



TEEKAY

**TEEKAY
CORPORATION
Q3-2015
EARNINGS
PRESENTATION**

November 6, 2015

Forward Looking Statements

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 regarding: expectations for future dividend increases by Teekay Parent and distribution increases by its daughter entities; the daughter entities' current and future growth projects, including the impact of these projects on Teekay Parent's cash flows and dividend; the stability and growth of Teekay Parent free cash flow ;the stability and growth of Teekay LNG and Teekay Offshore's cash flows; Teekay LNG and Teekay Offshore's expected future revenues; the total cost and timing for the delivery of newbuilding projects and timing of commencement of associated time-charter contracts; vessel drydocks, including the timing and the number of vessels to be drydocked; and the anticipation of becoming net debt free. 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, or demand for oil, petroleum products, LNG and LPG, either generally or in particular regions; greater or less than anticipated levels of newbuilding orders or greater or less than anticipated rates of vessel scrapping; changes in trading patterns significantly affecting overall vessel tonnage requirements; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil or demand for shuttle tankers, FSOs, FPSOs, UMS, and towage vessels; changes in oil production and the impact on the Company's tankers and offshore units; fluctuations in global oil prices; trends in prevailing charter rates for the Company's vessels and offshore unit contract renewals; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts or complete existing contract negotiations; delays in commencement of operations of FPSO and FSO units at designated fields; changes in the Company's expenses; the Company and its publicly-traded subsidiaries' future capital expenditure requirements and the inability to access and secure financing for such requirements; the amount of future cash distributions by the Company's daughter entities to the Company; failure of the respective Board of Directors of the general partners of Teekay Offshore and Teekay LNG to approve future cash distribution increases; failure by the Company's Board of Directors to approve future dividend increases; conditions in the United States capital markets; and other factors discussed in Teekay's filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2014 and Form 6-K for the quarter ended June 30, 2015. 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 Teekay Parent Highlights

- Teekay Parent generated free cash flow¹ of \$59.8 million, or \$0.82 per share, in Q3-15, an increase of 21% from Q2-15
 - Strong coverage ratio of 1.49x
- On July 1st, completed the dropdown sale of the Knarr FPSO to Teekay Offshore for \$1.26 billion
 - Increased dividend by 75% to \$0.55 per share in Q2-15 (\$2.20 per share annualized)
 - Reduced Teekay Parent's net debt by approximately \$900 million
- Targeting average of 15 to 20% annual dividend growth over next three years



1) See the Q3-15 earnings release for explanations and reconciliations of this non-GAAP financial measure to the most directly comparable financial measure under GAAP.



Recent Daughter Highlights

Teekay LNG Partners

- Declared Q3-15 distribution of \$0.70 per unit – **\$26.4M to Teekay Parent**
- Exmar LPG JV took delivery of fifth of 12 mid-size LPG carrier newbuildings, which subsequently commenced a 10-year charter contract with Potash Corp.

Teekay Offshore Partners

- Declared Q3-15 distribution of \$0.56 per unit, an increase of 4% from the previous quarter – **\$29.8M to Teekay Parent**
- Teekay Offshore's Navion Hispania commenced operations for East Coast Canada
- Completed \$185 million long-term debt financing for the four ALP newbuilding towage vessels

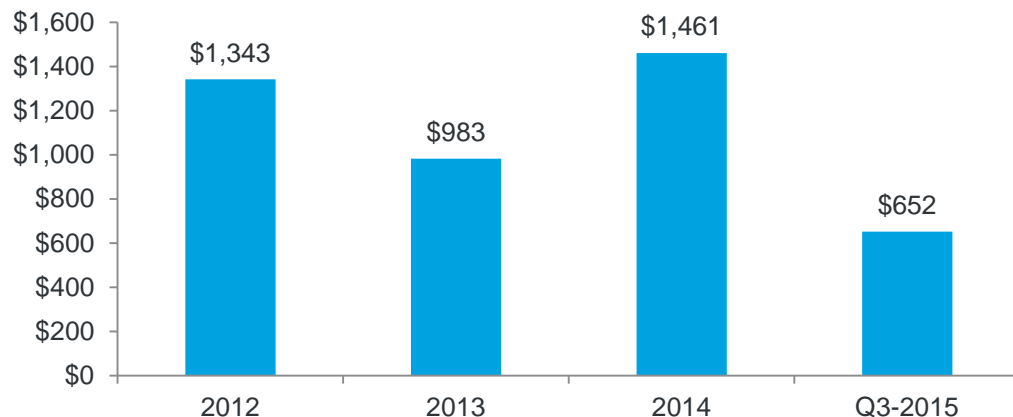
Teekay Tankers

- Declared Q3-15 dividend of \$0.03 per share – **\$1.2M to Teekay Parent**
- Generated strong Q3-15 Free Cash Flow of \$0.44 per share
- Completed delivery of 12 Suezmax tankers in late Q3-15 / early Q4-15, well-timed for upcoming strong winter rally
- Teekay Tankers' dividend policy to be reviewed in December 2015



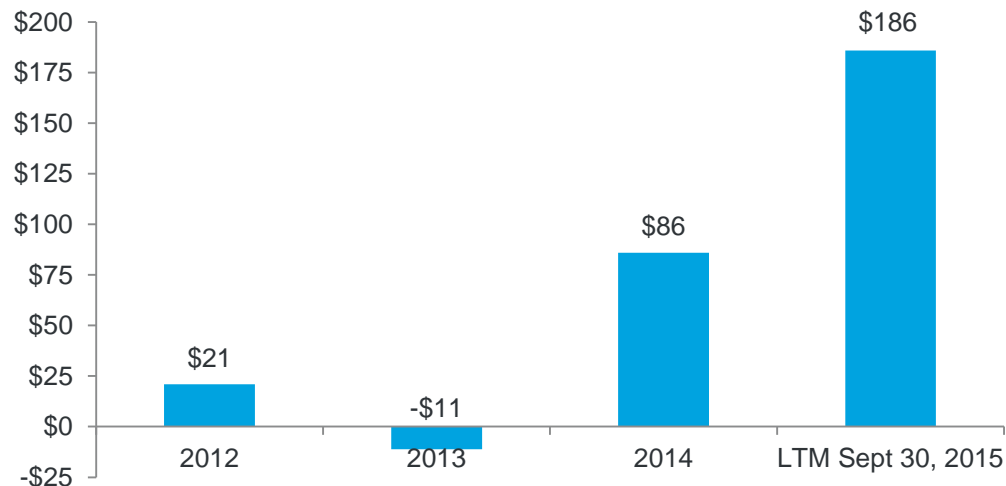
Teekay Parent at a Positive Inflection Point

Teekay Parent on Path to Becoming Net Debt¹ Free (\$mm)



- Teekay Offshore's acquisition of the *Voyageur Spirit*, *Cidade de Itajai*, *Petrojarl I* and *Knarr* FPSO units delevered Teekay Parent's balance sheet
- With the intended sale of Teekay Parent's remaining assets, Teekay Parent will be on track to be near net debt free

Teekay Parent's Growing Free Cash Flow¹ (\$mm)



- Growing free cash flow from the restart of the Banff FPSO and the Knarr FPSO dropdown sale, increasing General Partner and Limiter Partner cash flows from our two MLPs and strong spot tanker rates



1. Net Debt and Free Cash Flow are non-GAAP financial measures used by certain investors to measure the financial performance of shipping companies. Please refer to our earnings releases for reconciliations of these non-GAAP measures to the most directly comparable GAAP financial measures.

Teekay Parent Free Cash Flow (FCF)

Q3-15 vs. Q2-15

(\$'000's, except per share amounts)

GPCO	Q3-15	Q2-15
LP Distributions	39,045	30,465
GP Distributions	17,168	13,948
Other dividends	1,212	881
Total Daughter Distributions	57,425	45,294
Less:		
Corporate G&A	(3,628)	(4,139)
Teekay Parent GPCO Cash Flow	53,797	41,155

OPCO	Q3-15	Q2-15
CFVO	19,731	37,151
Net Interest expense	(13,656)	(28,635)
Dry-docking expense	(46)	(208)
Teekay Parent OPCO Cash Flow	6,029	8,308

Teekay Parent Free Cash Flow	59,826	49,463
Teekay Parent Free Cash Flow per share	0.82	0.68
Declared dividend per share	0.55	0.55
Coverage Ratio	1.49x	1.24x
Teekay weighted average outstanding shares	72,706,285	72,697,121



Summary

- Teekay Parent's cash flow supported by stable and growing cash flows received from our two MLPs:
 - Strong operating track record
 - TGP and TOO have a contract portfolio of \$11.3 billion and \$8.2 billion, respectively, with no direct exposure to commodity prices
 - Continued growth in offshore oil production and LNG
 - New approach to future growth
- Financial flexibility
 - Continued access to diverse sources of capital
 - Teekay Parent on the path to becoming near net debt free by end of 2017



Appendix

Consolidated Adjusted Statement of Income

Q3-15 vs. Q2-15

(\$'000's, except per share amounts)	Q3-15 Adjusted*	Q2-15 Adjusted*	Comments
Net revenues	578,172	569,786	Increase mainly due a full quarter of operations on the Arendal Spirit which commenced operations in early-June, acquisition of the ship-to-ship transfer business by TNK and recognition of S&P fees received from TIL; partially offset by a decrease in revenue from planned shut-down for the Foinaven FPSO, unscheduled off-hire for the Piranema Spirit FPSO and lower results from the shuttle fleet as a result of seasonally lower CoA days and lower average rates.
Vessel operating expenses	(216,356)	(203,704)	Increase primarily related to TNK's Suezmax acquisitions and ship-to-ship transfer business in Q3-15, Arendal Spirit full quarter of operations and the delivery of two towing and offshore installation vessels in late-May and early-July.
Time charter hire expense	(43,021)	(30,333)	Increase primarily due to in-chartering of three vessels for the East Coast of Canada contract and additional in-chartered tankers in TNK delivered in Q2-15.
Depreciation and amortization	(130,812)	(128,199)	Increase mainly from deliveries of towage, offshore installation vessels and conventional tankers in Q2-15 and Q3-15.
General and administrative expenses	(33,146)	(35,415)	Decrease in G&A primarily as a result of lower legal fees.
Income from vessel operations	154,837	172,135	
Net interest expense	(91,711)	(91,521)	Consistent with the prior quarter.
Equity Income	19,863	23,113	Decrease primarily due to increased losses in Sevan Marine from lower activity and reduced income in TIL from lower average spot rates.
Income tax expense	(8,284)	(753)	Increase in income tax expense primarily due to the Q2-15 recognition of tax losses and additional freight taxes recognized in Q3-15.
Other - net	(164)	294	
Net income	74,541	103,268	
Less: Net income attributable to non-controlling interest	(71,708)	(83,562)	Decrease primarily due to lower earnings in TOO.
Net income attributable to shareholders of Teekay Corp.	2,833	19,706	
Basic earnings per share	0.04	0.27	



* See slides 11 and 12 to this presentation for the Consolidated Adjusted Statement of (Loss) Income for Q3-15 and Consolidated Adjusted Statement of Income for Q2-15.

Q4 2015 Outlook – Teekay Consolidated

Income Statement Item	Q4 2015 Outlook (expected changes from Q3 2015)
Net Revenues	<ul style="list-style-type: none"> » <u>Teekay Parent:</u> <ul style="list-style-type: none"> • \$17m increase from the recognition of annual operational tariff revenue and increased production from the Foinaven FPSO • \$3m decrease from S&P fees recognized in Q3-15 in relation to Tanker Investments' vessel acquisitions » <u>Teekay Offshore:</u> <ul style="list-style-type: none"> • \$6m increase from the Q3-15 temporary shut-down of the <i>Piranema</i> FPSO for repairs • \$4m increase from the shuttle tanker fleet due to a higher number of CoA days expected in Q4-15 » <u>Teekay LNG</u> – expected to increase by \$3m due to the recognition of annual profit share on a conventional tanker » <u>Teekay Tankers:</u> <ul style="list-style-type: none"> • \$11m increase from fixed-rate charters included in the Suezmax fleet acquisition and new time-charter out contracts • Increase of approximately 500 net spot revenue days in TNK due to the Suezmax fleet acquisitions, net of dry dockings and new time-charter out contracts • Approximately 40% of Q4-15 spot revenue days for Aframax and Suezmaxes fixed at \$26,100/day and \$33,000/day, respectively, compared to \$32,300/day and \$34,800/day, respectively, in Q3-15
Vessel Operating Expenses (OPEX)	<ul style="list-style-type: none"> • Teekay Tankers – Increase of \$12m primarily from the Suezmax fleet acquisition
Time-charter Hire Expense	<ul style="list-style-type: none"> • Teekay Offshore – Decrease of \$5m due to expiration of an in-charter related to East Coast Canada CoA
Depreciation & Amortization	<ul style="list-style-type: none"> • Teekay Tankers – Increase of \$6m due to full quarter of operations from its newly acquired Suezmax fleet
General & Administrative	<ul style="list-style-type: none"> • Expected range of \$33m - \$34m on a consolidated basis
Net Interest Expense	<ul style="list-style-type: none"> • Teekay Tankers – Increase of \$3.5m due to Suezmax fleet acquisition • Teekay Parent – Increase in net interest expense due to \$2m of interest income recognized on shareholder loans in Q3-15
Equity Income	<ul style="list-style-type: none"> • Expected to increase by \$5m on a consolidated basis primarily due to increased earnings expected in TIL
Income Tax Expense	<ul style="list-style-type: none"> • Expected to be approximately \$2m on a consolidated basis
Non-controlling Interest Expense	<ul style="list-style-type: none"> • Expected to increase by \$33m to \$35m from higher forecasted results in Teekay Tankers and Teekay Offshore



Consolidated Adjusted Statement of (Loss) Income

Q3-15

Three Months Ended
September 30, 2015

(in thousands of US dollars, except per share amounts)

	As Reported	Appendix A Items (1)	Reclass for Realized Gains/ Losses on Derivatives (2)	As Adjusted
Revenues	611,617	(3,510)	-	608,107
Voyage expenses	(29,935)	-	-	(29,935)
Net revenues	581,682	(3,510)	-	578,172
Vessel operating expenses	(213,656)	-	(2,700)	(216,356)
Time charter hire expenses	(43,021)	-	-	(43,021)
Depreciation and amortization	(130,812)	-	-	(130,812)
General and administrative expenses	(29,022)	(1,000)	(3,124)	(33,146)
Asset impairments	-	-	-	-
Restructuring charges	(3,994)	3,994	-	-
Income from vessel operations	161,177	(516)	(5,824)	154,837
Interest expense	(62,450)	1,058	(32,480)	(93,872)
Interest income	2,161	-	-	2,161
Realized and unrealized losses on derivative instruments	(109,667)	76,987	32,680	-
Equity income	14,995	4,868	-	19,863
Income tax expense	(2,450)	(5,834)	-	(8,284)
Foreign exchange loss	(20,218)	14,594	5,624	-
Other - net	(164)	-	-	(164)
Net (loss) income	(16,616)	91,157	-	74,541
Less: Net income attributable to non-controlling interests	4,381	(76,089)	-	(71,708)
NET (LOSS) INCOME ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.	(12,235)	15,068	-	2,833
Basic (loss) earnings per share	(0.17)			0.04



1 Please refer to Appendix A in the Q3-15 earnings release for a description of Appendix A items.

2 Please refer to footnote (2) to the Summary Consolidated Statements of (Loss) Income in the Q3-15 earnings release.

Consolidated Adjusted Statement of Income

Q2-15

Three Months Ended
June 30, 2015

(in thousands of US dollars, except per share amounts)

	As Reported	Appendix A Items (1)	Reclass for Realized Gains/ Losses on Derivatives (2)	As Adjusted
Revenues	592,797	879	-	593,676
Voyage expenses	(23,890)	-	-	(23,890)
Net revenues	568,907	879	-	569,786
Vessel operating expenses	(201,370)	-	(2,334)	(203,704)
Time charter hire expenses	(30,333)	-	-	(30,333)
Depreciation and amortization	(128,199)	-	-	(128,199)
General and administrative expenses	(33,730)	-	(1,685)	(35,415)
Asset impairments	(500)	500	-	-
Restructuring reversals	742	(742)	-	-
Income from vessel operations	175,517	637	(4,019)	172,135
Interest expense	(62,388)	-	(30,332)	(92,720)
Interest income	1,199	-	-	1,199
Realized and unrealized gains on derivative instruments	63,752	(94,332)	30,580	-
Equity income	39,901	(16,788)	-	23,113
Income tax expense	(753)	-	-	(753)
Foreign exchange loss	(1,604)	(2,167)	3,771	-
Other - net	(389)	683	-	294
Net income	215,235	(111,967)	-	103,268
Less: Net income attributable to non-controlling interests	(149,323)	65,761	-	(83,562)
NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.	65,912	(46,206)	-	19,706
 Basic earnings per share	 0.91	 0.27	 0.27	 0.27



1 Please refer to Appendix A in the Q2-15 earnings release for a description of Appendix A items.

2 Please refer to footnote (2) to the Summary Consolidated Statements of Income (Loss) in the Q2-15 earnings release.

The background is a deep blue with a subtle, wavy texture. Overlaid on this are several thick, white, geometric lines that form a stylized, blocky letter 'E'. The lines are composed of multiple parallel paths, creating a sense of depth and movement. The 'E' is positioned centrally, with its vertical bar on the left and two horizontal bars extending to the right.

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