

Teekay LNG Partners

First Quarter 2021 Earnings Presentation

May 13, 2021

Forward Looking Statement

This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including statements, among other things, regarding: the Partnership's ability to continue to generate strong earnings and cash flows despite market volatility and cyclicality; the counter-seasonal strength in LNG shipping rates and the Partnership's ability to derive benefits from any upside in strength; the ability of the Partnership to fully utilize certain of its vessels; the ability of the Partnership to execute on its balanced capital allocation strategy including delevering of its balance sheet and returning capital to unitholders while pursuing growth, including expected increases in financial flexibility as a result of implementing such strategy; fixed charter coverage for the Partnership's LNG fleet for the remainder of 2021 and 2022; the ability of the Partnership to realize and receive the full benefits from its contractual backlog of revenue under its long-term charter contracts; the ability to continue to pay increased distributions on its common units; the expected cash flows from, and the continued performance of, the Partnership's and its joint ventures' charter contracts; and future LNG and gas fundamentals.

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 (both scheduled and unscheduled); 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; potential lack of cash flow to continue paying distributions on the Partnership's common units and other securities; 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, 2020. 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

Q1-21 distribution, payable on May 14, increased by 15%

Successfully refinanced a \$191.5 million term loan – all-in cost reduced from ~6% to ~3%

Year-over-year, total proportionate net debt decreased by over \$200 million and proportionate net interest expense decreased by over \$9 million

No cases of COVID-19 on board ships to-date

Q1-21 STRONG RESULTS

- Q1-21 Adjusted Net Income⁽¹⁾ of \$60.5M, or \$0.61 per unit, slightly higher than Q4-20

CHARTERS SECURED

- Secured three charters during March/April, including one 12-month spot market-linked charter
- LNG fleet now fully-chartered and over 98% fixed for remainder of 2021; 89% fixed for 2022

COUNTER-SEASONAL STRENGTH IN TERM MARKET

- Spot and term (1-year) LNG shipping rates strengthened on the back of high demand and low inventories
- Strength in LNG pricing has opened trading arb; charterers looking to secure tonnage and cargoes ahead of possible winter volatility

FAVOURABLE LONG-TERM DEMAND DYNAMICS

- Global LNG demand expected to double by 2040, led by Asia
- LNG to play a key role in global decarbonization trend as many nations adopting Net-Zero Emissions policies



(1) These are non-GAAP financial measures. Please see Teekay LNG's Q1-21 earnings release for definitions and reconciliations to the comparable GAAP measures.

Long-Term Contract Coverage With High Quality Customers

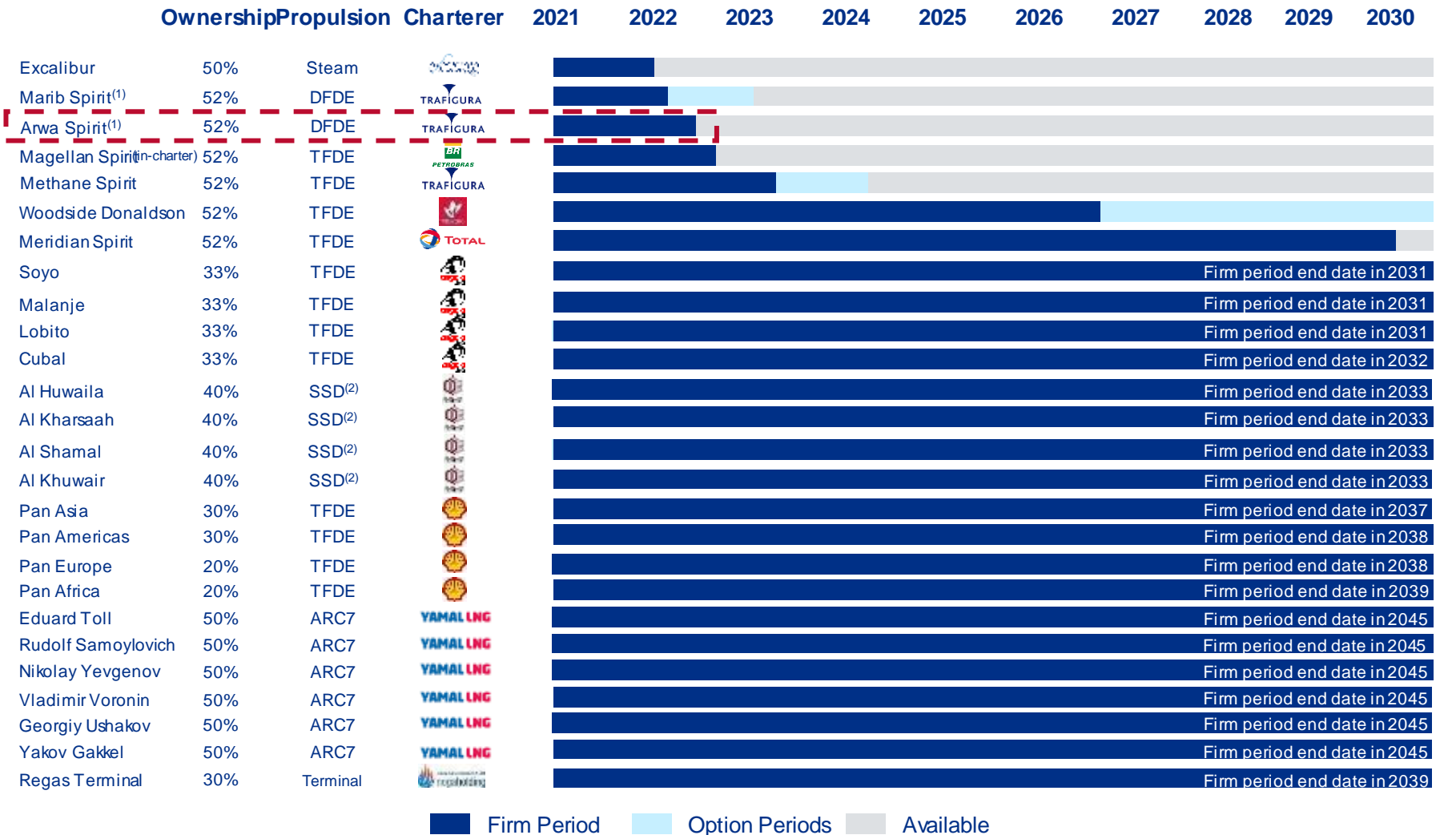
Arwa Spirit chartered until May 2022

Teekay LNG's fleet:

- 98% fixed for 2021; 89% fixed for 2022
- Transports 9% of world's seaborne LNG
- Generates \$8.8 billion of forward fee-based revenues and \$6.3 billion total forward adj. EBITDA
- Avg. remaining contract tenor of 10+ years
- Critical infrastructure for the global LNG supply chain

Current Charter Terms - Joint Venture LNG Fleet

Average Total Fleet Age: +9 years



(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

Creole Spirit chartered on spot market-linked contract until Q1-22

- 1-year fixed-rate option declarable Nov. 2021

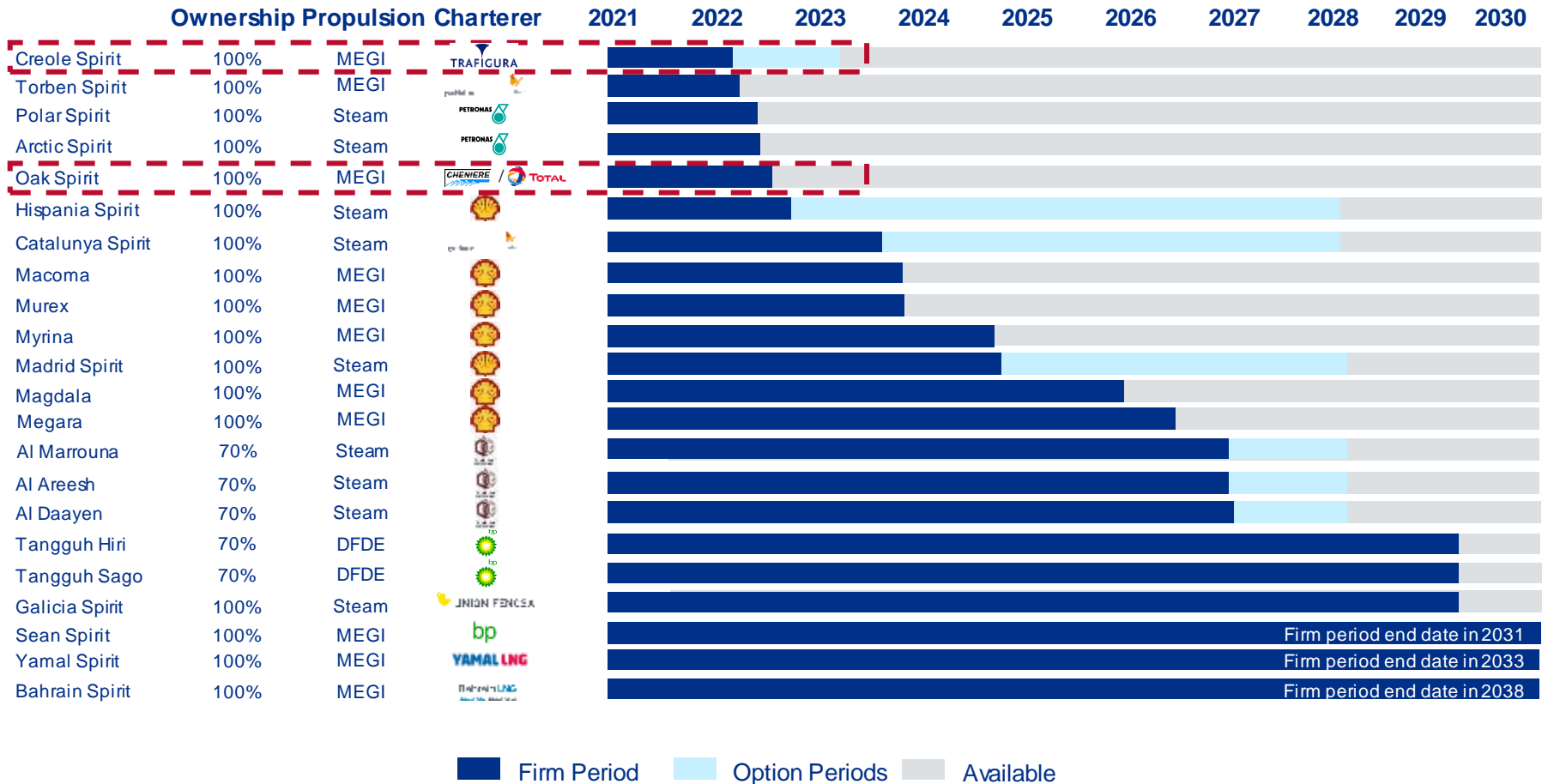
Forward-fixed the *Oak Spirit* for one year from Q3-21

Teekay LNG's fleet-wide fixed-rate contract attributes:

- 'Take-or-pay' - customer pays full hire to Teekay LNG regardless of vessel usage
- Not impacted by market LNG prices or cargo cancellations
- Not impacted by structural or global imbalances in LNG trade

Current Charter Terms - Consolidated LNG Fleet

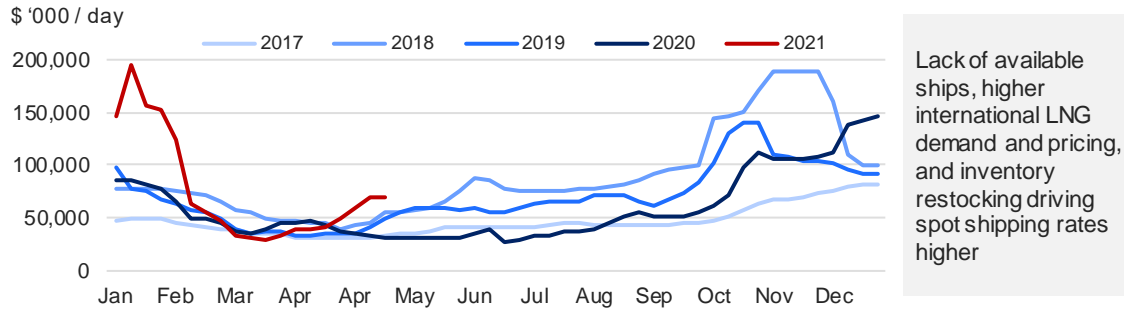
Average Total Fleet Age: +9 years⁽¹⁾



(1) Average fleet age on Dec. 31, 2020

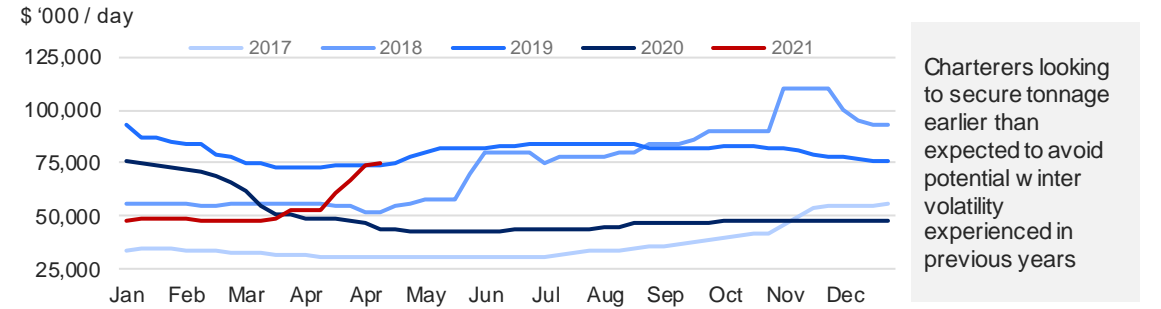
Spot and Term LNG Market Strengthening

Spot LNG Shipping Rates Climbing Again After Recent All-Time Highs



Note: 160k cbm
Source: Clarkson

1-Year Time Charter Rates Trending Upward

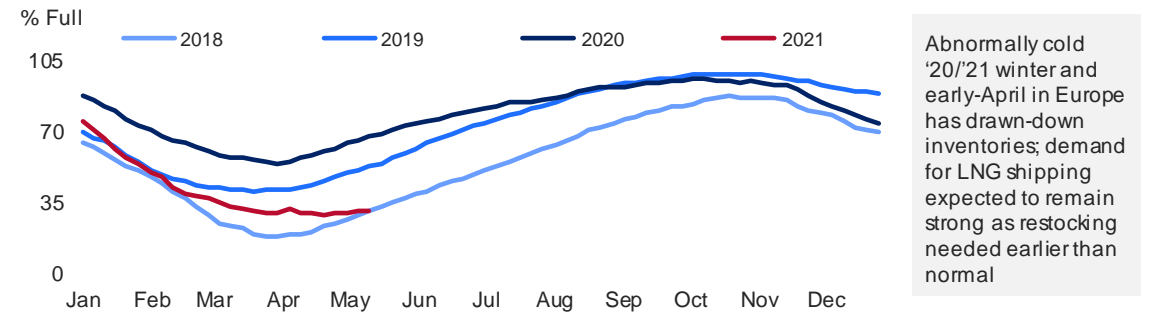


Note: Weekly 1-Year DFDE
Source: Fearnleys

Various Factors Leading to Current Strength in LNG Shipping Rates:

- Rebound in global LNG demand
- Growth in LNG trade with export project start-ups
- Increase in longer-haul voyages from U.S. to Asia
- Counter-seasonal strength in international LNG prices
- Low gas inventories

Low European Gas Inventories



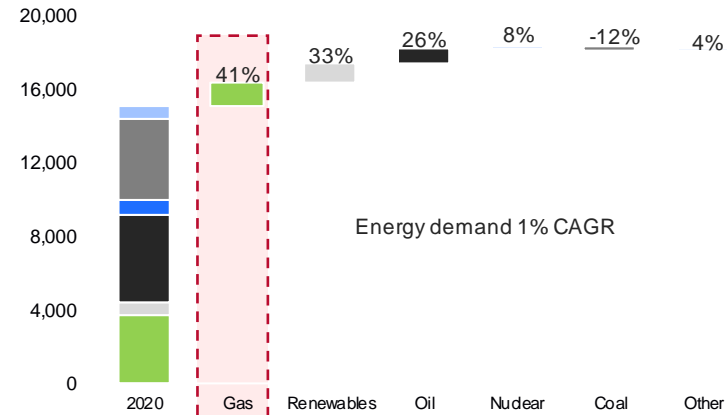
Source: Gas Infrastructure Europe

Early Stages of Demand-Driven LNG Growth

- **Global LNG demand expected to double by 2040**, reaching 700MM tonnes as demand for natural gas continues to grow strongly in Asia and gains traction in power generation and industrial uses
- **LNG is expected to be the fastest growing source of natural gas** as global regions with greatest demand are located significant geographic distances from major sources of supply

Gas Expected to Capture a Meaningful Share of Growth in Energy Demand...

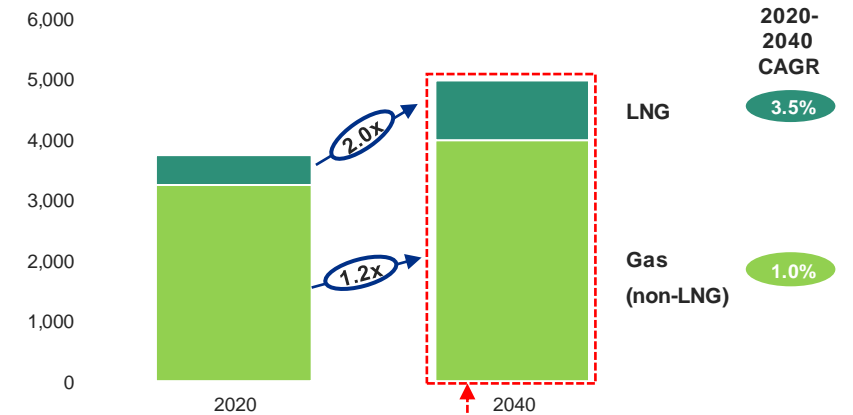
Global Energy Demand by Fuel Type, bcm



Source: Shell LNG Outlook 2021

...With Transportation of Natural Gas Creating a Multiplier Effect for Growth in LNG

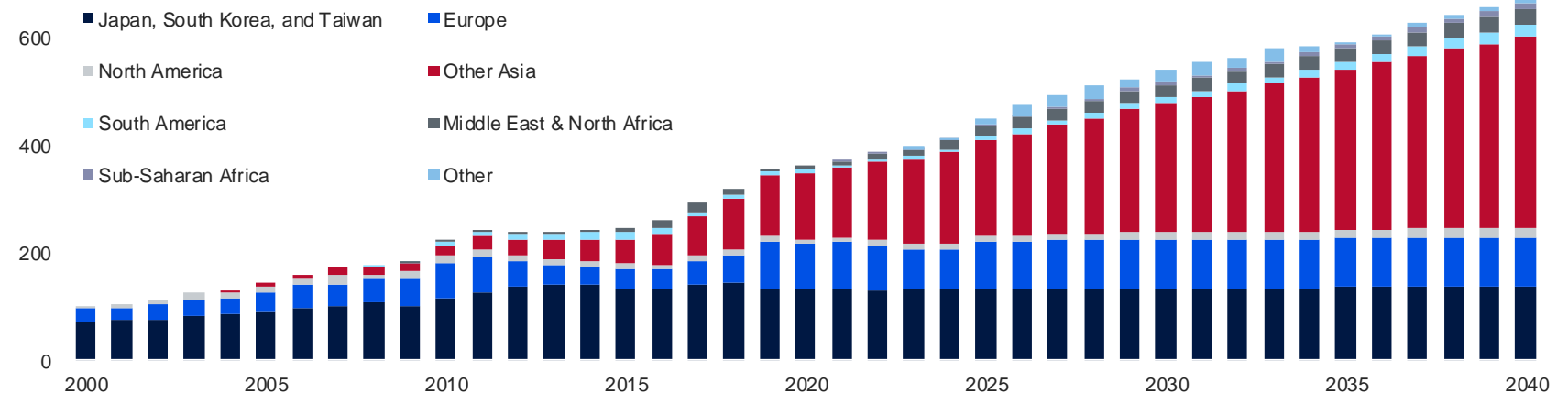
Global Gas Supply (1), bcm



Source: Shell LNG Outlook 2021

Significant Growth in Global LNG Demand Expected Over the Next Several Decades

Global LNG Imports by Region, MMt



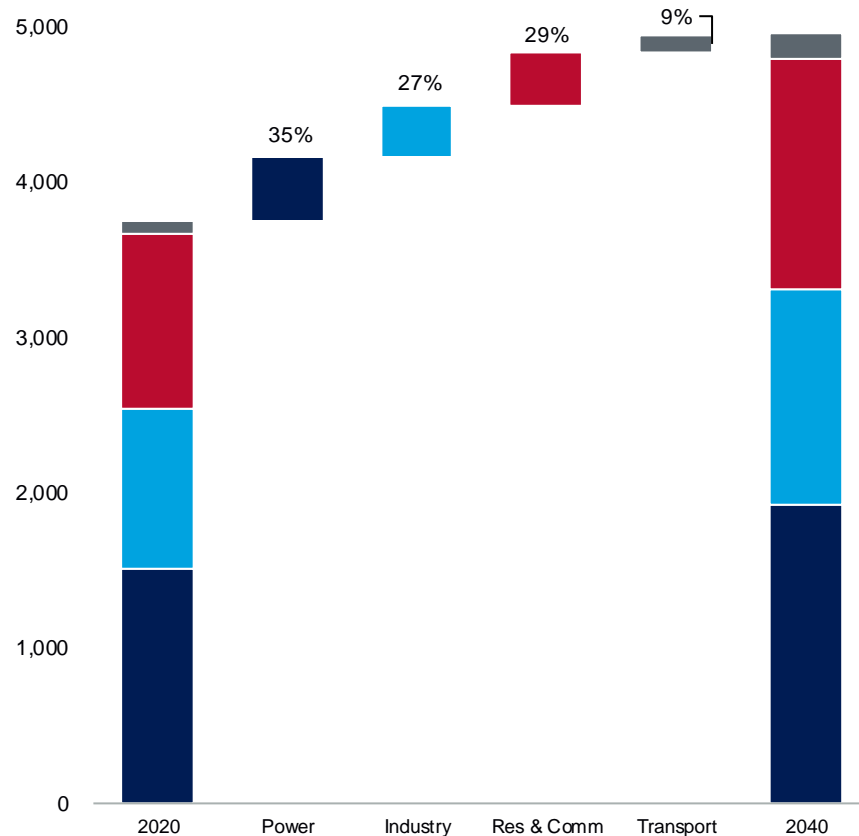
Source: IHS Markit, February 2021

LNG To Play a Key Role in Global Decarbonization Trend

- More than half of future LNG demand is expected to come from countries with net-zero emissions targets as they pursue coal-to-gas switching opportunities to reduce industrial emissions
- Net-zero emissions policies increasingly being adopted at both national and regional levels, as economies such as China and India transition to cleaner-burning fuels

Natural Gas Expected to Play a Key Role in Decarbonizing Key Sectors

Global Gas Demand Growth by Sector, bcm



Source: Shell LNG Outlook 2021

Power Generation	<ul style="list-style-type: none"> • Gas power generation is a reliable complement to renewable power and provides flexibility to meet seasonal heating demand
Industrial Processes	<ul style="list-style-type: none"> • Significant global potential for coal-to-gas switching in power generation, particularly in China, India and other developing economies that are seeking to reduce air pollution from energy-intensive industries
Residential and Commercial	<ul style="list-style-type: none"> • Continued urbanization, expansion of the middle-class and coal-to-gas conversions is resulting in strong growth in natural gas consumption and development of city gas distribution is increasing demand in several key import markets
Transportation Fuel (Marine and Road)	<ul style="list-style-type: none"> • Uptake of gas in the road transportation sector is increasing with the wide-scale adoption of LNG-fueled ships (driven by IMO policies) and ground-based transport vehicles

Appendix

TGP Detailed EV/EBITDA Calculation

In \$ millions except ratios and per unit data

Proportionately Consolidated EV/EBITDA Calculation			
Consolidated Cash and Restricted Cash		208.2	Mar. 31, 2021 Balance Sheet
Proportionate share of J/V Cash		251.1	Mar. 31, 2021 Appendix F of Earnings Release
Total Proportionate Consolidated Cash		459.3	
Consolidated Debt		2,767.4	Mar. 31, 2021 Balance Sheet
Proportionate share of J/V Debt		2,048.5	Mar. 31, 2021 Appendix F of Earnings Release
Total Proportionate Consolidated Net Debt	a	4,356.5	
Common Units outstanding		86.95	
Unit price		\$ 15.07	as of May 11, 2021
Total Common Market Cap		\$ 1,310.4	
Preferreds A & B		295.0	Mar. 31, 2021 Balance Sheet
Total Equity value (common + Prefs)	b	1,605.4	
Tanggung and RG2 NCI	c	58.2	Mar. 31, 2021 Balance Sheet
Enterprise Value (EV)	d=a+b+c	6,020.0	
Q1 2021 Total adj. EBITDA (annualized)	e	737.1	
Total EV/Total EBITDA	=d/e	8.2 x	

Consolidated EV/EBITDA Calculation			
Cash and Restricted Cash		208.2	Mar. 31, 2021 Balance Sheet
Total Debt		2,767.4	Mar. 31, 2021 Balance Sheet
Net Debt	a	2,559.2	
Common units outstanding		86.95	
Unit price		\$ 15.07	as of May 11, 2021
Total Common Market Cap		1,310.4	
Preferreds A & B		295.0	Mar. 31, 2021 Balance Sheet
Total Equity value	b	1,605.4	
Tanggung and RG2 NCI	c	58.2	Mar. 31, 2021 Balance Sheet
Enterprise Value (EV)	d=a+b+c	4,222.7	
Book Value of investments in J/Vs	e	1,118.1	Mar. 31, 2021 Balance Sheet
On Balance Sheet EV	f=d-e	3,104.6	
Q1 2021 EBITDA (annualized)	g	424.4	
Consol. EV/Consol. EBITDA	=f/g	7.3 x	

Adjusted Net Income

Q1-21 vs. Q4-20

(Thousands of U.S. Dollars except units outstanding or unless otherwise indicated)	Q1-2021	Q4-2020	Comments
Net voyage revenues	145,619	148,278	Decreased primarily due to scheduled dry docking and redeployment of Creole Spirit at a lower rate
Vessel operating expenses	(30,089)	(31,243)	
Time-charter hire expenses	(5,850)	(6,294)	
Depreciation and amortization	(31,902)	(32,883)	
General and administrative expenses	(7,167)	(6,689)	
Income from vessel operations	70,611	71,169	
Adjusted equity income ⁽¹⁾	28,463	30,465	Decreased primarily due to unscheduled off-hire for repairs for certain equity-accounted vessels.
Adjusted net interest expense ⁽¹⁾	(33,464)	(35,800)	Decreased primarily due to principal repayments and a decrease in LIBOR
Adjusted other expense ⁽¹⁾	(96)	(203)	
Adjusted income tax expense ⁽¹⁾	(2,073)	(2,708)	
Adjusted net income	63,441	62,923	
Less: Adjusted net income attributable to non-controlling interests	(2,975)	(2,945)	
Adjusted net income attributable to the partners and preferred unitholders	60,466	59,978	
Weighted-average number of common units outstanding	86,955,664	86,951,234	
Limited partner's interest in adjusted net income per common unit	0.61	0.61	



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) Income – 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 31-Mar-21	Three Months Ended 31-Dec-20
Equity income as reported	37,516	15,359
Proportionate share of write-down of four LPG vessels	-	17,000
Proportionate share of unrealized gain on non-designated interest rate swaps	(15,410)	(4,214)
Proportionate share of unrealized credit loss provisions	6,677	2,989
Proportionate share of other items	(320)	(669)
Adjusted Equity Income	28,463	30,465

Reconciliation of the Partnership's Adjusted Net Interest Expense:

(Thousands of U. S. Dollars)	Three Months Ended 31-Mar-21	Three Months Ended 31-Dec-20
Interest expense as reported	(29,652)	(30,431)
Interest income as reported	2,006	1,411
Realized losses on derivative instruments and other, excluding realized losses on interest rate swap termination	(5,818)	(6,780)
Adjusted Net Interest Expense	(33,464)	(35,800)

Reconciliation of the Partnership's Adjusted Other Expense:

(Thousands of U. S. Dollars)	Three Months Ended 31-Mar-21	Three Months Ended 31-Dec-20
Other expense as reported	(3,769)	(1,721)
Unrealized credit loss provisions	3,673	1,518
Adjusted Other Expense:	(96)	(203)

Reconciliation of the Partnership's Adjusted Income Tax Expense:

(Thousands of U. S. Dollars)	Three Months Ended 31-Mar-21	Three Months Ended 31-Dec-20
Income tax recovery (expense) as reported	777	(1,364)
Adjustments relating to prior years	(2,300)	(1,344)
Deferred tax impact relating to credit loss provisions	(550)	-
Adjusted Income Tax Expense	(2,073)	(2,708)



Q2-2021 Outlook

Adjusted Net Income	Q2 2021 Outlook (compared to Q1 2021)
Net voyage revenues	<ul style="list-style-type: none"> • \$4M decrease due to reversal of operational claims in Q1-21 for certain of the Partnership's LNG carriers • \$3M decrease due to more off-hire for scheduled drydockings in Q2-21 • \$1M decrease from multi-gas vessels due to lower forecasted daily rates in Q2-21
Vessel operating expenses	<ul style="list-style-type: none"> • \$1M increase primarily due to timing of spares and consumables
Time-charter hire expenses	<ul style="list-style-type: none"> • Expected to be consistent with Q1-21
Depreciation and amortization	<ul style="list-style-type: none"> • Expected to be consistent with Q1-21
General and administrative expenses	<ul style="list-style-type: none"> • Expected to be consistent with Q1-21
Adjusted equity income	<ul style="list-style-type: none"> • \$3M increase due to less off-hire days for repairs
Adjusted net interest expense	<ul style="list-style-type: none"> • Expected to be consistent with Q1-21
Adjusted other expense	<ul style="list-style-type: none"> • Expected to be consistent with Q1-21
Adjusted income tax expense	<ul style="list-style-type: none"> • Expected to be consistent with Q1-21
Adjusted net income attributable to non-controlling interests	<ul style="list-style-type: none"> • Expected to be consistent with Q1-21



2021(E) Drydock Schedule

Summary of Dry-dock and Off-hire Days

Entity	Segment	March 31, 2021 (A)		June 30, 2021 (E)		September 30, 2021 (E)		December 31, 2021 (E)		Total 2021 (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	20	1	70	5	93	1	22	8	205
	LPG - Consolidated	-	-	1	29	1	29	-	-	2	58
	LNG Equity Accounted	2	27	3	88	-	-	-	-	5	115
	LPG Equity Accounted	1	27	1	37	1	22	3	78	6	164
		4	74	6	224	7	144	4	100	21	542

*NOTE: In the case that a vessel's off-hire days straddles between quarters, the quarter with the majority of off-hire days will have the vessel allocated to it.

- (A) – Actual
- (E) – Estimate



