great credit, but they're also already our largest customer. So, we'd like to keep a portfolio around 20% revenues per customer, and Shell already sees that. So again, a good investment grade credit, but we've got a fair amount of them. The charters that we have are similar to ones that been offered. The relatively short-term, six or seven years or so or maybe in five in this case, and we are in the future hoping to get longer term contracts. So that's another thing.

And finally, and we've mentioned a few times, both Scott and myself over the quarters, de-levering is our focus. So that's a number one thing, and we're going to - we've been taking a pause for the last year or so because we want to get that leverage down before we order it again. These are relatively near-term deliveries and you can see that there's good headway on the de-levering. We opted out of Mozambique, we opted out of part two, so we have opted out of couple of things, but that doesn't mean that in the future, as we see this fairly a certain de-levering path, we wouldn't be taking a look at this part of our capital allocation program.

Randy Giveans: Got it. Alright. Well, Hey, thanks for the color and congrats again on another record quarter.

Mark Kremin: Thanks Randy. Take care.

Operator: We'll take our next question from Ben Nolan, with Stifel.

Ben Nolan: Yeah, thanks. Hey Mark, Scott. My sort of goes to that a bigger picture sort of evolution type question. It seems like the LNG market is shifting smaller and smaller scale, and I appreciate you guys have two relatively smaller vessels. But as you look out into the future and eventually growing or doing whatever, do you still anticipate being primarily an asset provider on the basis of long-term contracts to big clients. Or is there some thinking that maybe the business is evolving, maybe it can be in smaller businesses or smaller - yeah, I don't know, small scale delivery or any of the other areas in which the LNG market is maybe a little bit less commoditized. But also growing quite a lot.

Mark Kremin: There's certainly those, I think there is small scale and is within the LNG adjacency wheelhouse, so we would look at. So we have a conventional business, it's primarily standard size ships, as you know, and it's again, long-term contracts. It's not too far field for us to eventually look at things like FSRUs or small scale. If you look at a small scale in particular, right now, we do have two small scale LNG carriers. And I hope the market's listening because we're already always quietly marketing those. They're 12,000 cubic meters each. And even now we look at - today we look at small-scale opportunities for those which are we already have.

The problem with the small scale right now, I think it's a growing business, but - and if it is, then we certainly hope to be a part of it with the ships we have, they can also trade ethylene importantly. But it does take a while to - it's taken a while to develop the market. And it's relatively small investments compared to - if you look at a Yamal ship which costs around $350 million for one, which we have a joint venture partner on that, we could become obviously the thousand pound gorilla of small scale if that amount is invested in small scale. And in terms of moving the needle for TGP small scale is interesting, the profits could be better, but right now it's taken awhile to develop.

And I would probably just take it one step further to say the same thing about FSRUs. It's certainly not the kind of rocket science that maybe FLNG is. We could do the FSRUs, but you'd have to find a right entry point, have to make the market - make sure the market's mature for you. And so, no, not really now at any type of growth, but - and neither of those, but I'm not sure right now is a time to get in any deeper than that we already are.

Ben Nolan: Okay. And then switching a little bit as it relates to your LPG business, specifically around the joint venture that you have with Exmar. I know they are really good operators, although have recently fallen on some hard times with their own FLNG unit having some challenges. But how do you see that relationship evolving? Is there any possibility that you might - would want to buy in the entire position on those LPG assets? Or is it just status quo?

Mark Kremin: We would like that Franchise. It's been a good one for us over the years. It's been a good investment. We've made good money on that. So, may - long may that continue. So, we're not, no, we're not necessarily looking as you say, if they've some they have an issue right now with the YPF they need to sort perhaps going forward. Our expectation and our hope, and as Scott mentioned, in terms of financing, going with the LPG coming along pretty well is that long may this may continue. They're good operators, and it's not something we’re - at this point, we feel the need to do any more in. We just want to continue that that good business status as it is.

There is a big difference and you didn't mention it, but we will always say that the ethylene fleet is non-core. So that's a much smaller investment to us. And that's more something that is - we look at from time to time as a potential divestment. But now Exmar, I hope, and I expect them to get back on their feet from this current dispute they have.

Ben Nolan: And then lastly for me, again, in the past, and even now you kind of have given guidance with respect to distribution growth, as you're looking into next year, I know it's early, and I'm not asking for anything official, but just maybe update us on sort of how you're thinking about the 2021 distributions.

Mark Kremin: It's to be seen. We review this with our board every quarter, as you can imagine, there's a lot of uncertainty due to COVID right now. As Scott mentioned, we've been returning capital in various ways. We've bought back almost $45 million worth of common units. And as I just mentioned, there's a potential, if growth looks better than a higher distribution, if we can get those selective growth, and maybe that's an alternative. So, we really - we haven't made a decision yet and won't be doing so. We'll meet again with the board and continue to keep you guys posted on that.

Ben Nolan: Okay. I appreciate it. Thanks

Operator: Once again, if you would like to ask a question, please signal by pressing star one. We'll take our next question from J Mintzmyer with Value Investors Edge.

J Mintzmyer: Hi. Good morning, gentlemen. Congrats on a fantastic result during tough market times.

Mark Kremin: Thank you very much, J.

J Mintzmyer: Yeah. So, I think pick it up from, you know, Ben Nolan had some good questions on your LPG fleet. Exmar of course, tighter on equity capital for their own reasons. I did see they had two VLGCs, a large ship ordered via Exmar. Is that part of your joint venture? Can you confirm that? And if so, what sort of capital commitments will those entail?

Mark Kremin: It’s not part of our joint venture. They are fully refrigerated and -which is our joint venture. So, our joint venture typically covers fully refrigerated ships. Obviously, we specialize we focus on mid-size but they do have the two VLGCs, as you know, on order. You've just mentioned. The - without getting too much details they haven't delivered yet. And they will deliver next year, those two. They do go on to charters against Equinor. I think there's some financing to be done still. It's the kind of, when I

mentioned potential growth, that's the kind of thing we could possibly look at. It's not in our joint venture, but it's closely aligned to how they operate.

And as you've probably seen ships at Jang Nang or anywhere else, pretty much Korea, typically get a VL like that, which is burns LPG. The order book price is around $75 or so million just to give you an indication. And I guess the nice thing about them - I'm not trying to pitch these, but the nice thing about our JV in general is that it's one of those places where we can look at an alternative fuel. The JV in Exmar maybe one of the places where we look at an LPG burning ship for fuel earlier than we might do outside of the Teekay group. So that's - hopefully that's some color on that tree.

J Mintzmyer: Yeah. That makes sense. Looking also at your fixed coverage, you've always had these mid-size ships, at least more recently on sort of short-term charters. Is there any opportunity in the market to fix some of those on longer-terms, or is it just still a challenging environment that doesn't really lend itself to that.

Mark Kremin: We're seeing time charters for these even today, the typically the time charters are heading up for MGCs, they're around the seven hundred thousands per calendar month. I don't know why LPG does calendar month, but as you know, that's what they do. And so yeah, we'll - the JV will continue to look at those. But in general, as you say, you're not going to see more than three or so years on the time charter for LPG, the VLGCs that Exmar has an order a little unusual and after five years even. So, we don't expect to see five, seven or longer years on LPG very much.

J Mintzmyer: Yeah. It just doesn't make sense. I mean, you look at like slide 10 for instance, and you can see that LNG is clearly, I mean, it's 99%, right of your backlog, even though it's 93% of your invested capital, right. So just a different type of business. And then wondering if there's any ways to split the difference on those. Looking at your leverage, you have this 4.5 to 5.5 balance, and you've had it out there for a while and it looks like you're going to land in there in 2021. I know there's a lot of questions, the last few quarters looking at growth, the right end and what your sort of hurdle rate is. And I know

we've previously talked about your share valuation as well. What is sort of the way to look at your equity? What's the correct way to look at your equity hurdle rate? Is it some sort of like DCF yield or is it just like a net income yield or, because, I mean, as you can see your DCF yield is in the 30% range, right? So, like that's a huge equity hurdle, right? So, at what point or what sort of metrics do you guys look at internally?

Scott Gayton: Hey, J. Scott here. I think that we'll obviously put everything in all of the various parts of our balanced allocation plan that we've talked about and try and analyze the returns of each. Which one is going to take up the liquidity, which is going to help to either grow the franchise or grow shareholder value. I don't know that we have any one particular metric that we talk about here. It does depend a little bit where we are at a point in time, and what the future market is going to look like, and what our coverage is. And there's just so many things that go into that decision. But I think for the next, at least for this year and while we're still living in fairly uncertain financial times, I don't think Teekay LNG is uncertain, but I think in the financial markets, there's uncertainty and really cash is King. And we've been doing a number of investor calls these last couple of days. At one of the conferences and time and time and time again, what we're hearing is just that the leverage just has got to keep coming down, and this is something that we hear across the energy space.

So that is our focus. We've done buybacks in the past and we know how to turn those on very quickly if we need to. But right now, I think it's really just going to be hammering on that leverage.

Mark Kremin: Can I just add one thing it's a little under Scott, but if you look at, you mentioned growth and leverage, if you look at our big - our most likely or bigger potential for growth, it's the LNG, just to kind of reiterate, I know you know this J, but for other investors who may be on the call. If you look at the - probably the only tender that's going to come out in the near-term is Qatar. And I probably wouldn't expect them to have a commercial offer requirement even this year, but next year certainly I would think they will. And if you - if someone would order a ship next year, that ship earliest is probably, for an LNG carrier against a long-term contract, probably not going to deliver the 2025 earliest. And so, by that

time, you can see a de-levering path for us, which is clearly lower even below the range that we're talking about now.

J Mintzmyer: Yeah, that definitely makes sense. As a reminder, that even if you talk about growth, say next year, there's actually still four years left of the deleveraging and potential shareholder returns. Sort of last question there on the financial balance of things, with the interest rates coming down significantly across the board, we're seeing a lot of companies, of course increasing their hedges by their LIBOR swaps. Can you remind us what's the current kind of balance of what's free floating still, and what's hedged, I know you had about half of the hedge last year. Is there any potential for more fixtures of those swaps or are you pretty much maxed out on those already?

Scott Gayton: Yeah, we're actually upwards of 75% to 80% hedged. And so, there isn't a ton more room. I think we've got one more vessel in the Yamal joint venture, which could be a hedged, and obviously that's been good to have waited. But it is something that we're discussing with our joint venture partners there. But I would say that we're probably at pretty close to our limit. Maybe once that last ship has done.

J Mintzmyer: Makes sense. Got it. Last quick one. We'll sneak it in there. On your repurchase, I know you have the common authorized, but you've paused it to be conservative for the COVID environment and all that. My understanding is that the preferred are not part of that initial authorization, is that correct? And if so, is there any way to add those onto that authorization so that if we see some sort of weird, you know crashing that you can take advantage of, of getting rid of that high cost instrument?

Scott Gayton: Yeah. Thank you. I realized I answered only half of Randy's question after we moved on, so Randy, this one's a little bit for you as well. But it is something that we look at. We could add it on a very quickly or else, you know add in another authorization that would give us the approval to buy back A's and B's. And you're right. I think that's part of what you're hearing from us is that we need to make sure that the balance sheet is strong, liquidity position is good, and then maybe we wait for

opportunities. We saw some unbelievable volatility in our common, in our prefs, and our bonds, everything obviously got thrown out the window in that March time period. And not that we ever wish to go through that again. But if it does, then - and we've got the cushion and we've got the cash balance. I think you'll see us at least trying to make some inroads there to reduce some of those higher cost items. So now it's on the table but we just need to make sure we've taken care of that balance sheet and the cash position first and make sure it's super strong, can get through anything. And then we can be a little more opportunistic.

J Mintzmyer: Excellent, great Scott. And then thanks for your time, Mark as well. Congrats again, on an excellent result.

Mark Kremin: Thank you very much, J.

Operator: Thank you. This concludes the question and answer session. I will now turn it back to the company for any additional remarks.

Mark Kremin: Well, I'd just like to thank all the investors and analysts for their support, and we look forward to updating you next quarter. And just to kind of say it one more time. Thanks so much to the seafarers. That's it. Thanks.

Operator: Thank you, ladies and gentlemen. This concludes today's teleconference. You may now disconnect.