

The background features a dark blue color with several light blue, stylized geometric shapes that resemble a bar chart or a line graph with sharp peaks and valleys, creating a modern, industrial aesthetic.

# Teekay Tankers

First Quarter 2024 Earnings Presentation

May 9, 2024

## Forward-Looking Statements

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This presentation contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. All statements included in this report, other than statements of historical fact, are forward-looking statements. When used in this report, the words "expect", "believe", "anticipate", "plan", "intend", "estimate", "may", "will" or similar words are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. Forward-looking statements contained in this release include, among others, statements regarding: the timing of and our expectations regarding the impact of the commissioning of the previously-announced expansion of the Trans Mountain Pipeline, including the development of potential trading opportunities, the impact on existing tanker utilization and potential additional tanker demand; estimated changes in global oil demand and supply, and the various contributing factors thereto and impacts thereof; geopolitical events and the impact thereof on our industry and our business; management's view of the strength of the tanker market and the tanker rate environment, and the Company's ability to benefit from strong spot tanker rates, generate significant free cash flow and create shareholder value; crude oil and refined product tanker market fundamentals; forecasts of worldwide tanker fleet growth or contraction, vessel scrapping levels, and newbuilding tanker orders, including the factors contributing thereto and the timing thereof, and the Company's general outlook on tanker supply and demand fundamentals; management's expectations regarding free cash flow and other financial statement items; anticipated drydock and off-hire schedules; and the Company's liquidity and market position.

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: potential changes to or termination of the Company's capital allocation plan or dividend policy; the declaration by the Company's Board of Directors of any future cash dividends on the Company's common shares; the Company's available cash and the levels of its capital needs; changes in the Company's liquidity and financial leverage; changes in tanker rates, including spot tanker market rate fluctuations, and in oil prices; changes in the production of, or demand for, oil or refined products and for tankers; changes in trading patterns affecting overall vessel tonnage requirements; non-OPEC+ and OPEC+ production and supply levels; the impact of geopolitical tensions and conflicts, including the Hamas-Israel war and Russia's invasion of Ukraine, 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 on existing vessels in the Company's fleet; the inability of charterers to make future charter payments; delays of vessel deliveries; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations and the impact of such changes, including the recent inclusion of the maritime industry in the European Union's Emissions Trading System; 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, 2023. 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

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### Financial

Total adjusted EBITDA<sup>(1)</sup> of \$150.9 million, compared to \$127.2 million in Q4-23

Adjusted net income<sup>(1)</sup> of \$132.3 million, or \$3.86 per share, compared to \$99.5 million, or \$2.91 per share in Q4-23

For every \$5,000 above TNK's FCF<sup>(2)</sup> breakeven of approximately \$16,000 per day, expected to generate \$2.43<sup>(3)</sup> of annual FCF per share

TNK is debt free<sup>(4)</sup> after completing the repurchase of eight vessels on sale-leaseback arrangements for \$137 million

Declared fixed quarterly dividend of \$0.25 per share

Declared special dividend of \$2.00 per share

### Market Activity

Second highest first quarter spot rates in TNK's history

Spot rates remain firm into Q2-24

Expansion of the Trans Mountain Pipeline to provide a new source of Aframax demand from Q2-24 onwards

Supply and demand fundamentals point towards ongoing strength in the medium term

Completed the previously-announced sale of one 2004-built Aframax for \$23.5 million, recorded a gain on sale of \$11.6 million

(1) These are non-GAAP financial measures. Please see Teekay Tankers' Q1-24 earnings release for definitions and reconciliations to the comparable GAAP measures.

(2) Free cash flow (FCF) is a non-GAAP financial measure. Please see appendix slide 15 for the definition and the reconciliation to the comparable GAAP measure.

(3) FCF for 12 months ending March 31, 2025 based on the current fleet size of 50 vessels continuing to operate in the spot market.

(4) The Company's share of debt in its 50/50 non-consolidated joint venture, which owns one Very Large Crude Carrier (VLCC), is \$9.8 million as of March 31, 2024.



## Strong Spot Rates in Q1-24 With Strength Continuing Into Q2

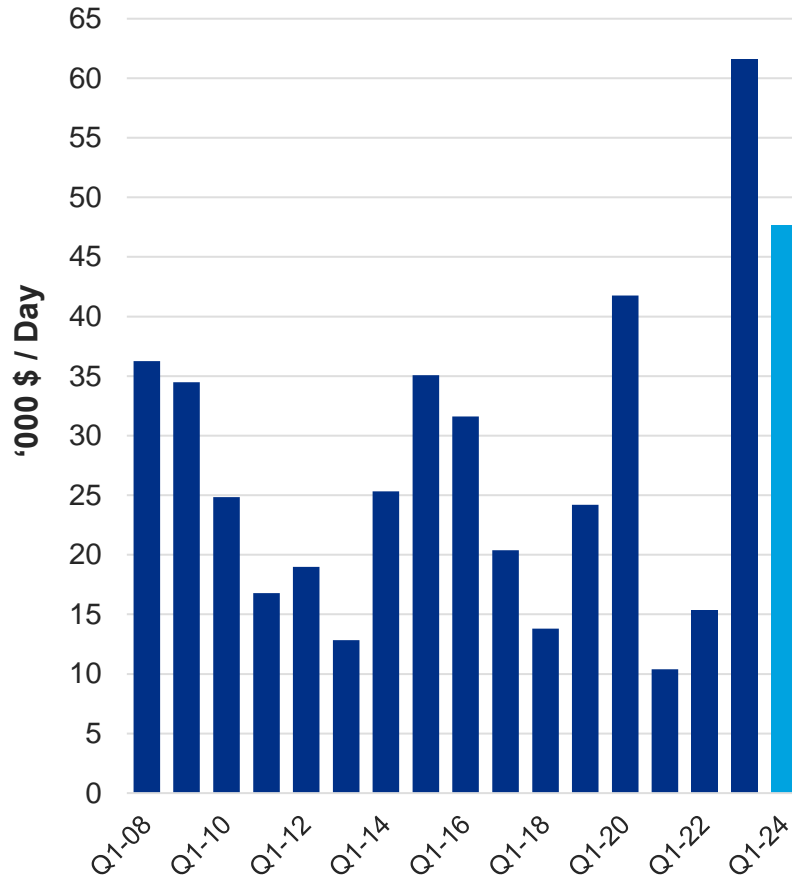
Second strongest first quarter mid-size tanker spot rates in TNK history

Spot rates supported by a combination of firm tanker tonne-mile demand, limited fleet supply growth, normal seasonality, and trade route disruption / longer voyages distances due to geopolitical events

Mid-size tanker spot rates have remained firm at the start of Q2-24

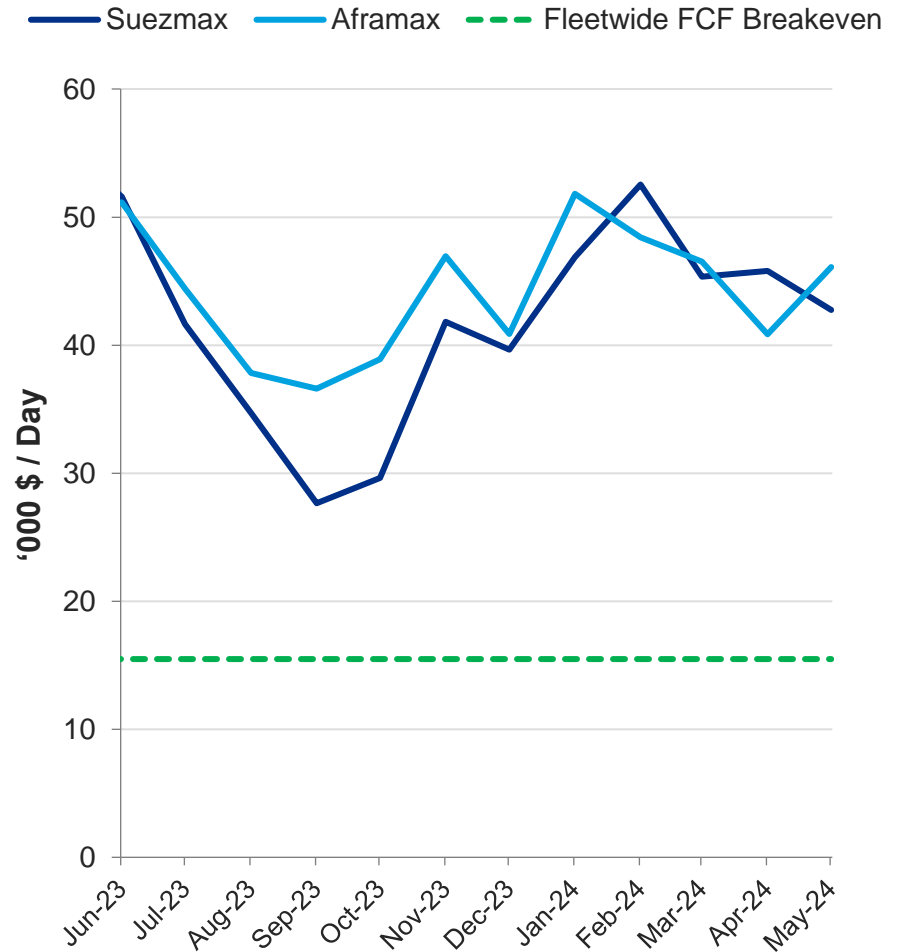
Positive outlook for 2H-2024 on rising oil demand, expected increase in non-OPEC+ supply, and the opening of the Trans Mountain Pipeline Expansion (TMX)

TNK's First Quarter Average Mid-Size Tanker Rates



Source: Internal  
(average of Suezmax and Aframax spot rates)

TNK's Monthly Mid-Size Tanker Spot Rates

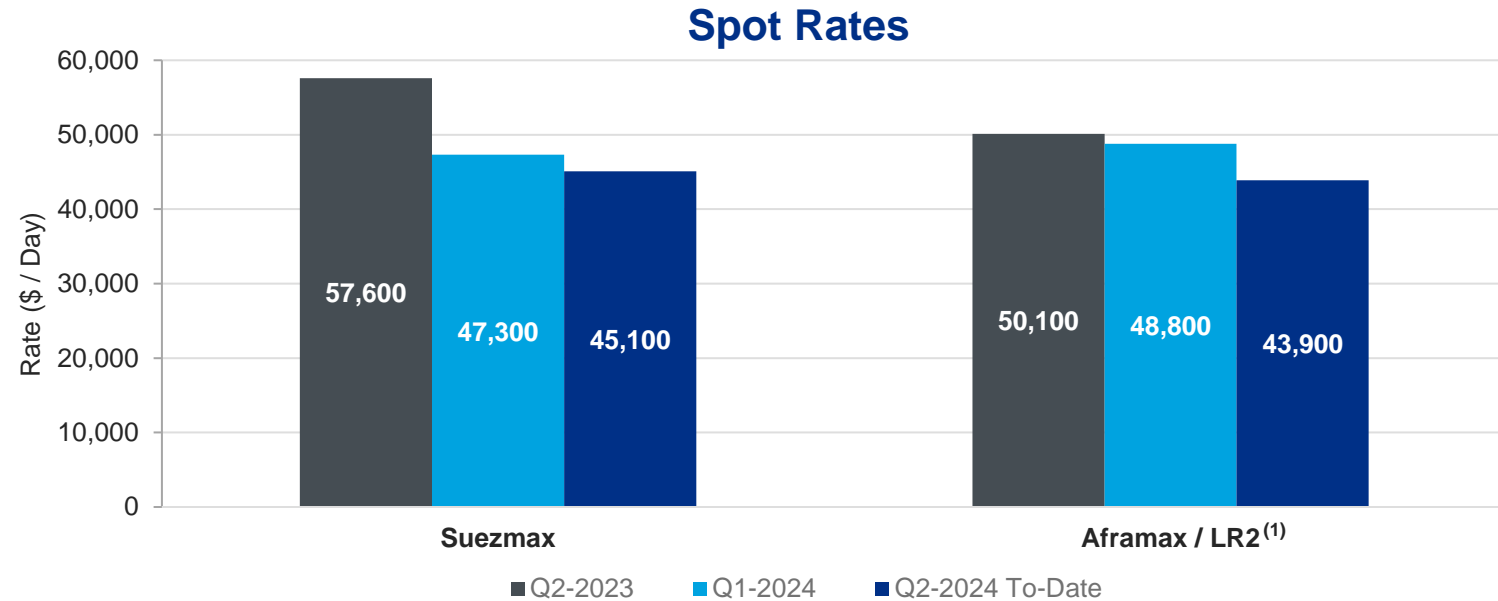


Source: Internal  
May-24: 45% of days booked for Aframax and 58% for Suezmax



## Q2-24 To-Date Spot Rates

Currently eight vessels chartered-in at an average rate of \$25,400 per day, mark-to-market value of approximately \$54 million<sup>(2)</sup>



	Suezmax	Aframax / LR2 <sup>(1)</sup>
Q2-24 spot ship days available	2,109	2,103
Q2-24 % spot ship days booked to-date	59%	54%

(1) Earnings and percentage booked to-date include Aframax RSA, non-RSA voyage charters and full-service lightering (FSL) for all Aframax and LR2 vessels whether trading in the clean or dirty spot market.

(2) Mark-to-market is the present value of difference between TNK's chartered-in rates and the current average published time charter rates for similar periods from Clarksons, Braemar, Galbraiths and Poten & Partners on May 3, 2024, multiplied by the remaining days of each chartered-in agreement, including extension option on two Aframax vessels, one in 2024 and one in 2025.

# Trans Mountain Expansion (TMX) to Provide a New Source of Aframax Demand

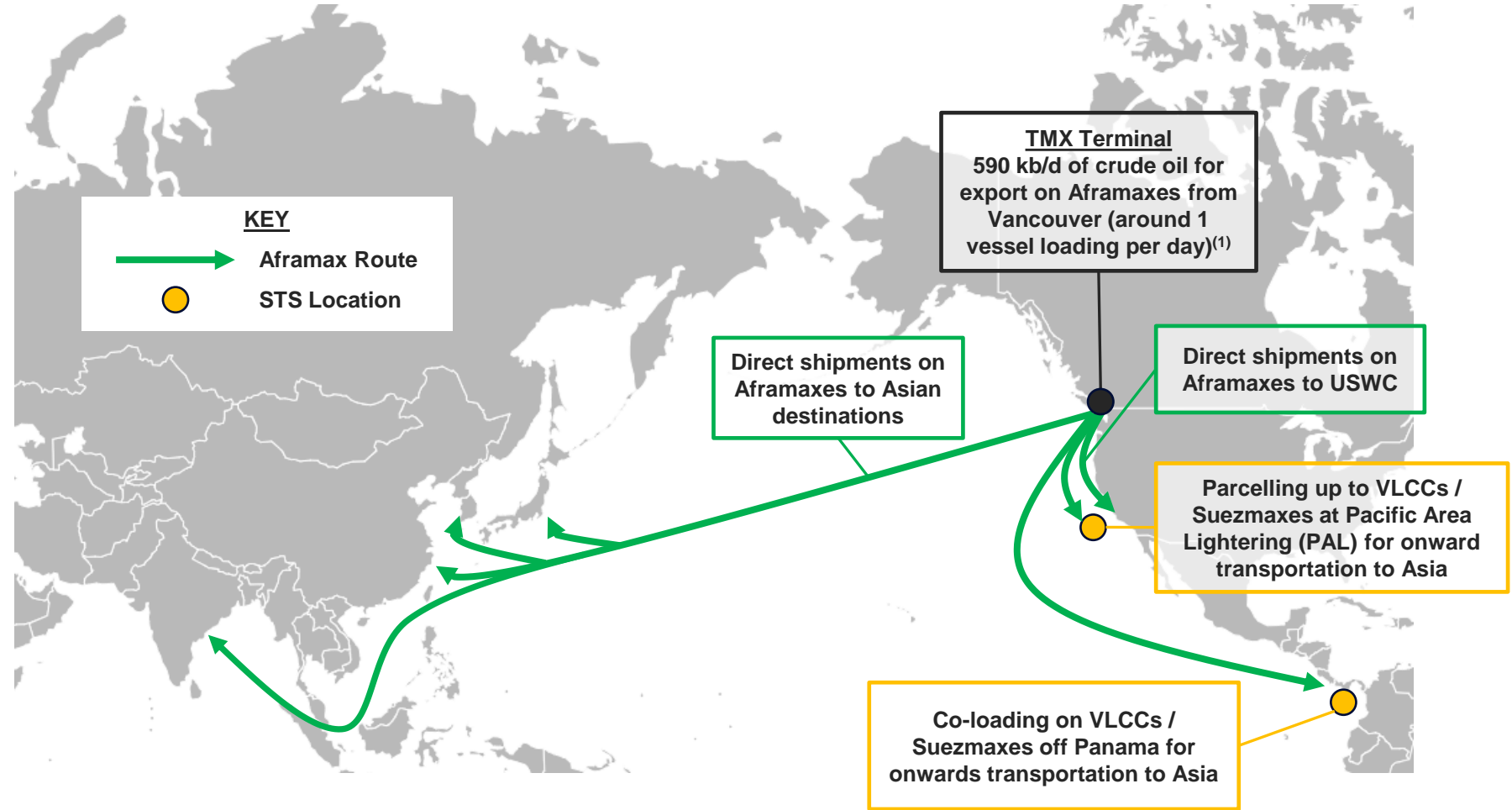
The TMX pipeline commenced operations on May 1<sup>st</sup> 2024, with first cargos expected later in the month

590,000 b/d pipeline expansion provides a new source of dedicated Aframax demand with approximately one vessel loading per day from Vancouver<sup>(1)</sup>

While still to be determined, a combination of four trades have the potential to develop:

- Direct to the US West Coast (USWC) on Aframax
- Direct to Asia on Aframax
- Aframax to Pacific Area Lightering (PAL) off USWC for loading on VLCCs / Suezmaxes to Asia
- Aframax to Panama for co-loading on VLCC / Suezmaxes to Asia

Vancouver is relatively far from the main Aframax trade lanes which should stretch the fleet as vessels are pulled from other trade routes to meet demand



**Potential to create incremental demand for around 25-30 Aframax<sup>(2)</sup>**

<sup>(1)</sup> As per Trans Mountain the number of tankers loaded could reach 34 per month at full capacity

<sup>(2)</sup> Assumes 50% of voyages to USWC / PAL / Panama on Aframax and 50% of voyages direct to Asia on Aframax and the pipeline at full capacity.

# Strong Medium-Term Tanker Market Outlook

The tanker orderbook is small by historic standards at 9% of the fleet, delivering over the next 3 years

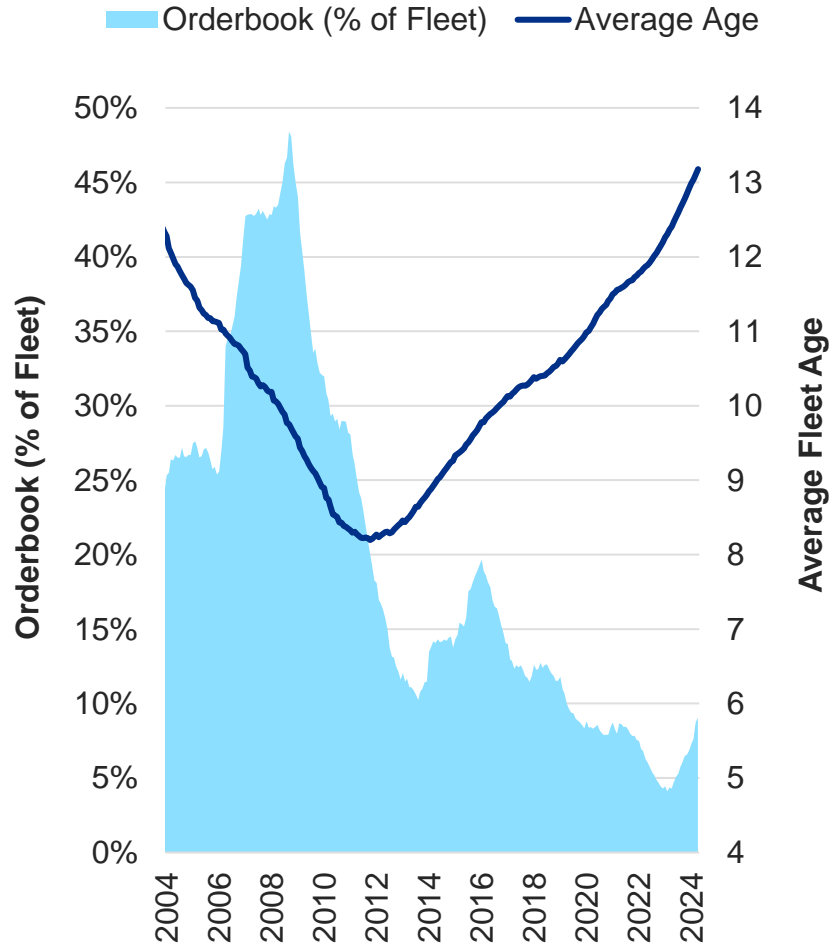
The average age of the global tanker fleet is the highest since 2003 at 13.2 years

We project close to zero tanker fleet growth in 2024 with modest growth of around 1% in 2025

Estimated oil demand growth of 1.5 mb/d in 2024 and 2025, coupled with elevated voyage distances due to geopolitical disruptions, should create additional tanker demand

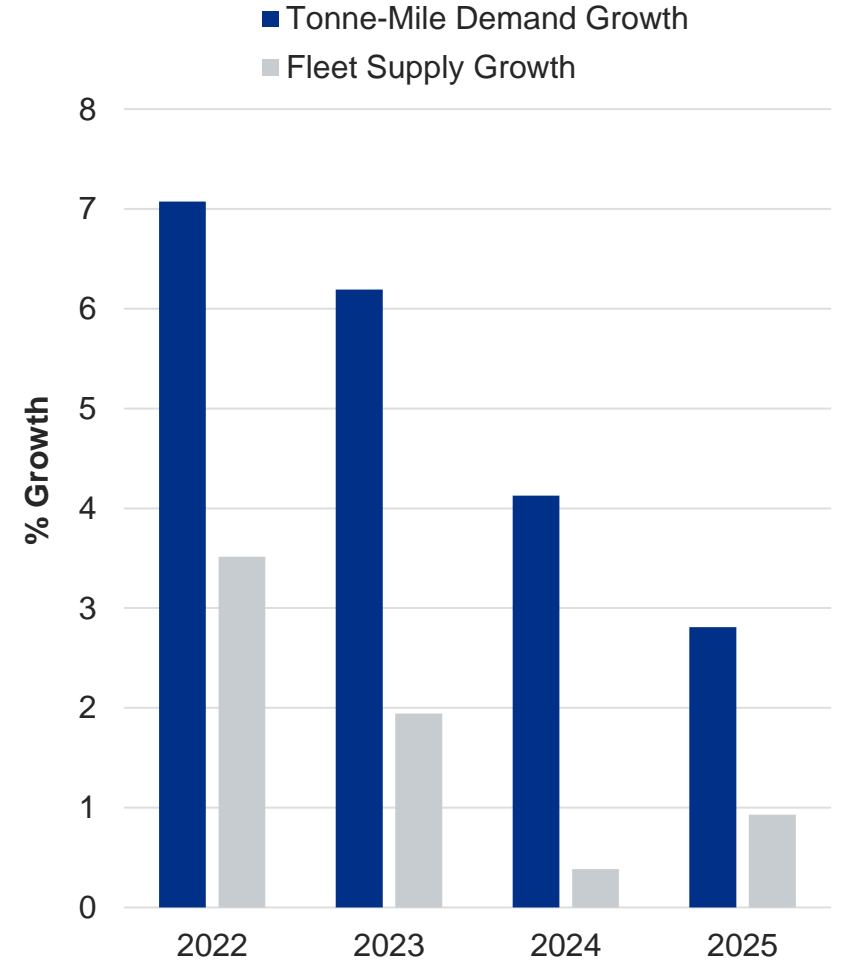
Compounding impact of year-on-year tonne-mile demand growth outstripping fleet supply growth supports high fleet utilization and spot rates in the medium term

## Small Orderbook, Aging Fleet



Source: Clarksons

## Tanker Demand / Supply Growth



Source: Clarksons / Internal Estimates (2024 and 2025 are forecasts)



## Creating Shareholder Value

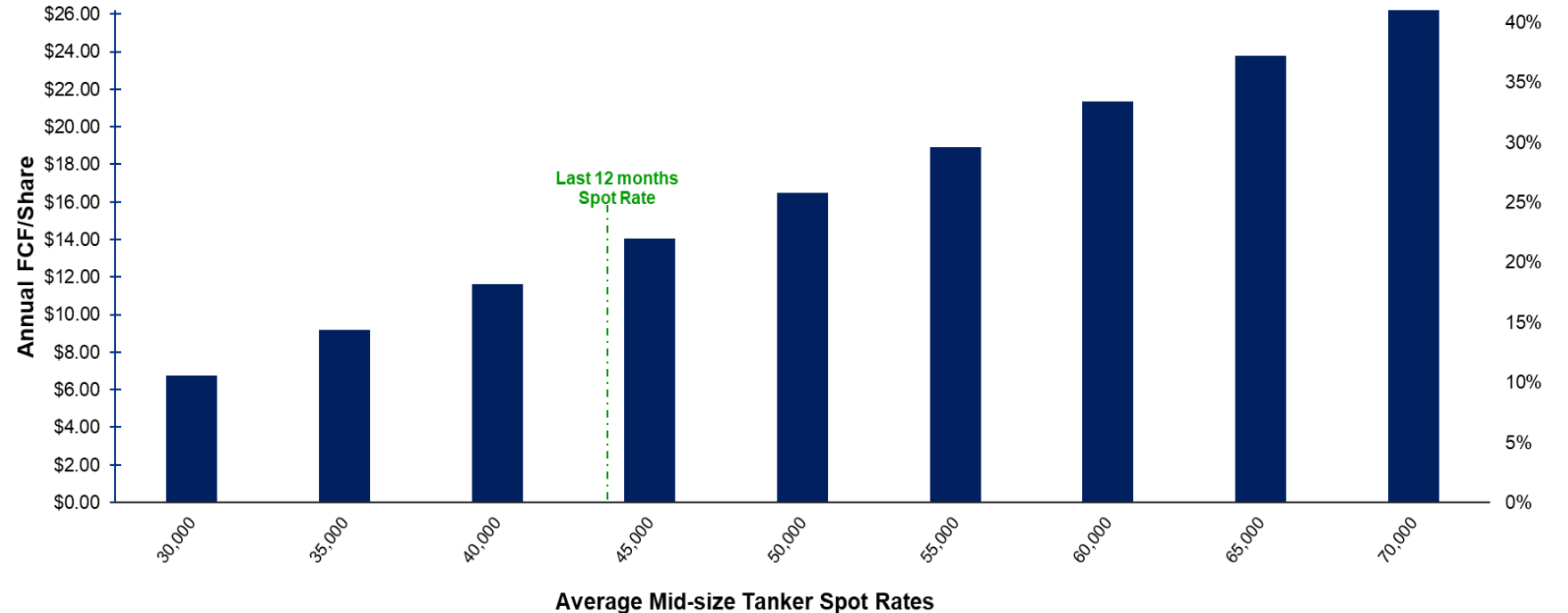
51-vessel fleet continuing to create significant shareholder value in strong tanker market

- 98% of the fleet is in the strong spot market
- Generated \$156 million of FCF<sup>(1)</sup> in Q1-24
- Based on LTM average realized spot rates, next 12 months annual FCF<sup>(1)(2)</sup> would be approximately \$13.83 per share, resulting in a FCF yield of approximately 22%<sup>(3)</sup>

Debt free<sup>(4)</sup> after completing the repurchase of eight vessels previously on sale leaseback arrangements

Declared special dividend of \$2.00 per share for a combined dividend of \$2.25 per share this quarter

FCF Per Share Spot Rate Sensitivity Next 12 Months <sup>(1,2,3)</sup>



**Every \$5,000 increase in spot rates above TNK's FCF break-even of \$16,000 per day expected to increase annual FCF by \$2.43<sup>(2)</sup> per share**

(1) Free cash flow (FCF) is a non-GAAP financial measure. Please see appendix slide 15 for the definition and the reconciliation to the comparable GAAP measure.

(2) For 12 months ending March 31, 2025, based on the current fleet size of 50 vessels continuing to operate in the spot market.

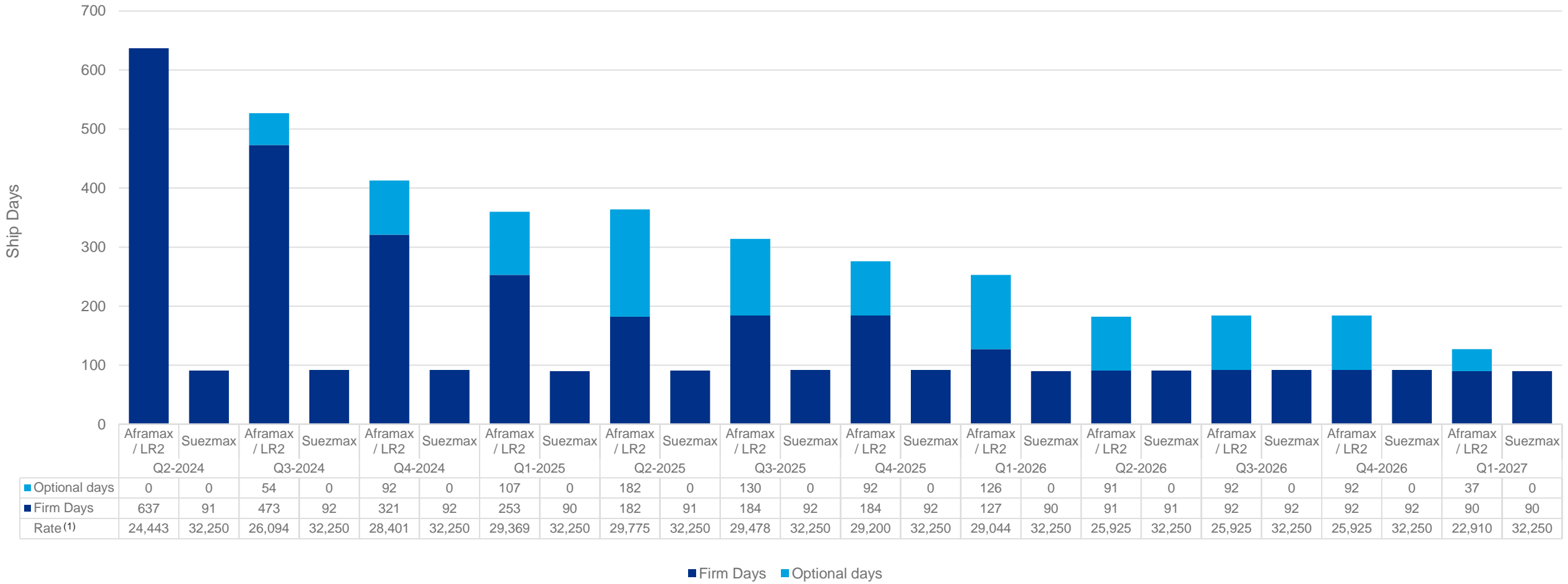
(3) Free Cash Flow (FCF) yield is equal to forecasted annual FCF divided by TNK's closing share price on May 8, 2024 of \$63.54.

(4) The Company's share of debt in its 50/50 non-consolidated joint venture, which owns one Very Large Crude Carrier (VLCC), is \$9.8 million as of March 31, 2024.



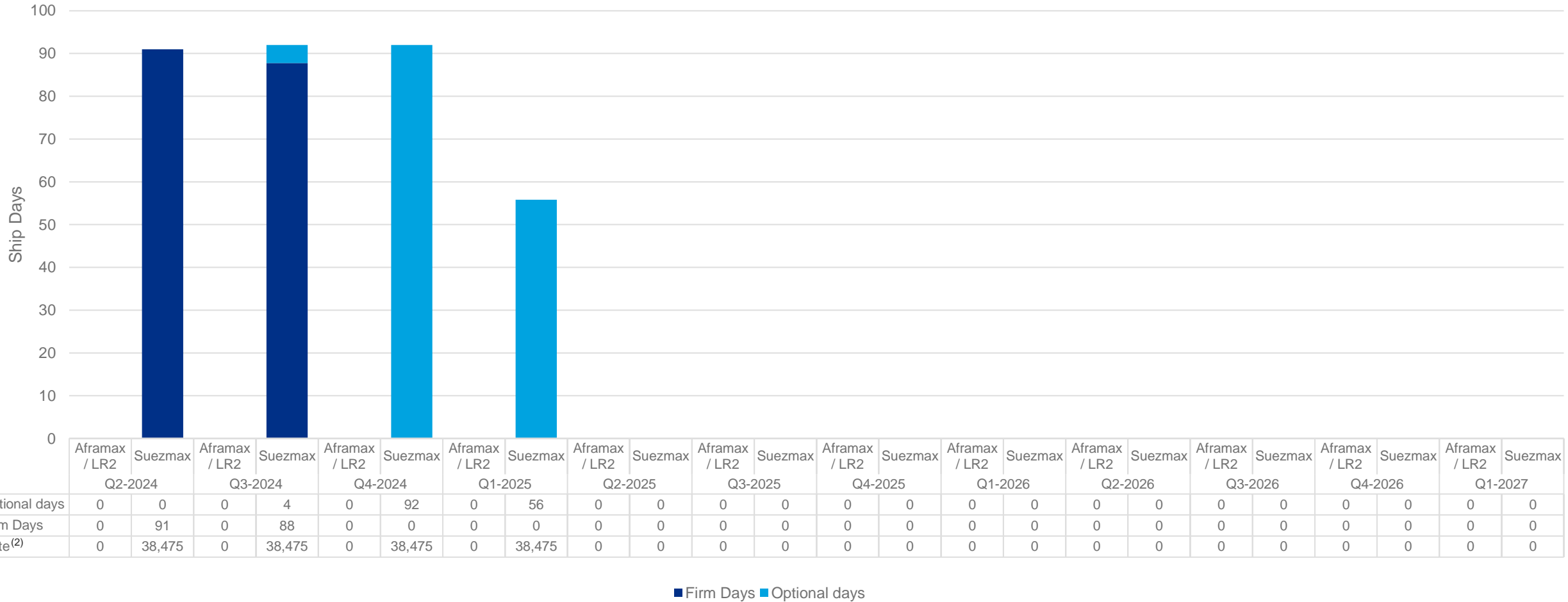
# Appendix

# Fleet In-Chartering



(1) Weighted average rate for the firm and optional period hire rates

## Fleet Out-Chartering<sup>(1)</sup>



(1) Based on existing charters excluding expected dry-dock / off-hire days noted on slide 16  
 (2) Weighted average rate for the firm and optional period hire rates

## Q2-24 Outlook

Income Statement Item	Q1-24 in thousands adjusted basis <sup>(1)</sup>	Q2-24 Outlook <sup>(1)</sup> (expected changes from Q1-24)
Net revenues <sup>(2)</sup>	221,812	<p>Decrease of approximately 225 net revenue days, consisting of a decrease of 195 spot days and a decrease of 30 fixed days, primarily due to more scheduled dry dockings, the sale of one tanker in Q1-24, and the redelivery of one tanker from an out-charter contract in the first half of Q1-24; a decrease of approximately \$1.5 million due to higher off-hire bunker expenses associated with Q2-24 dry dockings.</p> <p>Refer to Slide 5 for Q2-24 booked to-date spot tanker rates. Refer to Slide 11 for a summary of fleet out-charter employment.</p>
Vessel operating expenses	(37,495)	Increase of approximately \$1 million, primarily due to the timing of maintenance activities, partially offset by the sale of one tanker in Q1-24.
Depreciation and amortization	(23,318)	Decrease of approximately \$1 million, primarily due to the classification of two tankers as held-for-sale in Q1-24.
Interest expense	(3,742)	Decrease of approximately \$3 million, primarily due to lower interest payments related to the repurchase of eight sale-leaseback vessels during Q1-24.
Income tax recovery	1,030	Decrease of approximately \$3.5 million due to vessel trading activities and regular assessment of tax positions.

(1) Q1-24 amounts and changes described are after adjusting Q1-24 for items included in Appendix A of Teekay Tankers' Q1-24 Earnings Release (see slide 14 of this earnings presentation for the Consolidated Adjusted Line Items for Q1-24).

(2) Net revenues is a non-GAAP financial measure. Please refer to the Teekay Tankers Q1-24 Earnings Release for a definition and reconciliation of this term.



## Adjusted Net Income<sup>(1)</sup>

### Q1-24 vs Q4-23

(In thousands of U.S. dollars)

Statement Item	Q1-2024 (unaudited)	Q4-2023 (unaudited)	Variance	Comments
Revenues	338,343	313,291	25,052	
Voyage expenses	(116,531)	(118,828)	2,297	
Net revenues <sup>(2)</sup>	221,812	194,463	27,349	Increase primarily due to higher overall spot TCE rates and fewer scheduled dry-dockings in Q1-24, partially offset by the sale of two vessels during Q1-24 and Q4-23.
Vessel operating expenses	(37,495)	(36,612)	(883)	
Time-charter hire expenses	(19,516)	(19,822)	306	
Depreciation and amortization	(23,318)	(24,627)	1,309	Decrease primarily due to the sale of two vessels during Q1-24 and Q4-23.
General and administrative expenses	(13,843)	(10,849)	(2,994)	Increase primarily due to the timing of expenditures.
Income from operations	127,640	102,553	25,087	
Interest expense	(3,742)	(4,141)	399	
Interest income	5,474	3,058	2,416	Increase primarily due to higher interest income earned on cash balances during Q1-24.
Equity income	1,368	516	852	
Other income (expense)	577	(824)	1,401	Increase primarily due to foreign exchange gain/loss difference between periods.
Income tax recovery (expense)	1,030	(1,617)	2,647	Increase in income tax recovery primarily due to vessel trading activities and regular assessment of tax positions.
Adjusted net income	132,347	99,545	32,802	

(1) Refer to slide 14 for the Q1-24 reconciliations of non-GAAP financial measures to the most directly comparable financial measures under United States generally accepted accounting principles (GAAP). For the Q4-23 reconciliation, please refer to the Q4-23 earnings presentation.

(2) Net revenues is a non-GAAP financial measure. Please refer to the Teekay Tankers Q1-24 Earnings Release for a definition and reconciliation of this term.



# Consolidated Adjusted Statement of Income

Q1-24

(In thousands of U.S. dollars)

Statement Item	As Reported	Appendix A Items <sup>(1)</sup>	As Adjusted
Revenues	338,343	-	338,343
Voyage expenses	(116,531)	-	(116,531)
Net revenues <sup>(2)</sup>	221,812	-	221,812
Vessel operating expenses	(37,495)	-	(37,495)
Time-charter hire expenses	(19,516)	-	(19,516)
Depreciation and amortization	(23,318)	-	(23,318)
General and administrative expenses	(13,843)	-	(13,843)
Gain on sale of vessel	11,601	(11,601)	-
Income from operations	139,241	(11,601)	127,640
Interest expense	(4,866)	1,124	(3,742)
Interest income	5,474	-	5,474
Equity income	1,368	-	1,368
Other (expense) income	(779)	1,356	577
Income tax recovery	4,333	(3,303)	1,030
Net income	144,771	(12,424)	132,347

(1) Please refer to Appendix A in Teekay Tankers Q1-24 Earnings Release for a description of Appendix A items.

(2) Net revenues is a non-GAAP financial measure. Please refer to the Teekay Tankers Q1-24 Earnings Release for a definition and reconciliation of this term.



## Reconciliation of Non-GAAP Financial Measure – Free Cash Flow

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 gain on sale of assets, unrealized gains from derivatives, other non-cash items, dry-docking expenditures and other capital expenditures.

(In thousands of U.S. dollars)

	Three Months Ended March 31, 2024 (unaudited)
Net income - GAAP basis	144,711
<i>Add:</i>	
Depreciation and amortization	23,318
Proportionate share of free cash flow from equity-accounted joint venture	1,882
<i>Less:</i>	
Gain on sale of assets	(11,601)
Equity income	(1,368)
Dry-docking and capital expenditures	(1,291)
<b>Free Cash Flow</b>	<b>155,711</b>

## Drydock & Off-hire Schedule<sup>(1)(2)(3)</sup>

Teekay Tankers Segment	March 31, 2024 (A)		June 30, 2024 (E)		September 30, 2024 (E)		December 31, 2024 (E)		Total 2024 (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
Spot Tanker	-	21	6	223	9	280	-	10	15	534
Fixed-Rate Tanker	-	-	-	-	-	-	-	-	-	-
Other - Unplanned Offhire	-	37	-	25	-	37	-	33	-	132
	-	58	6	248	9	317	-	43	15	666

(1) Includes vessels scheduled for drydocking, ballast water treatment system installation, and an estimate of unscheduled off-hire.

(2) In the case that a vessel drydock & off-hire straddles between quarters, the vessel count has been allocated to the quarter in which a majority of drydock days occur.

(3) Vessel count only reflects the vessels with drydock and/or ballast water treatment system installation related off-hire.