



TEEKAY GROUP FOURTH QUARTER AND FISCAL 2025 EARNINGS RESULTS

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Operator: Welcome to the Teekay Group Fourth Quarter and Fiscal 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 phone. As a reminder, this call is being recorded. Now, for opening remarks and introductions, I would like to turn the call over to the company. Please go ahead.

Edward Lee: Before we begin, I would like to direct all participants to our website at www.teekay.com where you will find a copy of the Teekay Group's fourth quarter and annual 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 fourth quarter and annual 2025 Teekay Group earnings presentation available on our website. I will now turn the call over to Kenneth Hvid, Teekay Corporation's 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 fourth quarter and annual 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 of 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 GAAP net income of \$120 million, or \$3.47 per share, and adjusted net income of \$97 million, or \$2.80 per share, in the fourth quarter. For the full year, Teekay Tankers reported GAAP net income of \$351 million, or \$10.15 per share, and adjusted net income of \$241 million, or \$6.96 per share, and realized gains on vessel sales for the year totaling \$100 million.

Spot tanker rates during the quarter were the second highest a fourth quarter in the last 15 years. With our significant spot exposure and a low free cash flow breakeven, the company generated approximately \$112 million in free cash flow from operations. And at the end of the quarter, had a cash position of \$853 million with no debt. This excludes \$99 million of cash held in escrow at the end of the year related to payments for vessel purchases.

Teekay Tankers continues to execute on its fleet renewal strategy. In January, we acquired three 2016 built Aframaxes for \$142 million and bareboat charter the vessels back to the seller on short-term contracts. We expect to take over full commercial and technical management of these vessels in the second and third quarter this year. In addition, we sold or agreed to sell two older Suezmaxes for gross proceeds of \$73 million, and just this week, we finalized an agreement to sell our only VLCC for gross proceeds of \$84.5 million with delivery during Q2. We expect to recognize total gains from these sales of approximately \$45 million in the first and second quarter of 2026.



Looking at our first quarter to date, the tanker market has continued to strengthen, and we have secured spot rates of \$79,800, \$56,900 and \$51,400 per day for our VLCC, Suezmax and Aframax/LR2 fleets, respectively. With approximately 78% spot days booked for VLCC and around 65% spot days booked for our mid-sized fleet.

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 market. Spot tanker rates strengthened in the fourth quarter of 2025 due to a combination of fundamental drivers, geopolitical events and seasonal factors.

Global seaborne oil trade volumes were near record highs during the fourth quarter due to the unwinding of OPEC+ supply cuts, coupled with rising oil production from non-OPEC+ countries, particularly in the Americas. In addition, tighter sanctions against Russia, Iran, and Venezuela created trading inefficiencies which have benefited tanker tonne-mile demand, while pushing more trade volumes away from the “dark fleet” towards the compliant fleet of tankers.

Mid-size tanker spot rates were further supported by disruptions on the CPC terminal in the Black Sea during November 2025, which led to a reduction of crude oil exports for around two months. This outage opened up the arbitrage to bring US oil across the Atlantic to Europe, while poor weather in Europe prevented ships in ballast from returning across the Atlantic, giving rise to very strong rates for both spot voyages and lightering in the US Gulf region.

Spot tanker rates have strengthened at the start of 2026, with mid-size rates trending above the five year high in February as many of the factors which supported the tanker market during the fourth quarter remain in place.

Turning to slide five, we look at the impact of sanctions on tanker trade patterns.

Geopolitical events continue to shape global oil trade flows, and in recent months have pushed



an increasing portion of global seaborne oil trade to the non-sanctioned or compliant fleet of tankers.

As shown by the chart on the left, both Russia and Iran have found it increasingly difficult to sell their oil due to stricter sanctions, leading to a more than 70% increase in sanctioned barrels at sea over the past 12 months. This includes both tankers in transit, as well as oil held in floating storage, and reflects the increasing complexity of the logistics chain for sanctioned oil exports. The end result is that buyers of Russian and Iranian barrels are having to find alternative sources of oil using the compliant fleet, in order to compensate for the loss of sanctioned oil.

This trend is most evident when looking at Indian crude oil imports. India became the top buyer of Russian crude over the past two to three years, with imports averaging 1.6 million barrels per day in 2025. However, sanctions on Russian oil companies, Rosneft and Lukoil, coupled with an EU ban on the import of refined products made from Russian crude oil, has led to a drop in imports to around one million barrels per day as of January 2026, with replacement barrels being sourced from the Middle East and Atlantic Basin via the compliant fleet. In addition, the US and India recently signed a trade deal which reportedly involves India further reducing the imports of Russian crude oil, which may push even more trade to the compliant fleet in the coming months.

Finally, recent US action in Venezuela is incrementally shifting trade flows to the benefit of compliant tanker demand. Flows of Venezuelan oil to China via the “dark fleet”, which averaged 550,000 barrels per day in 2025, have fallen to zero since the onset of the US naval blockade in December. Venezuelan oil is now being transported entirely by the fleet of compliant tankers, with most volumes in January being directed to the US Gulf and Caribbean on Aframax. In the early part of February, we have also seen several loadings destined for Europe on Suezmaxes. While we understand that some Indian refiners have also booked cargoes for April delivery using



VLCCs. To give an illustration of the potential impact going forward, an extra 500,000 barrels per day shipped from Venezuela to the US Gulf creates demand for approximately 20 Aframaxes.

Turning to slide six, we review the key drivers for the medium-term tanker market outlook. Underlying tanker demand fundamentals remain positive. Global oil demand is projected to increase by 1.1 million barrels per day in 2026, which is in line with levels seen in 2024 and 2025. Demand could be further boosted by strategic stockpiling, particularly in China, where the country is projected to add just under one million barrels per day to strategic reserves during 2026 as per estimates by the US Energy Information Administration. Non-OPEC+ supply growth is projected to increase by 1.3 million barrels per day in 2026, led by the Americas, which should lead to meaningful mid-size tanker demand growth. The OPEC+ group, which unwound over two million barrels per day of voluntary cuts in 2025, has announced a pause on further unwinds during the first quarter of 2026, and its supply policy for the remainder of the year is uncertain.

On the supply side, over the recent months, we have seen an increase in tanker ordering, particularly for large crude tankers, which has pushed the size of the orderbook to a ten-year high when measured as a percentage of the existing fleet. As a result, tanker deliveries are set to increase in 2026, with a further acceleration in 2027, though actual fleet growth will depend on the level of vessel removals through scrapping or via the migration of vessels from the compliant fleet to the “dark fleet” and the utilization of older vessels.

While the order book size has increased over the past year, we should keep in mind that the tanker fleet is ageing, with the average age of the fleet now the highest in over 30 years, meaning that there will be a significant amount of replacement demand in the coming years. In fact, the order book, which now stretches into 2029, is completely offset by the number of compliant tankers reaching age 20 over the same time frame. Not to mention the “dark fleet” of tankers, which already has an average age of over 20 years. So, in short, while the tanker order book appears large on the surface, these vessels are needed to replace the older fleet of tankers



which are approaching the end of their trading lives in the coming years, although the timing of when vessels will exit the fleet is uncertain.

Turning to slide seven, we highlight TNK's key achievements in 2025. Reflecting on the year, the tanker market for 2025 was strong but volatile, influenced by several dynamic geopolitical factors. With our exposure to the spot tanker market and our low free cash flow breakeven levels, Teekay Tankers generated \$309 million of free cash flows, while returning approximately \$69 million of capital to our shareholders via our regular quarterly dividend and \$1 special dividend in May of last year.

We commenced our fleet renewal process. Including our recent transactions in January and February, the Company acquired six vessels for \$300 million, while selling 14 vessels for \$500 million, booking estimated gains of approximately \$145 million. As a result of these transactions, we have made progress towards reducing our fleet age.

These transactions highlight our ability to act opportunistically given the dynamic market conditions. In addition to the fleet renewal transactions, we out-chartered three vessels, extended an in-chartered vessel for another 12 months, and sold our investment in Ardmore, generating a gross return of over 14% on this investment.

Overall, our strong financial results were supported by our exceptional operational performance, with zero lost time injuries and 99.8% fleet availability, important metrics measuring the safety of our crews and reliability of our operations.

Turning to slide eight, we highlight Teekay Tankers value proposition. First, as a result of our fleet profile, our operating leverage remains strong and the company is well positioned to generate significant cash flows in nearly any tanker market. With our three out charters and no debt, we have a low free cash flow breakeven of approximately \$11,300 per day, which is down significantly from \$21,300 per day in 2022. For every \$5,000 per day increase in spot rates



above our low free cash flow breakeven, is expected to produce about \$55 million of annual free – of annual free cash flow, or \$1.60 per share.

Second, Teekay Tankers has a strong balance sheet with no debt and a large investment capacity for future growth. Having \$853 million cash position, we can transact quickly in this dynamic tanker market.

And 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 over 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. In 2025, we made progress 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 flows, building intrinsic value and returning capital to shareholders.

With that, operator, we are now available to take questions.

Operator: Great. Thank you. We'll take our first question from Jon Chappell with Evercore ISI.

Jon Chappell: Thank you. Good morning. Brody, a couple questions for you today on modelling. So the bareboat charters for the Aframax that you acquired and will take full commercial ownership in the second and third quarters, between January and taking that full ownership, the P&L impact,



is that you're just getting the bareboat rate that you chartered back to the previous owner?

There's no OpEx, there's no D&A, there's no other impact except a revenue?

Brody Speers: Yes, that's right. We're just getting the bareboat back. And those ships will actually dry dock in the first half of the year during that period too but we'll continue to get the bareboat rate during the dry docking.

Jon Chappell: Okay. Great. The other thing I wanted to ask you was the G&A run rate. So you did the whole management reorg, etc. So as we look at kind of the last three quarters, is that the right run rate to think about going forward, maybe with some inflationary impact on there? Or is there anything that would even make – either make that go up or down significantly from, let's call it, the last three-quarter run rate?

Brody Speers: Yes, I think that's right. I think if you look at even our annual G&A for the year, around \$46 million going forward, I think we'll – we should be about that or maybe a little bit lower. It approximates the run rate from the last few quarters.

Jon Chappell: Okay. Final thing. Sorry just to harp on this stuff. It's the strategic stuff, the market. I think we've covered that pretty well already. The D&A. So you've done a lot of fleet renewal, taking out the V, a couple more Suezmaxes. And then obviously you're not going to add the three acquired Afras until, call it, the middle of the year. What do we think about for a first quarter starting point on D&A? Is it's similar to 4Q, or would it be a step down from there?



Brody Speers: Yes, it should be – yeah, it should be pretty close to what we had in Q4 there at about \$21.5 or \$22 million in the first quarter. Yeah.

Jon Chappell: Okay. Sorry for the minutia, but appreciate it. Thanks, Brody.

Brody Speers: Yeah. No problem.

Operator: Our next question will come from Omar Nokta with Clarkson Securities.

Omar Nokta: Thank you. Hi, Brody. Hi, Kenneth. Morning. Obviously, things are progressing quite nicely. You were mentioning the \$850 million of cash you've got that gives you plenty of flexibility in this market to act quickly when an opportunity arises. And you're getting close to that billion-dollar number here, seemingly, I would say, in the next – presumably next few weeks or months. And you have no debt. So I just wanted to get a sense from you in terms of how you're feeling about this cash position you have on the balance sheet. Do you feel compelled to put that to work? And is there a sense of urgency that you have either at your – at the management level or at the board level that you want to put that to work? And, I guess, maybe kind of related obviously to that is, how are you thinking about putting that to work when it's time? Is it more kind of drip feed dynamic and acquiring assets in the sale and purchase market? Or are you thinking more big picture or M&A?

Kenneth Hvid: Thanks, Omar. Good morning, welcome back. Good question, obviously, it's a bit of a high-class problem we're sitting on here. But it's not something that's a big surprise to us. I



mean, we could obviously project this out. I think what has surprised us maybe in the – in this quarter, last quarter and this quarter we're in here is how strongly the market has performed. That's obviously a positive. We have still a lot of operating leverage and generating a lot of cash flow in this market. Had the market been low, we probably would have been a bit more active on the buying side. We still found a couple of ships and we're happy about that.

The way we look at it in a strong market, which very clearly and we've seen the big uplift in tanker values here, is that we're still an operator. We still want to renew our fleet. We still believe that there are deals that we can find in this market. But, at the same time, we also recognize that asset values have had another step up here, and that's natural, as we are seeing spot rates as we have. I expect that we will continue to do a couple of purchases throughout the year here. I think it's a very tough environment to see that we would do a major acquisition just because of the relative asset values.

So I think the short answer to your question in terms of big acquisition versus drip feeding, I think was your words, it'll probably be more drip feeding with a couple of ships here and there. And the way we think about it is that we can still do it on a basis where we are selling maybe one old ship and buying two new ones, and using a bit of the arbitrage that we have as we have seen a nice uplift also on the values of the older tankers that we have.

Omar Nokta: Yeah. Thank you. Makes sense. Thanks, Kenneth, for that. And then I guess perhaps a follow-up and clearly related, we're coming up on the 1Q dividend potential. I know you declared \$0.25. The past three years you've conditioned us to anticipate a special with 1Q. Is the plan still to stick to that? And I know it's a board decision, you can't just speak openly like that. But can we presume that the payout for the first quarter would be higher than what was done last time around?



Kenneth Hvid: I'm just looking for my note to your question from exactly a year ago, Omar, and I think my answer that time was that it's something we discussed with the board at our March board meeting. And as we've done in the last couple of years, we typically announce any specials in connection with the May earnings release.

Omar Nokta: Okay. Thank you. I'll try to remember that for next year. I'll turn it over.

Kenneth Hvid: Thanks.

Operator: We'll now take our next question from Ken Hoexter with Bank of America.

Ken Hoexter: Hey, great. Good morning. Brody, I love going back to the May script to repeat it. So thoughts on – you mentioned the 500,000 barrels increase in Venezuela can provide the increased demand for a number of vessels. Your thoughts on timing of Venezuela getting back up and running? Or is there an immediate amount that they've talked about kind of revamping and being able to scale up and – with speed before long-term capital investments have to be made? Is there a potential of that increase of 500,000 barrels?

Kenneth Hvid: Yeah. I think the – Hi, Ken. Morning. It's Kenneth here. I'll pass it on to Christian. The oil is obviously being transported already now, as we said in our prepared remarks. But I'll let Christian comment on kind of our outlook for Venezuela.



Christian Waldegrave: Yeah. So last year, Venezuelan crude exports averaged about 800,000 barrels a day. We obviously saw in December and January, after the US naval blockade, that those volumes fell to about 500,000 barrels a day. And it was all the long-haul flows to China that disappeared. Just looking at where it's tracking in February, we're already back up to about 700,000 barrels a day of exports. So the oil is starting to move again, and it's all going on non-sanctioned ships, primarily to the US Gulf-Caribbean region. But we've also seen two or three cargoes to Europe. And we know that India is starting to buy some barrels as well. So it looks like we're going to get back up to the normal run rate of 800,000 barrels a day of exports fairly soon.

And then I think there's an expectation as well that with the Venezuelan oil industry opening up and foreign companies coming in and doing more investment, that production and exports could be boosted within the year by another 200,000 to 300,000 barrels a day, but that's obviously dependent on how quickly they can get things moving there. So I think it's a good story for the tanker market in terms of the exports are shifting from the "dark fleet" to the compliant fleet. And then if we can get some extra production and volumes moving as well, then it's just going to benefit the midsized tankers especially even more.

Ken Hoexter: Great. How about the same thing, Christian, on an update on the Canada shipments?

Christian Waldegrave: Yeah. So it's an interesting one because, obviously, a lot of that Venezuelan crude, which is heavy sour, was going to China. And so some of the Chinese state-owned refiners that were getting that heavy sour crude will probably be looking for replacement. And



there's two areas they could replace it from. One is Middle East heavy crude and the other is Canadian. We have seen an increasing trend of the TMX exports going directly on Aframax to Asia. And I think it's a natural replacement for some of that Venezuelan crude. And we're also seeing a trend of the US West Coast requirements are coming down because there's been some refinery closures there. And the Benicia refinery, I think, is in the process of closing down as well. So again, that just frees up more Canadian crude to flow to China. So I think we will see some volumes picking up there directly on Aframax, which again is going to benefit the Aframax market.

Ken Hoexter: Yeah. So it's staying on Aframax, it's not transloading to larger—?

Christian Waldegrave: For now it doesn't seem to be transloading, it's going more directly on Aframax rather than transloading a pile onto V's.

Ken Hoexter: Kenneth, how about a little history lesson? It seems like something – I don't know, maybe it's getting a little more antagonistic with Iran the last couple of days if there is action. Maybe a little history lesson on what's happened with rates and volumes with military action in the region.

Kenneth Hvid: Yeah. I think it's a good question. Right now, it's more in anticipation of something happening. And as you're probably alluding to, it's – we go back to last time that we had action in the region where there was military action and we looked at it back then, we saw a run up in rates. We saw some security fears. I think we – at the time we pointed out that in – historically, we've never seen a closure of the Strait of Hormuz. But of course, that's what everybody is



speculating about in the event that we see an escalation there, how is that going to drive up rates?

And I would say the one difference we have this time around is that we've seen also consolidation in the VLCC segment. So it's a slightly different dynamic this time around in the event that charterers will be looking to secure tonnage quickly. But I think, at this point, I mean, we see rates which are as high as we saw last time, but for slightly different reasons. And I think it's just a situation we need to watch. Christian, do you want to add anything?

Christian Waldegrave: No. I think, like Kenneth said, when we had the – the last time, obviously, it was last June during that 12-day conflict. And, as Kenneth said, I think the big thing was during that time there was no actual disruption to flows and to movements. It was more of a security sort of premium that caused the rate to spike, and they came down pretty quickly. So it will depend if there's military action. Obviously, we don't know that, that's kind of speculative. But if there is military action, it depends on whether actual shipping and oil infrastructure is impacted or not. If the oil keeps flowing, then presumably it will be a bit like last time, the effects might be short lived. But it really depends on how this unfolds.

Ken Hoexter: So if no attack on shipping or infrastructure, then rates – well, you're saying they've already run up in anticipation and we see a cooling off. Okay. Got it. And then last one for me is the tanker orderbook. Now, you mentioned 18% of the fleet, the highest since 2016. But you said optically it's different as, I think you said, some of the vessels needed to replace an ageing fleet. So maybe thoughts on – your thoughts on supply-demand, Christian? How do you think we see the balance in the year ahead?



Christian Waldegrave: Yeah. It's going to be a timing issue, I guess, because as we laid out in the prepared remarks, the orderbook on – while on the surface it looks quite big, if you look at the fleet age profile, there was a lot of ships that were built in the late 2000s, especially 2008, 2009, 2010. So we're approaching a big hump in the fleet age profile that needs to be replaced. So the ships that are on order right now are needed to replace the older ships. But it's a matter of timing. We know when the ships are coming into the fleet. We don't know when ships are going to be exiting either through scrapping or other means. So in the meantime, like I said, the deliveries will ramp up this year and further into next year. So there's quite a bit of tonnage that needs to be absorbed.

But for now, as we're seeing in the rate environment, the fact that the underlying demand is still positive, we're seeing more and more trade getting pushed to the non-sanctioned fleet. There are factors there that in the near term, at least, suggest that the market should stay firm. But beyond that, it's going to depend on the timing of the orderbook coming in versus some of these changes that are going on, on the geopolitical side. So that's why we think – we take a more balanced outlook on the medium term. And certainly in the near term, I think things still look pretty positive.

Ken Hoexter: Great. Thanks for your time and thoughts. Appreciate it.

Operator: And that does conclude our question-and-answer session for today. I'd like to turn the conference back to the company for any additional or closing comments.

Kenneth Hvid: Thank you very much for tuning in today. We look forward to reporting back to you next quarter. Have a great day.

Operator: And once again, that does conclude today's conference. We thank you all for your participation. You may now disconnect.