



TEEKAY

CREOLE SPIRIT  
NASSAU  
IMO 9681687

# TEEKAY LNG PARTNERS Q1-2016 EARNINGS PRESENTATION

May 20, 2016

# 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 regarding: expected profitability of existing growth projects; the timing of newbuilding vessel deliveries and project start-up and the commencement of related contracts; the stability and growth of the Partnership's business and future cash flows, including the cash flow impact relating to the two MEGI LNG carrier newbuildings commencing charters to Cheniere during 2016; the percentage of the Partnership's LNG fleet that is subject to fixed-rate charters in 2016; fundamentals in the liquefied gas industry; the impact of the long-term plant financing for the Yamal LNG Project on the financing of the Partnership's ARC7 Ice-Class LNG carrier newbuildings; the financing of the Partnership's remaining newbuildings; and the charter payment deferral on the Partnership's two 52 percent-owned LNG carriers on charter to the Yemen LNG project. 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 shipyard and project construction delays, newbuilding specification changes or cost overruns; 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 Teekay LNG fleet; the inability of charterers to make future charter payments; the inability of the Partnership to renew or replace long-term contracts on existing vessels; factors affecting the outcome of the Partnership's dispute over the *Magellan Spirit*; the Partnership's and the Partnership's joint ventures' ability to raise financing for its existing newbuildings and projects; factors affecting the resumption of the LNG plant in Yemen; the inability of the Partnership to collect the deferred charter payments from the Yemen LNG project; 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, 2015. 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

- Generated distributable cash flow<sup>1</sup> of \$54 million and cash flow from vessel operations<sup>2</sup> of \$114 million in Q1-16
  - DCF per LP unit of \$0.68 per unit
  - Distribution coverage ratio of 4.79 times
- Cheniere MEGI LNG Newbuildings on-track
  - Creole Spirit commenced 5-year fixed-rate charter with Cheniere Energy
    - Now on second voyage delivering U.S. shale gas from the U.S. to the Middle East
  - Oak Spirit scheduled to commence charter in Q3-16
- Two Suezmaxes sold, delivered in Q2-16
- Yamal LNG Project Plant financing secured

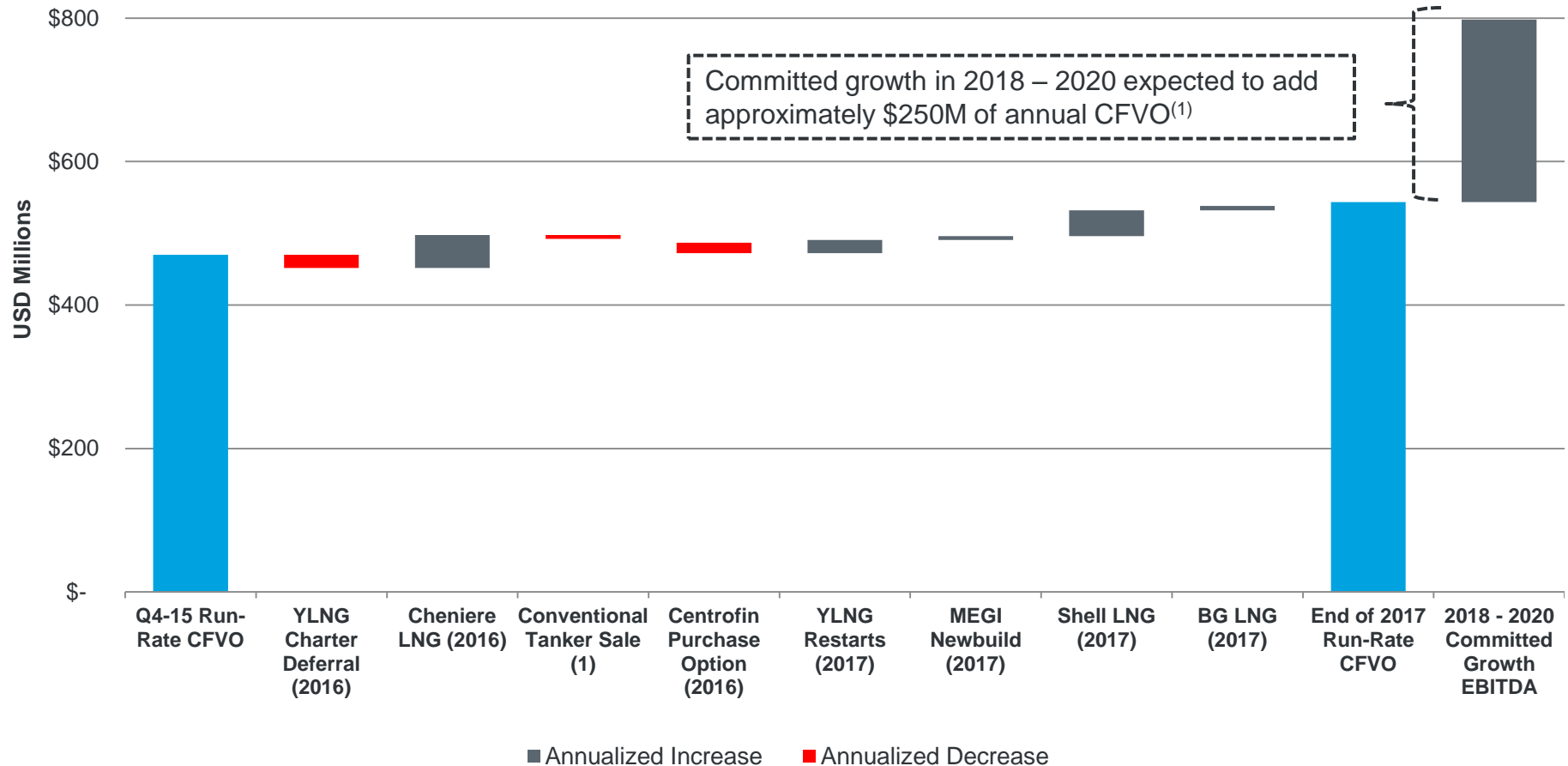


<sup>1</sup> Distributable cash flow (DCF) is a non-GAAP measure used by certain investors to measure the financial performance of Teekay LNG and other master limited partnerships.

<sup>2</sup> Cash flow from vessel operations (CFVO) is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies.

# TGP's CFVO Continues to Grow

Includes TGP's proportionate share of equity-accounted investment CFVO



CFVO expected to grow moderately through 2017, with majority of growth coming in 2018 - 2020



1) Assumes sale of the Teide Spirit in Q4-2017.



# Yamal LNG Project Update

## Completion of Plant Financing a Significant Milestone for Yamal LNG Project

### Yamal LNG Project Update

- Yamal LNG has now secured full external financing requirements for the project
- Overall progress of Yamal LNG project is progressing well with an estimated 51% complete as at March 31, 2016
- As at March 31, 2016, first LNG train is over 65% complete

| Source                         | Amount (\$B)* | Completed         |
|--------------------------------|---------------|-------------------|
| Chinese Lenders                | \$12.1        | April 2016        |
| Russian Lenders                | \$4.1         | April 2016        |
| National Welfare Fund (Russia) | \$2.4         | 2015              |
| Yamal Sponsors' Equity         | \$12.8        | Fully Contributed |
| <b>Total</b>                   | <b>\$31.4</b> |                   |



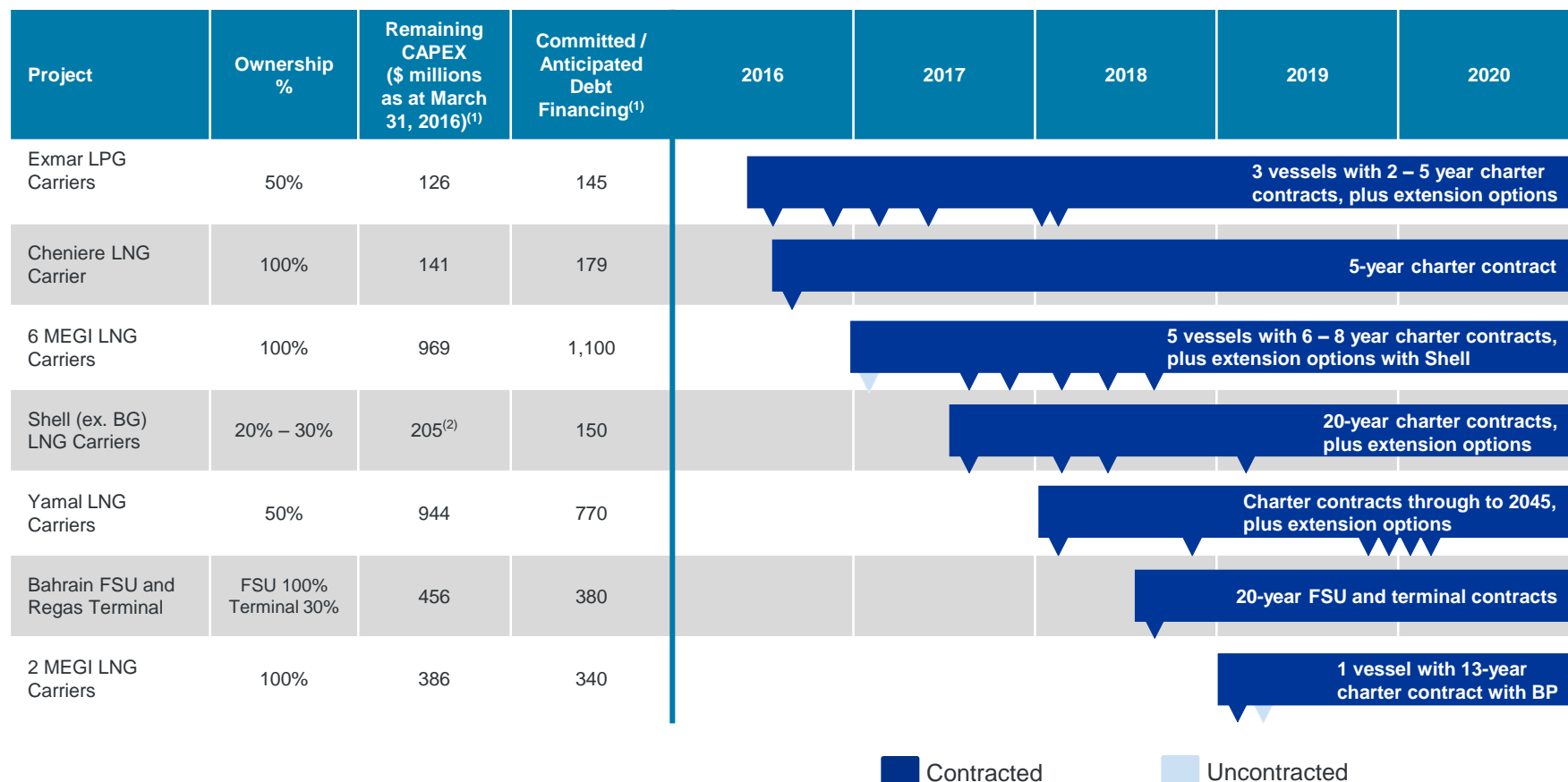
### Update on TGP's Yamal LNG Vessels

- Vessels remain on track to delivery in 2018 through 2020, at which point they will commence fee-based contracts through to 2045, plus extension options
- Significant progress made on long-term debt financing:
  - Multiple attractive offers received from Chinese financiers



# Focused On Securing Financing for Growth Projects

Growth projects contribute to significant CFVO growth



**Total estimated annual CFVO from growth projects of over \$300 million<sup>(1)</sup>**



(1) Proportionate share

(2) Excludes shipbuilding and crew training costs reimbursable by Shell (ex. BG)

# Appendix

# Distributable Cash Flow

Q1-16 vs. Q4-15

|  | Three Months Ended<br>March 31<br>2016<br>(unaudited) | Three Months Ended<br>December 31<br>2015<br>(unaudited) | Explanation  |
|--|---|--|--|
| (Thousands of U.S. Dollars except units outstanding or unless otherwise indicated)                               |   |  |  |
| Net voyage revenues <sup>(1)</sup>   | 95,944  | 99,751   | Decrease due to 2015 profit share relating to the <i>Teide Spirit</i> recorded in Q4, partially offset by the charter contract commencement for the <i>Creole Spirit</i> in Q1 |
| Vessel operating expenses  | (21,853)  | (24,046)   | Timing of maintenance work and crew training   |
| Estimated maintenance capital expenditures   | (11,976)  | (11,907)   |  |
| General and administrative expenses  | (5,428)   | (5,666)  |  |
| Partnership's share of equity accounted joint ventures'<br>DCF net of estimated maintenance capital expenditures | 20,573  | 25,060   | Lower equity income from the MALT and Exmar LPG joint ventures, partially offset by higher equity income from the RasGas 3 joint venture.                                      |
| Interest expense <sup>(1)</sup>  | (21,620)  | (21,463)   |  |
| Interest income  | 602   | 539  |  |
| Income tax expense   | (261)   | (981)  |  |
| Other adjustments - net  | 3,913   | 5,686  |  |
| <b>Distributable Cash Flow before Non-Controlling Interests</b>  | <b>59,894</b>   | <b>66,973</b>  |  |
| Non-controlling interests' share of DCF  | (5,490)   | (5,432)  |  |
| <b>Distributable Cash Flow<sup>(2)</sup></b>   | <b>54,404</b>   | <b>61,541</b>  |  |
| Cash distributions to the General Partner  | (227)   | (227)  |  |
| Limited partners' Distributable Cash Flow  | 54,177  | 61,314   |  |
| Weighted-average number of common units outstanding  | 79,557,872  | 79,528,595   |  |
| <b>Distributable Cash Flow per limited partner unit</b>  | <b>0.68</b>   | <b>0.77</b>  |  |

1) See Adjusted Operating Results in the Appendix to this presentation for a reconciliation to the amount reported in the Consolidated Statements of (Loss) Income in the Q1-16 and Q4-15 Earnings Releases.

2) For a reconciliation of Distributable Cash Flow, a non-GAAP measure, to the most directly comparable GAAP figures, see Appendix B in the Q1-16 and Q4-15 Earnings Releases.



# Adjusted Operating Results

Q1-16

(in thousands of U.S. Dollars)

|   | Three Months Ended |                         |   |                                  |
|---|--------------------|-------------------------|---|----------------------------------|
|   | March 31, 2016     |                         |   |                                  |
|   | As Reported        | Appendix A<br>Items (1) | Reclass for<br>Realized<br>Gains/Losses on<br>Derivatives (2) | TGP Adjusted Income<br>Statement |
| Voyage revenues   | 95,771             | -                       | 630   | 96,401                           |
| Voyage expenses   | (457)              | -                       | -   | (457)                            |
| Net voyage revenues   | 95,314             | -                       | 630   | 95,944                           |
| Vessel operating expense  | (21,853)           | -                       | -   | (21,853)                         |
| Depreciation and amortization   | (23,611)           | -                       | -   | (23,611)                         |
| General and administrative expenses                                   | (5,428)            | -                       | -   | (5,428)                          |
| Loss on sale of vessels   | (27,439)           | 27,439                  | -   | -                                |
| Income from vessel operations   | 16,983             | 27,439                  | 630   | 45,052                           |
| Equity income <sup>(3)</sup>  | 9,498              | 4,138                   | -   | 13,636                           |
| Interest expense  | (13,997)           | 1,398                   | (9,021)   | (21,620)                         |
| Interest income   | 602                | -                       | -   | 602                              |
| Realized and unrealized loss on non-designated derivative instruments | (38,089)           | 32,076                  | 6,013   | -                                |
| Foreign exchange loss   | (10,118)           | 7,740                   | 2,378   | -                                |
| Other income – net  | 419                | -                       | -   | 419                              |
| Income tax expense  | (261)              | -                       | -   | (261)                            |
| Net (loss) income   | (34,963)           | 72,791                  | -   | 37,828                           |
| Less: Net loss (income) attributable to Non-controlling interests     | (2,175)            | (1,502)                 | -   | (3,677)                          |
| <b>NET (LOSS) INCOME ATTRIBUTABLE TO THE PARTNERS</b>                 | <b>(37,138)</b>    | <b>71,289</b>           | <b>-</b>  | <b>34,151</b>                    |

1) See Appendix A to the Partnership's Q1-16 earnings release for description of Appendix A items.

2) Reallocating the realized gains/losses to their respective line as if hedge accounting had applied. Please refer to footnotes (5) and (6) to the Consolidated Statements of (Loss) Income in the Q1-16 Earnings Release.

3) Please refer to footnote (3) to the Consolidated Statements of (Loss) Income in the Q1-16 Earnings Release.



# Adjusted Operating Results

Q4-15

|   | Three Months Ended |                         |   |                                  |
|---|--------------------|-------------------------|---|----------------------------------|
|   | December 31, 2015  |                         |   |                                  |
|   | As Reported        | Appendix A<br>Items (1) | Reclass for<br>Realized<br>Gains/Losses on<br>Derivatives (2) | TGP Adjusted Income<br>Statement |
| (in thousands of U.S. Dollars)  |                    |                         |   |                                  |
| Voyage revenues   | 103,642            | (491)                   | (3,185)   | 99,966                           |
| Voyage expenses   | (215)              | -                       | -   | (215)                            |
| Net voyage revenues   | 103,427            | (491)                   | (3,185)   | 99,751                           |
| Vessel operating expense  | (24,046)           | -                       | -   | (24,046)                         |
| Depreciation and amortization   | (23,002)           | -                       | -   | (23,002)                         |
| General and administrative expenses                                   | (5,666)            | -                       | -   | (5,666)                          |
| Restructuring charge  | (491)              | 491                     | -   | -                                |
| Income from vessel operations   | 50,222             | -                       | (3,185)   | 47,037                           |
| Equity income <sup>(3)</sup>  | 23,588             | (5,927)                 | -   | 17,661                           |
| Interest expense  | (10,827)           | -                       | (10,636)  | (21,463)                         |
| Interest income   | 539                | -                       | -   | 539                              |
| Realized and unrealized gain on non-designated derivative instruments | 9,957              | (20,254)                | 10,297  | -                                |
| Foreign exchange gain   | 5,712              | (9,236)                 | 3,524   | -                                |
| Other income – net  | 355                | -                       | -   | 355                              |
| Income tax expense  | (2,431)            | 1,450                   | -   | (981)                            |
| Net income  | 77,115             | (33,967)                | -   | 43,148                           |
| Less: Net income attributable to Non-controlling interests            | (4,891)            | 1,280                   | -   | (3,611)                          |
| <b>NET INCOME ATTRIBUTABLE TO THE PARTNERS</b>                        | <b>72,224</b>      | <b>(32,687)</b>         | <b>-</b>  | <b>39,537</b>                    |

1) See Appendix A to the Partnership's Q4-15 earnings release for description of Appendix A items.

2) Reallocating the realized gains/losses to their respective line as if hedge accounting had applied. Please refer to footnotes (3) and (4) to the Consolidated Statements of Income and Comprehensive Income in the Q4-15 Earnings Release.

3) Please refer to footnote (2) to the Consolidated Statements of Income and Comprehensive Income in the Q4-15 Earnings Release.



# 2016 Drydock Schedule

| Segment                        | March 31, 2016 (A) |                     | June 30, 2016 (E) |                     | September 30, 2016 (E) |                     | December 31, 2016 (E) |                     | Total 2016 (E) |                     |
|--------------------------------|--------------------|---------------------|-------------------|---------------------|------------------------|---------------------|-----------------------|---------------------|----------------|---------------------|
|                                | Vessels            | Total Dry-dock Days | Vessels           | Total Dry-dock Days | Vessels                | Total Dry-dock Days | Vessels               | Total Dry-dock Days | Vessels        | Total Dry-dock Days |
| LPG Carrier - equity accounted | -                  | 18                  | 1                 | 21                  | -                      | -                   | 1                     | 31                  | 2              | 70                  |
|                                | -                  | 18                  | 1                 | 21                  | -                      | -                   | 1                     | 31                  | 2              | 70                  |



Note: In the case that a vessel drydock straddles between quarters, the drydock has been allocated to the quarter in which the majority of drydock days occur.

The background is a solid dark blue color. Overlaid on this are several thick, white, semi-transparent geometric lines. These lines form a large, stylized letter 'E' that is oriented vertically. The 'E' is composed of multiple parallel lines, giving it a three-dimensional or layered appearance. The lines are positioned such that they frame the central text.

BRINGING ENERGY TO THE WORLD