



TEEKAY GROUP THIRD QUARTER 2025 EARNINGS RESULTS CONFERENCE CALL

Conference Title: Teekay Group

Date: Thursday, 30th October 2025

Conference Time: 11:00 ET

Operator: Welcome to the Teekay Group Third Quarter 2025 Earnings Results Conference Call. During the call, all participants will be in 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 touchtone telephone. 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.

Ed: Before we begin, I would like to direct all participants to our website at www.teekay.com, where you'll find a copy of the Teekay Group's third quarter 2025 earnings presentation. Kenneth 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 third quarter 2025 Teekay Group earnings presentation, available on our website. I will now turn the call over to Kenneth Hvid, Teekay Corporation and Teekay Tankers President and CEO to begin.

Kenneth Hvid: Thank you, Ed. Hello, everyone, and thank you very much for joining us today for the Teekay Group's third quarter 2025 earnings conference call. Joining me on the call today for the Q&A session



is Brody Speers, Teekay Corporation's and Teekay Tankers' CFO, Ryan Hamilton, our VP Finance and Corporate Development and Christian Waldegrave, our Director of Research.

Starting on slide three of the presentation, we will cover Teekay Tankers' recent highlights. Teekay Tankers reported the best quarter in the last 12 months with GAAP net income of \$92.1 million, or \$2.66 per share and adjusted net income of \$53.3 million, or \$1.54 per share in the third quarter.

Third quarter spot rates remained counter-seasonally strong, with rates meaningfully above the historical average for third quarter. Further, with spot rates well above our free cash flow breakeven levels, the company generated approximately \$69 million in free cash flow from operations and at the end of the quarter had a cash position of \$775 million with no debt.

Teekay Tankers continues to execute on its fleet renewal strategy, delivering on its previously announced transactions. Since the beginning of the third quarter, we have completed the acquisition of one modern Suezmax and the remaining 50% ownership interest in a VLCC from our joint venture partner.

In addition, the company completed the sales of four Suezmax tankers and one LR2, which delivered to their new owners in the third and fourth quarter. The combined gross proceeds of the five vessel sales is \$158.5 million, and we expect an estimated book gain on sales of approximately \$47.5 million recorded in the third and fourth quarters.

In addition, the strength in the spot market supported the time charter market, and the company opportunistically out-chartered one Suezmax vessel for \$42,500 per day and two Aframax-sized vessels for an average time charter rate of \$33,275 per day for periods ranging from 12 to 18 months. Two of these charters have already commenced, with the remaining charter set to start in November.

Looking at our fourth quarter to date, we have secured spot rates of \$63,700, \$45,500, and \$35,200 per day for our VLCC, Suezmax, and Aframax/LR2 fleets, respectively, with approximately 47% to 54% of spot days booked. We believe the tanker market is well positioned for firm winter market, which we'll discuss in more detail in the next few slides. Lastly, Teekay Tankers has declared its regular fixed dividend of \$0.25 per share.



Moving to slide four, we look at recent developments in the spot tanker market. Spot tanker rates improved during the third quarter of 2025, with rates on par with a strong level seen over the past three years and well above long-term average levels. An increase in global oil supply due to the unwinding of OPEC+ supply cuts and rising production in the Atlantic basin led to a sharp increase in global seaborne crude trade volumes during September, to the highest level since early 2020.

Rates were further boosted by an increase in long-haul crude oil movements between the Atlantic and Pacific basins, particularly in the Suezmax and VLCC segments. As shown by the chart on the right of the slide, spot tanker rates have strengthened further at the start of the fourth quarter, with rates in October near the top of the five-year range.

Turning to slide five. We look at the growth in global crude oil production and exports, which is underpinning the recent strength in spot tanker rates. Global oil production has been rising throughout the year due to increases from both OPEC+ and non-OPEC+ sources. The OPEC+ group began unwinding some of the voluntary supply cuts, which had been in place since 2023, at the start of April and by September had completed the unwind of the first round of cuts totaling 2.2 million barrels per day. The group is now in the process of unwinding the next round of cuts, totaling 1.65 million barrels per day, at a rate of 137,000 barrels per day every month over the next year.

Oil production has also been boosted by new supply coming online from non-OPEC+ countries, particularly in South America, where new offshore production in Brazil and Guyana is in the process of ramping up. The increase has been particularly evident during the third quarter, with supply growing by 1.6 million barrels per day compared to Q2 levels. The net result of the higher oil production has been a sharp increase in seaborne crude oil trade volumes, most notably since September, as more Middle East crude has been made available for export following the end of the summer direct crude burn season. In fact, if we exclude the period in early 2020 when Saudi Arabia and Russia flooded the market with oil during the brief oil price war, global seaborne crude oil trade volumes are currently at a record high. With OPEC+ expected to continue to unwind supply cuts in the coming months, we expect global seaborne trade volumes to increase further during the fourth quarter.



Turning to slide six, we look at some of the near-term oil market fundamentals, which we believe will support spot tanker demand in the coming months. One of the consequences of higher oil production this year has been a decrease in crude oil prices, as shown by the chart on the left of the slide. For countries outside the United States, a weaker US dollar has led to an even steeper drop in real oil prices. Lower oil prices are generally positive for tankers as it spurs oil consumption and lowers bunker fuel prices, which is our largest operating cost. Lower oil prices also stimulate demand for stockpiling, both for commercial and strategic purposes.

Given that global oil inventories are below long-term average levels, we believe that there is enough spare capacity to absorb a prolonged period of excess oil supply. Should global oil supply growth continue to exceed demand in the coming months, as many analysts predict, then we could even see a contango oil price structure emerge, which could further stimulate tanker demand.

Turning to slide seven. We look at the geopolitical events, which are creating trade inefficiencies and adding further volatility to what is already a firm underlying tanker market. In recent weeks, we've seen a number of announcements with regards to sanctions and port fees, which are serving to create uncertainty and inefficiency in the tanker market. It's positive that the US-China trade agreement announced earlier today includes a postponement of the announced port and shipping fees by at least a year.

As it relates to sanctions, we've seen an escalation of efforts to curb Russia's profits from oil sales via a series of new sanctions by both the EU and the United States, most notably, the recent actions to sanction Rosneft and Lukoil, who together control around 50% of Russian oil production and exports. While this is a fast-evolving situation, it is reported that some refiners in India and China are backing off from Russian imports and looking to alternative suppliers in the Middle East and Atlantic Basin. This is positive for the tanker market, as these volumes will need to be transported via the fleet of compliant tankers rather than the fleet of "shadow" tankers, which currently transport the majority of Russian crude oil to India and China.



We believe that these factors, coupled with the strong crude oil trade volumes described earlier as well as normal winter seasonal factors, will help drive a firm spot tanker market in the coming months.

Turning to slide eight. We've reviewed the key drivers for the medium-term outlook. Global oil demand is projected to increase by 1.1 million barrels per day in 2026, as per the average forecast from the three major oil agencies, which is in line with average growth levels since the end of the COVID pandemic.

Global oil supply is also set to rise, with more production due to come online from non-OPEC countries. It remains to be seen how OPEC will respond should crude oil inventories continue to fill and oil prices come under further pressure. However, we believe that there is still plenty of room for inventories to build in 2026, particularly in China, where the government is reportedly looking to add 169 million barrels of new strategic storage by the end of the year.

The fleet supply side continues to look balanced, with the orderbook size stable in recent months at around 16% of the existing fleet. A continued lack of tanker scrapping means that the fleet continues to age, with the average age of the global tanker fleet now at its highest point since the 1990s. In the mid-sized tanker fleet, 344 vessels, or 20% of the total fleet, is now aged 20 years or older, most of which are sanctioned vessels engaged in shadow trades. We believe that these older tankers will not return to conventional trading even in the event that sanctions are lifted.

While the medium-term tanker market outlook appears well balanced, there are a number of geopolitical uncertainties, which could influence the direction of the tanker market depending on how they unfold. These include the outcome of the war in Ukraine and the fate of the shadow fleet serving Russian trade. Developments in the Middle East and disruptions to Red Sea transits, the impact of tariffs and trade barriers on the global economy and OPEC+ production policy.

Turning to slide nine, we highlight Teekay Tankers' value proposition. First, our operating leverage remains significant and the company is well positioned to generate substantial cash flows in nearly any tanker market. With the three new out-charters and no debt, we have lowered our fleets' free cash flow breakeven from \$13,000 per day to \$11,300 per day. With this low free cash flow break-even,



every \$5,000 per day increase in spot rates above the threshold produces \$1.66 per share of annual free cash flow, or nearly 3% on a free cash flow yield basis.

Second, Teekay Tankers has a strong balance sheet with no debt and a \$775 million cash position, which provides capacity for disciplined, accretive fleet growth.

Third, we continue to return capital to shareholders in a disciplined manner through our quarterly dividend.

Lastly, the company's performance is underpinned by our integrated platform. We believe our in-house commercial and technical management is a competitive advantage. Combined with our 50 years of operating experience in the tanker industry, we provide superior service to our customers and transparency through the value chain, which drives shareholder returns.

In summary, the company's strategy over the last several years has been to maximize shareholder value through our exposure to the strong spot market. This year, we began taking measured action to renew our fleet by making incremental investments in more modern vessels, while at the same time selling some of our oldest tonnage. As we look ahead, our best-in-class operating platform and strong financial footing positions the company well to continue renewing our fleet, earning cash flow, and building intrinsic value. With that Operator, we are now available to take questions.

Operator: Thank you. If you are dialed in via the telephone and would like to ask a question, please signal by pressing star one on your telephone keypad. If you're 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 will go first to Omar Nokta with Jefferies.

Omar Nokta: Thank you. Hi, Kenneth. Thank you for the update. Just wanted to ask, I had a couple of questions. Maybe first, just on the market and where things sit right now. Clearly, things have gotten much stronger. A lot of times when we talk about or think about rising OPEC production, we think a lot about, the VLCCs. Certainly, those rates have shot towards past \$100,000 a day. We're also seeing



some real strength in the Suezmax and Aframax segments, which are your bread and butter. Can you just talk a little bit about how these segments maybe interact with each other or maybe move together? What's really been driving some of the strength we've seen in the midsize segments here recently?

Kenneth Hvid: Thanks, Omar. You are absolutely right. When we look at this year, the second half of the year has definitely been one going from strength to strength, and I would argue, maybe even stronger than most of us expected. What we've seen just over the last week really is that strength just continues to pick up. The week is finishing stronger both in the VLCC, the Suezmax, and the Aframax segments as well as the LR2. It's really moving up in all of the categories.

If you look back over the last, well, since April 2022, we had a period where the Aframaxes absolutely outperformed all sectors, as you know. What we've reverted to is more of the traditional dynamics where the largest ships lead the way, they pull up the Suezmaxes and they pull up the Aframaxes. Underlying that, of course, is that we have a very strong product trade as well, that's happening. Everything is really working in all of the different segments where maybe it's more a matter of that in the last three years, the Aframaxes were really the outliers because we really outperformed everything but now, we're back to what you would say would be the normal dynamics in a strong tanker market where everything is balanced. What we're seeing now is that we have, as we say, a record number of barrels that are being transported on the water. Of course, most of these barrels in a traditional sense, always goes on the most efficient vessels, which are VLCCs. But when there's this much oil and this tighter supply, then it just pulls up the whole market. That's in all simplicity, what we're seeing here.

Omar Nokta: Yeah. Thank you for that helpful color. I guess maybe just thinking about where Teekay stands.

Clearly, you guys have been in a very strong financial position for the past several quarters, perhaps several years. Cash is building. You've reiterated several times, "Be patient, be patient," which makes a whole lot of sense given all the unknowns. As we think about where you're headed, it was last quarter or maybe the quarter before, you had talked about when it came time to maybe reinvest or add more



exposure, you were looking to scale more, perhaps into the MR segment or into products? Is that still the case if you think about where you stand, if you wanted to deploy more capital or more net capital? Would you want to go into products more deeply, or do you feel you'd want to either scale up into the VLCCs or perhaps maybe just stay within your, back to using the term bread and butter, but the Suezmax, Aframax segment?

Kenneth Hvid: That's a great question. Just to be very clear, our core business is absolutely the medium-sized tankers. We constantly look for where we can find incremental value, both in our core but also the adjacent sectors. When we had this call almost a year ago, we talked about the MR sector, which looked interesting at the time relative to some of the other sectors. As we're sitting here today, we're one year further down the road here and looking at how we've renewed the fleet or have taken action on some of our older tankers and started to renew our core fleet. Our number one priority right now is investing in our core franchise. I wouldn't say that there never would be an opportunity in MR, but relatively speaking, now we actually think that the better value for us is to allocate capital towards our core segments, which are Aframaxes and Suezmaxes.

Omar Nokta: Okay. That's very clear. I appreciate that. Thank you. I'll pass it back.

Kenneth Hvid: Thanks.

Operator: We'll go next to Ken Hoexter with Bank of America.

Tim Chiang: Hi, this is Tim Chiang on for Ken Hoexter. Thanks for taking my question. To extend on Omar's question, you've sold 11 vessels year to date, and while sales outpaced purchases thus far, you mentioned last quarter how you're focusing on accelerating pace of fleet renewal going forward. Do



you feel you're close to the minimum fleet size now? Do you perhaps aim for purchases of new core Afras and Suez to offset any following sales?

Kenneth Hvid: The short answer is yes.

Tim Chiang: Got it and I saw your new time charter out agreement with three vessels locking in very favorable rates. Do you expect to engage in more of those given elevated rates near term in 2026?

Kenneth Hvid: That's a good question. We look at every deal opportunistically. There's always a timing and we consider what is the outlook. It's very dynamic. We think it's prudent when you see strong time charter rates to log it in, especially if it's with good customers. It's an ongoing dialogue. It's not a stated strategy that we need to have an X percentage of our fleet, we're happy to have spot exposure. But at these levels, we know in historical terms are very strong levels so we can lock it in. As we pointed out in our prepared remarks, every time we do that, we lower our free cash flow break-even, even further. As you can see, it's a very, very strong position that we're in, in terms of generating cash flows in the spot market. At the same time, even if we did another couple of these at these levels, then of course our free cash breakeven would go down even further. We look at it as a portfolio and on a deal-by-deal basis.

Tim Chiang: Thanks. Appreciate all the insight.

Kenneth Hvid: Thanks for the questions.

Operator: We'll go next to Frode Morkedal with Clarkson Securities.



Frode Morkedal: Thank you. Hi guys. My first question is on this new, well, China-US deal. I guess the Aframax under the previous USTR regulation was not exempt. Now, with the USTR port fees being suspended for a year, does that improve the Aframax opportunities for you guys? Maybe, of course, the exports out of the US Gulf, but also maybe lightering opportunities. Any color you have on that, please.

Kenneth Hvid: Obviously, the deal is very new. The position we took first when the USTR came in and recently also the China port fees is that with the way that our fleet is composed, we don't have massive exposure to either sector. Therefore, the outcome of this agreement, overall, positive for the industry. I don't think it has any significant impact on Teekay, per se. In the same way as the port fees didn't have a significant impact on us either. Overall, it's a positive. As it was clearly driving some inefficiencies, which I don't think serves the industry well over the long term, but let's see. So far, it's only one year we know that's been agreed.

Frode Morkedal: Sure. Makes sense. Next question. I guess more generally speaking, you've clearly proven, I guess, that you have high total shareholder returns, TSR, which doesn't really require a high payout model. How confident are you that the stock market would appreciate that approach today? Given that there's still a slight discount to NAV, what might close the remaining valuation gap in your view?

Kenneth Hvid: Over the past seven years, we have been very, very clear on that. We first focus on value before we focus on valuation and valuation follows. To your point, that is, what we're happy to see that's actually being recognized by the market. When we look at it through a five-year lens, you're absolutely right.



That model is right. A company should always focus on value creation and that's what we're focused on here. In any business and shipping, it is about that we continue to have a strong balance sheet that we can act at times when we see good buying opportunities, that we can act when we see good selling opportunities. That we have a strong operating platform with low cash flow break-even.

That's the fortunate position that after many years of hard work, have put Teekay back in. Operating with that model delivers value every day. We think we're in a very strong position to continue to build intrinsic value. We fundamentally believe that, that will always be recognized by the markets ultimately.

Frode Morkedal: Yeah. I agree. Thank you very much.

Kenneth Hvid: Thank you for the questions.

Operator: Thank you. With no additional questions holding, I'll now turn the conference back to the company for any additional or closing remarks.

Kenneth Hvid: Thank you for listening in to our call today. We look forward to reporting back to you next year. Have a good day.

Operator: Thank you. Ladies and gentlemen, that will conclude today's call. We thank you for your participation. You may disconnect at this time.