TEEKAY TANKERS LTD.'S FOURTH QUARTER AND FISCAL 2020 EARNINGS RESULTS CONFERENCE CALL

Company: CAN_ Teekay Tankers Ltd.

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Conference Time: 12:00 ET

Operator: Good day, everyone. Welcome to Teekay Tankers Limited Fourth Quarter and Fiscal 2021 Earnings Results conference call. During the call today, all participants will be in a listen-only mode. Afterward, 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 and now for opening remarks and introductions, I would like to turn the call over to the company. Please go ahead.

Ryan: Before we begin, I'd like to direct all participants to our website, at www.Teekaytankers.Com. Where you'll find a copy of the fourth quarter and annual 2020 earnings presentation. Kevin and Stewart 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 fourth quarter and annual 2020 earnings release, and earnings presentation available on our website. And now I'll turn the call over to Kevin Mackay, Teekay Tankers' President and CEO to begin.

Kevin Mackay: Thank you, Ryan. Hello everyone. Thank you very much for joining us today, for Teekay Tankers fourth quarter, and annual 2020 earnings conference call. And I hope you and your families are all safe and healthy. Joining me on the call today are Stewart Andrade, Teekay Tankers, CFO, and Christian Waldegrave, Director of Research for Teekay Tankers.

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Moving to our recent highlights on slide three of the presentation, Teekay Tankers reported a total adjusted net loss of approximately $41 million or $1.21 per share during the fourth quarter. A decrease of nearly $44 million or $1.30 per share from the third quarter of this year. Please note, that our fourth-quarter adjusted net loss, includes a non-recurring tax adjustment related to prior quarters of $8.4 million or $0.25 per share. If this adjustment was excluded, our Q4 adjusted net loss would have been $32.3 million $0.96 per share. Despite our weaker results this quarter, we had one of our best years ever in 2020, during what has been an unprecedented and challenging year. We reported 2020 adjusted net income of approximately $153 million or $4.54 per share, which is an increase of $89 million or $2.63 per share from 2019.

We also reported record free cash flows of $270 million in 2020, an increase of nearly $100 million or 56% compared to 2019. These cash flows along with asset sales, drove a net debt reduction of $419 million or 45% during 2020, to $510 million at the end of the year. Our net debt to total capitalization also declined to 32% at the end of the year, compared to 48% a year ago. And our liquidity position increased to $373 million as of year-end. Our focus on debt reduction has truly transformed our balance sheet and built a resilient financial position.

In addition, we continue to decrease our cost of capital through the unwinding of sale-leaseback financings arranged between 2017 and 2019, which were identified as a key strategic pillar for 2020. Last quarter, we announced the repurchase of two vessels on sale-leaseback for $30 million, which was completed in October. And this quarter, we declared purchase options for two additional vessels, on sale-leasebacks or a total purchase price of $57 million, which are expected to be redelivered into our fleet in May of 2021. Lastly, we've been proactive in several commercial activities. We've been successful in offsetting, some of our exposure to the weaker freight market with several fixed-rate out charters that were locked in during periods of market strength. As a result, 20% of fourth-quarter days were fixed at an average rate of $35,700 per day, well above the prevailing spot market rates.

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We have also been active on fleet optimization. We entered into an agreement to sell two unencumbered 2008 built Aframaxes for a combined price of $32 million. This was an opportunistic sale, which further delevers our balance sheet and increases our liquidity position. Based on our positive forward view of the market, we also entered into a seven-year in charter for an eco Aframax new building, at an attractive rate of $18,700 per day. Which we expect to deliver into a strong market in late 2022. This in-charter also provides us with both charter extension and purchase options, and enables us to increase our scale and renew our fleet in a less capital-intensive manner.

Turning to slide four, we look at recent developments in spot tanker market. We are currently in the midst of a severe downturn in spot tanker rates due to the knock-on effects of COVID-19 on both oil demand and supply. It is shown by the chart on the right-hand side of the slide, which illustrates the extent to which spot tanker rates have fallen since the first half of 2020. Renewed lockdowns in many parts of the world, due to a second wave of COVID-19, and the emergence of new more transmissible variances of the virus, led to lower oil demand during the fourth quarter of 2020 than was previously expected. This has kept global refinery throughput at persistently reduced levels.

At the same time, the OPEC plus group of oil-producing countries have shown discipline in sticking to planned supply cuts in order to rebalance the market. The global oil supply in the fourth quarter of 2020 averaged just 92.3 million barrels per day, more than 8 million barrels per day below pre-COVID levels. Finally, the amount of fleet capacity tied up in floating storage or idle due to deport delays fell by around 13 million deadweight tons or 25% during the fourth quarter of last year, adding to available fleet supply. The combination of slower oil demand growth, limited cargo supply, and an increase in fleet supply, was negative, for crude tanker spot rates during the quarter. Although spot tanker rates fell during Q4, TNK managed to partially mitigate the impact of lower spot rates, through its fixed-rate time charters as shown by the chart on the left. This is particularly true for our Suezmax fleet, where our fixed-rate charters lifted overall Suezmax earnings to around $18,200 per day versus spot earnings around $9,300 per day.

Crude tanker spot rates have remained weak during the first quarter to date. And the market faces several headwinds in the near-term. Despite the start of vaccine programs in many countries, we expect the adverse impacts of COVID-19 to continue to dampen oil demand for some time. In the immediate term, in addition to the OPEC plus group cuts already in place, Saudi Arabia has announced an additional oil supply cut of 1 million barrels per day in both February and March of 2021, which will reduce cargo supply. Though they have signalled that they may return the supply from April onwards. Thirdly, a backwardated oil structure may lead to further inventory drawdowns and release more vessels from floating storage into the spot trading fleet while higher oil prices have translated into higher bunker costs, impacting spot tank earnings.

Turning to slide five. We give a summary of our earnings in the first quarter of 2021 to date. Based on approximately 69% and 67% spot revenue days booked, Teekay Tankers' first quarter to-date Suezmax and Aframax bookings have averaged approximately $9,600 and $7,700 per day, respectively. For our LR2 fleet, which are predominantly trading dirty, based on approximately 65% of spot revenue days booked, first quarter to date bookings have averaged approximately $10,000 per day.

As mentioned in my opening remarks, we locked in fixed-rate charters during periods of market strength at attractive rates, which helps to offset the current spot market weakness. The company's combined rates for the fixed and spot fleet to date in Q1 are significantly higher than the current spot market rates. Our Suezmax fleet has 75% of its Q1 revenue days booked at $18,900 per day. Our Aframax fleet is 73% booked at $11,400 per day. And our LR2 fleet is 69% booked at $13,200 per day for the first quarter of 2021.

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Lastly, we have brought forward our scheduled dry dockings for 2021, and we expect to have our fleet fully available for the winter months, which coincides with an anticipated recovery in rates, which I will touch on in more detail on the next slide. Further details of our fixed-rate charters and our 2021 drydocking schedule can be found in the appendix of the presentation.

Turning to slide six we look at the longer-term outlook for the tanker market, and the factors which we believe will drive recovery as we move through the coming months. Global oil demand is expected to improve substantially during the second half of this year in tandem with the rollout of Coronavirus vaccine programs, as shown by the chart on the left of the slide. In addition, we expect that global oil inventories will revert to more normalized levels during the course of the year, with crude inventories expected to normalize earlier than product inventories. This process is already well underway, as evidenced by an increasing backwardation in the oil futures curve, and higher oil prices in recent weeks, both signs of a tightening oil market balance. Although global oil inventory data is somewhat opaque, it is encouraging to see that US crude oil inventories have moved back to the five-year average for the first time in three years, while crude oil held in floating storage has been almost completely unwound.

As the oil market returns to balance, and with oil prices finding support above $60 per barrel, we expect that the OPEC plus group will start to return supply to the market through the course of 2021, accelerating during the second half of the year as demand growth starts to gather pace. As shown by the chart, we expect both oil supply and demand to approach a 100 million barrel per day mark by the end of the year, and to return to pre-COVID levels in 2022.

The fleet supply side of the equation continues to look very favorable. Although there has been a slight uptick in newbuilding orders in recent months, the order book size remains small by historical standards at approximately 8% of the existing fleet size. With newbuild prices starting to rise, ongoing uncertainty over vessel technology, and a restrictive financial landscape, we expect the overall level of the new tanker orders to remain low. More significantly, we expect tanker scrapping to pick up in 2021, due to a combination of weaker freight rates, higher scrap prices, and increasing pressure from regulatory compliance. We therefore expect tanker fleet growth to remain low during both 2021 and 2022, as shown by the chart on the right of the slide.

In summary, the tanker market will continue to be challenged for the next few months due to the impact of COVID-19 on oil demand and ongoing OPEC plus supply cuts. However, we believe that tanker demand will improve as we move through the second half of the year as vaccine programs gain momentum and the OPEC plus group returns oil supply to the market. Low fleet growth will further help facilitate an improvement in the tanker market, particularly if we see an increase in tanker scrapping in the months ahead. I will now turn the call over to Stewart to cover our key accomplishments in 2020.

Stewart Andrade: Thanks, Kevin. Turning to slide seven. About one year ago, the world was set on an unprecedented course with the emergence of COVID-19. Fortunately, Teekay Tankers has thus far successfully navigated the logistical and regulatory challenges with minimal impact on our operations, while further solidifying a resilient financial position by delivering on our strategic priorities. Because of the efforts from our seafarers and shore staff, along with the strong tanker market in the first half of 2020, the company generated a record-setting $277 million in free cash flows, which has helped transform our balance sheet. During 2020, our net debt has decreased by $419 million, or 45%, to $510 million and our net debt to cap has decreased from 48% to 32%. The company's liquidity position increased by $223 million to $373 million during 2020.

We also refinanced the majority of the company's debt this year and made significant progress on reducing our cost of capital. We completed $600 million in refinancings for 35 vessels at attractive rates and we have no debt maturities until 2023. In addition, we have reduced our exposure to higher-cost capital by repurchasing two Aframax vessels previously under sale-leasebacks, and recently declared purchase options for two Suezmax vessels under sale-leasebacks, for a combined price of $57 million, which will redeliver in May 2021. We expect to finance the Suezmax vessels with existing liquidity and potentially a new long-term debt facility. Further detail on our debt maturity schedule is in the appendix to this presentation.

We were also able to opportunistically sell $86 million in assets in 2020, which further strengthened our balance sheet. And we recently entered into an agreement to sell two additional vessels, which are unencumbered, bringing the total asset sales to $122 million since the beginning of 2020.

Lastly, as Kevin touched on earlier, we have been proactive by locking in fixed-rate charters at attractive rates, well above today's spot market levels. 10 vessels were committed on fixed-rate charters, at an average rate of $38,000 per day, for periods ranging between 6 months and 24 months. This has allowed us to partially mitigate the recent weak spot market conditions. It means nearly 20% of our first half of 2021 ship days are locked in at over $34,000 per day, significantly reducing the cash flow break-even of our spot fleet. All of this has contributed to our balance sheet transformation, where we have built a resilient financial position, which provides us with the financial flexibility to face the future with confidence. With that, I will turn the call over to Kevin to conclude.

Thanks, Stewart. In closing, I would like to say thank you once again this quarter to all of our seafarers and shore-based staff for their continued dedication to providing safe and uninterrupted service to our customers during a challenging and historic year. It's truly been a collective effort that has embodied the Teekay values of both Teamwork and Reliability. As we hopefully move closer to a more normalized world in 2021, at Teekay we will continue to focus every day on the safety and wellbeing of our seafarers, as we have done every day, since our inception, nearly 50 years ago. They are the backbone of our organization and an integral part of our Teekay family. In 2020, with challenge came opportunity, and as Stewart outlined in detail, we seized that opportunity to execute on multiple fronts, to transform our company. As we sit here in early 2021, we still face headwinds in our immediate path; the company, therefore, will continue prioritizing balance sheet strength and lowering our cost of capital, which preserves our financial strength and flexibility, enabling us to continue building long-term shareholder value. With that, Operator, we'll now turn the call over to take questions.

Operator: Thank you. Again, ladies and gentlemen, that is star one. If you would like to register to ask a question, we'll take our first question from John Chapel from Evercore.

John Chapel: Thank you. Good morning, or good afternoon. Stewart if I could start with you, the sale-leaseback unwinding is obviously, very good use of your capital and you're doing it as you can. You still have a fair amount of liquidity and a fair amount of leases, but if I recall correctly, you can't just exercise those at will.

There's a schedule as those roll-off. So, could you just remind us what the potential for exercising options to unwind those sale-leasebacks look like through 2021 and '22?

Stewart Andrade: Hi, John. Sure. In early 2021, we actually have the opportunity to unwind six of those leases, which have a total lease balance of about $132 million. And we're in a position to exercise options on additional four throughout the year. So, pretty soon we'll have six coming up, and then an additional four we have options throughout the year. And just to remind you, we will be taking possession of two of the vessels which are currently under lease in May of this year. So, the majority of them are really exercisable during 2021.

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John Chapel: Then $373 million of liquidity today, your debt that paid out of the next couple of years only $34 million. I'll let someone else ask about the dividend but, you know, is it possible to really kind of elevate the pace of these unwinding of the sale-leasebacks, just given your liquidity situation and maybe more optimistic view on the market by the back half of this year?

Stewart Andrade: Yeah, it's certainly possible. And we are looking at all of those sale-leasebacks and trying to decide on how many of those that we want to exercise. As I've mentioned previously, about half of them are at a higher rate, closer to 9%, and some of them are more in the 6% range. So, we would obviously have a keener focus on the 9% leases. So, we are looking at those and considering exercising them, just balancing that off with the current weakness in the tanker market, and trying to decide how much we should do there, and how much liquidity we would use to do that. But definitely something we're strongly considering.

John Chapel: Okay. And then just final follow-up to that one and then one for Kevin. But Stewart what's the total, if you were to exercise all of the options that came due this year, what would that total outlay be?

Stewart Andrade: If we were to exercise all of the options and essentially, they're all available to us. Not including the ones that are delivering in May, it would be a little bit over $300 million, and including the ones that are delivering in May, it would be about $350 million. Of course, we have opportunities to finance those in a variety of different ways. So, we could take traditional debt or we could put other financings on those.

John Chapel: Great. Understood. Thank you. And then Kevin, just a quick one for you. I was going to ask, even before I saw the press release today with the sale of the 2, 2008 Aframax's, it seems like just given the current market conditions, they're still a little bit of an elevated asset price environment and especially the 15 to 20-year-old assets trading well above scrap value. You

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have, by my count 10 that were built between '03 and '05 what's your appetite to dispose of those more quickly, both strategically, but also to raise more funds to help Stewart pay down some of those expenses, sale and leasebacks this year.

Kevin Mackay: Yeah, it's a very good question. We've always looked at our fleet on a portfolio basis. And part of that is selling ships at the right time, it doesn't necessarily have to be older ships. If you look at today's market, for example, although the asset prices as you say for the older, sort of series of vessels is elevated there's not a lot of inquiry at the moment. Relative to what we saw at sort of the back end of 2019 and early 2020 when inquiry was quite strong. And you saw us take advantage of that when we sold the four oldest ships in the fleet. Today and over the last couple of months, the inquiry has been more pronounced for newer tonnage. And just recently we were approached with the 2008 at an attractive price.

So, we decided to execute on those as opportunistic sales. So, I think, we don't have a written formula that a ship has to be over 15 years old for us to sell it, likewise it doesn't mean that we'll sell our 15-year-old ships. A lot depends on what we can accomplish in the market, what kind of capital we're going to have to outlay on the ship, and where we think both asset prices and freight rates are going to go over the foreseeable future. So, it's pretty much a moving target.

John Chapel: Got it. All right. Thank you, Kevin. Thanks, Stewart.

Stewart Andrade: Thanks, John.

Kevin Mackay: Thanks, John.

Operator: I'll take our next question from Ken Hexter from Bank of America.

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Ken Hexter: A great, good afternoon, Kevin and Stewart. Just a great job on the refinancings through the year. Thoughts on timing for the rebound you noted in 2021, are you seeing anything bubbling yet? You mentioned still seems to be bouncing along the ugly floor on the spot, but I want to understand your outlook which seemed to be rising versus the comments on the rising order book, and then maybe your thoughts on when that becomes troubling. I mean, obviously, it's still lowest level in decades. So, at what point do you start, would you start to get more concerned in terms of level of ordering?

Kevin Mackay: Hi, Ken. I think as we look at the way that the market's playing out, I think, as we said in our prepared remarks, we are confident that, the oil demand environment will rebound in '21. The challenge is really the timing of everything. So many elements that come into play that down the line will impact freight rates. It's uncertain exactly on the timing of each of those elements, whether it's demand itself, whether it's oil supply returning to the market, whether it's refinery runs and margins or the winding down or a complete winding down of floating storage. So, we're confident about the future, but the actual timing of it, we're still uncertain. We're starting to hear more positive commentary from the OPEC plus about increasing supply, but we're 8 million barrels a day below our pre-COVID run rate.

And even if they increase in the very near-term, we're not going to see 8 million barrels return all at once. So, our uncertainty is around the timing of when all this comes together, and when that finally results in increased tanker transportation demand, and therefore freight rates. So, I think we're taking each month as it comes. But we are confident that as we get closer towards 2022 we'll be in a much better position as a tanker market than we are today.

In terms of the order book, we're at I think it's a 24-year low, in terms of where the order book stands today relative to our, our overall tanker fleet. So, we still have room to absorb increased

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ordering. But you know, as we've been saying for several quarters now, owners are in a quandary as to whether to order or not.

There's a lot of question marks about new propulsion systems and efficiency gains. There's also a more restrictive financing environment not to mention some of the regulatory uncertainty that we're facing. So, I think while we can absorb more ordering, I think it will be muted relative to historic levels, but it's something that we've obviously got to keep an eye on day to day, and I can't speak to what other owners will do in the coming months. But what we've seen so far, I think it bodes well for a fairly decent fleet supply picture in '21 and certainly in 2022.

Ken Hexter: Thanks for that. And then you mentioned the in charters kind of a shift of strategy after unloading some vessels and putting things on charter out, looking to in charter, but not until the fourth quarter of '22, what drove your thought process there and the timing, is that just kind of, when you can find availability at the right price or what was your thought on the shift to the charter?

Kevin Mackay: Yeah, it's part of the fleet portfolio management I spoke about earlier with John. It's something where we're always looking at. Whether that's selling assets at the right time or are adding. And in this case, it was an opportunity to renew or begin our fleet renewal with very little capital commitment or no capital commitment on a vessel that would, would add to our, our emissions averages as a fleet, which is something that we've got to consider as we go forward. But it was a good opportunity on a very good economical asset at an extremely attractive long-term rate which we felt that it was worth executing on.

Ken Hexter: And just real quick for me to wrap-up can you remind us of the new break-even point on the fleet, given some of the shifts in the lower debt cost?

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Stewart Andrade: Our free cash flow break-even for 2021 will be about $15,000 per day on average between Aframax and Suezmax.

Ken Hexter: Great. Thanks, Kevin, Stewart, appreciate that.

Kevin Mackay: Thanks, Ken.

Operator: And we'll take our next question from Randy Giveans from Jefferies.

Randy Giveans: How are you gentlemen, how is it going?

Kevin Mackay: Good, Randy. Thanks. How are you?

Randy Givings: Great. I guess the question on the asset values, they seem to be holding up pretty well, but can you kind of quantify just changes in asset values over the three months or so since your last call, one thing that was not in your presentation again, this time was your nav calculation, which was in the low to mid-twenties, I think you said last time. So, where does that look now, how would you view your current nav?

Stewart Andrade: So maybe starting with your first question on asset values over the last three months, over the last quarter, they've been relatively stable and it really depends on the age of the vessels. So, maybe a little bit of increase on asset values on some of the more modern vessels, and a little bit lower on vessels a bit older just because of the sale and purchase activity in the market. But overall, we're probably talking about a 2-3% change. So, not really a lot of movement on that front. In terms of our nav, consequently, I don't think our nav has changed much since the last quarterly call.

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I would still say it's in the $20 - $21 range is sort of the house view on what our nav is. Of course, everyone can take different views on asset values, and as you know, the point that you made, I think on last quarters call obviously, the share price trading at a material discount to that.

Randy Givings: Yes. All right. And then, you know, you've done a great job reducing your leverage ratio is paying down debt. With that, how low do you want to reduce your debt? Just trying to see how much capacity you'll have later this year for acquisitions, dividends, share repurchases.

Stewart Andrade: Yes. So, at the rates we're seeing in the market right now, of course, we're not really reducing debt levels at the moment with the soft tanker market. But when looking at our, our leverage levels, it really depends on our outlook for the market, and where we think we might be able to deploy capital and therefore future needs. So, at the moment, I would say that we're comfortable with our, with our overall debt levels. And that's in a context of recognizing that we're in a place in the market where there could be opportunities. We entered a long-term time charter, which is delivering in 2022, which was an opportunity. And we're continuing to look at different options in that respect. So, again, I think we're comfortable with where we are, but given the uncertainty in the market at the moment, we're going to continue to focus on maintaining our balance sheet strength. And hopefully, that puts us in a position where we can be both resilient and take advantage of opportunities.

Randy Givings: Got it. That's it for me? Thanks so much.

Operator: And we have a question from Omar Nokta from Clarkson Spotto Securities.

Omar Nokta: Thank you. Hi, Kevin. Hi, Stewart. Wanted to maybe just kind of touch on Randy's question towards the end. You get the question a lot, and obviously about fleet renewal and expansion clearly the charter in is very interesting and unique.

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But in general, how do you feel about deploying capital outright to acquire ships? Obviously, you've been de-leveraging, even selling vessels and you've been lowering the cost of capital, but what's the appetite now? And as you mentioned, the sale and purchase market maybe has picked up here recently when do you think the time is to start thinking about the growth from here?

Kevin Mackay: Stewart, can you take that for a second? Because I would cut out through that question.

Stewart Andrade: Okay. Hi, Omar. So, maybe just first putting it in context, I guess that my comments to Randy about wanting to maintain balance sheet strength, and we also have, as John was inquiring about, we have a number of leases coming up this year, which are relatively expensive from a cost of capital standpoint that we would like to pay down. But at the same time, we recognize the asset values have come down over the last year and given our forward view of the market. And we think that it will strengthen into the second half and into 2022 this probably is the right time to think about asset purchases in terms of the cycle of the market. So, we need to balance those things off, in terms of paying down our capital, maintaining our balance sheet strength, and then also thinking about how we can take advantage of opportunities. So from a cycle standpoint, I think this is a sensible time to think about investment. Again, as you saw in our long-term charter for a new building delivering in 2022, we took an opportunity to do that in a less capital-intensive way. So we'll continue to look for deals that allow us to add shareholder value.

Omar Nokta: Okay. Yeah. And I guess as I hear you, and as I read that, it does seem like maybe, it is kind of a transition. If I recall over the past 15, 18 months has been really focused on selling ships and paying down debt, and now it appears like, okay, expansion may be on the horizon now?

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Kevin Mackay: Well, I think Omar, if I could just clarify that. I wouldn't look at things as sort of an expansion, I think like any tanker company, any shipping company, as each year ticks by our fleet gets older. So, we constantly have to look at how we manage the portfolio. And that might mean that the portfolio itself may shrink for a period of time until we find the right opportunities to rejuvenate and renew the fleet. So, it's not really, we're not looking for expansion here for the sake of growth, it's more around how can we rebalance our portfolio as we go into what we believe will be a stronger market. Because at some point we are going to have to harvest once again, as we did in 2020, harvest some of those older assets that we may not want to put more capital towards. So, I'd look at it more as rejuvenation and just in the normal process of managing a tanker company rather than an expansion.

Omar Nokta: Thanks, Kevin, appreciate that and that's definitely fair and makes sense, I guess when you think about the Aframax chartered-in now for seven years on delivery I guess maybe one, how repeatable do you think that is? And then two, do you feel, is that more of a preferred method of adding tonnage when it's time, is that how you prefer to do it as opposed to buying ships?

Kevin Mackay: I think generally, we will look at every opportunity. There isn't a particular formula that we want to follow. I think we have to remain agile and essentially look at this as if you will an asset trade. So, when the opportunities present themselves or you can go and get the opportunities you'll see us execute. Is the one that we've done, repeatable? I would love to repeat it a few more times if we can find it. At the moment we have conversations with people but nothing is firm at this point. And we haven't been able to repeat the one we've just reported.

Omar Nokta: Got it. Thank you. And maybe just one, one more for me. Seeing your guidance on the LR2s in the past have generally been a bit more in tandem with the Aframaxs, but obviously, there's a separation, and I would call you mentioned last quarter, shifting some of those vessels

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back in the dirty trades into clean. Where are you in that process? Can you give a perspective on how many of the ships are now trading clean?

Kevin Mackay: Yeah. Two out of the nine have been cleaned up and are fully trading in the cleaning space. As we have vessels coming in the end of Q1, Q2, they're going to dry dock. We may look at transitioning some of those as well into the clean trade. But again, that market is in the same sort of doldrums as the crude market and LR2 rates, on a roundtrip basis, you know, aren't worth expending any extra additional money to clean up the vessel to get into. So, that's more of a, if you will, a week-to-week kind of view on where we think the market's going to go.

Omar Nokta: Yes. Great. Thanks, Kevin, and thanks, Stewart. That's it for me.

Stewart Andrade: Thank you.

Kevin Mackay: Thanks, Omar.

Operator: And there are no further questions in the cue. At this time, I would like to turn the conference back over to the company for any closing remarks.

Kevin Mackay: Well, just like to say thank you to everybody for joining us today. We hope you all, and your families remain safe. And we look forward to speaking to you next quarter.

Operator: Once again, ladies and gentlemen, that concludes today's conference. We appreciate your participation today.