

Teekay Shipping



Teekay's Fourth Quarter and Fiscal 2003 Earnings Presentation

February 26, 2004



NYSE: TK

www.teekay.com

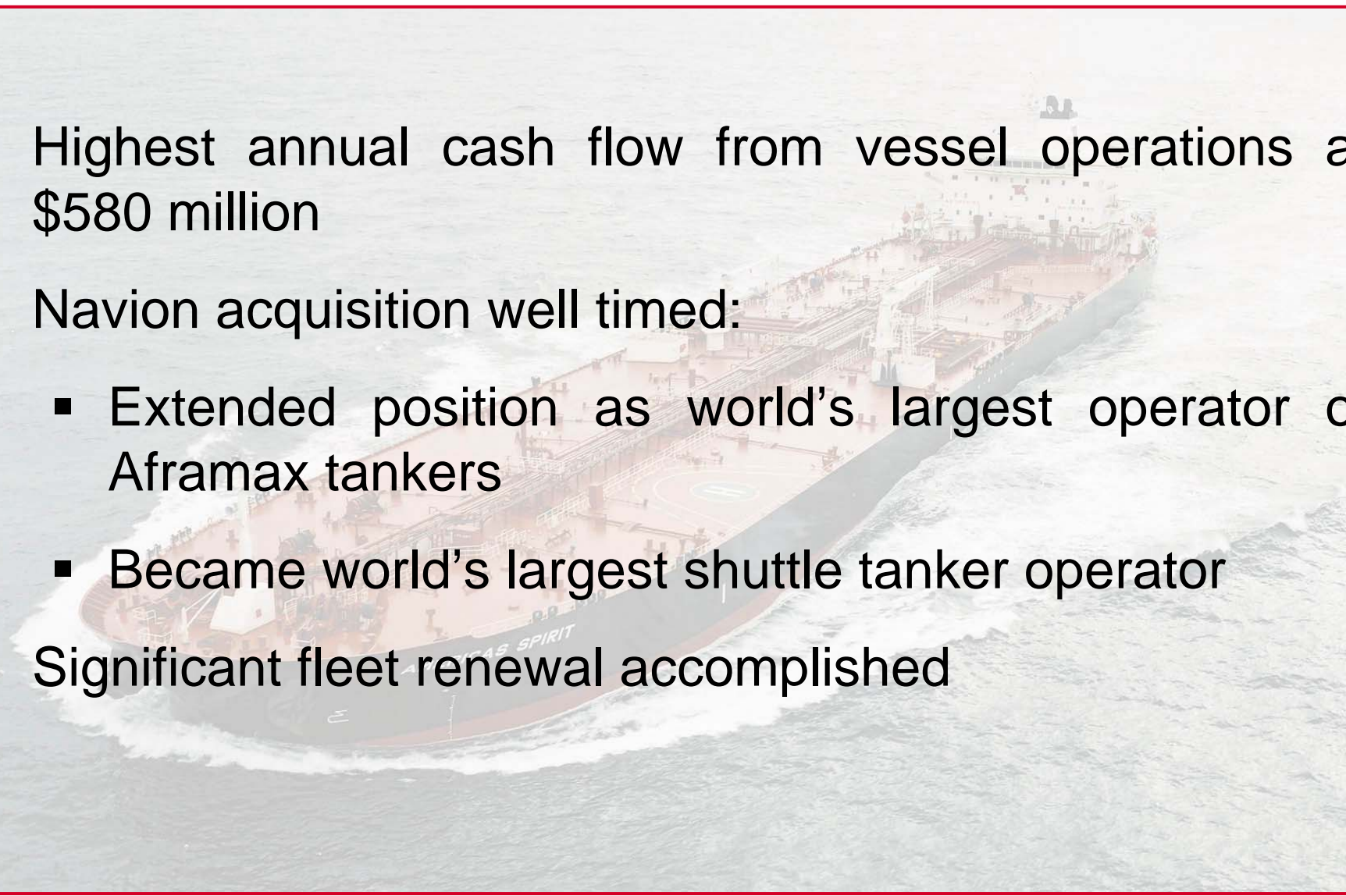


Forward Looking Statements

This document 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 anticipated free cash flow, anticipated annualized cash flow from vessel operations from the Company's fixed-rate segment, newbuilding delivery dates, tanker charter rates and the balance of supply and demand in the crude tanker market. 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 and petroleum products, either generally or in particular regions; greater or less than anticipated levels of tanker newbuilding orders or greater or less than anticipated rates of tanker scrapping; changes in trading patterns significantly impacting overall tanker tonnage requirements; the rate of growth of the long-term fixed-rate contract segment of our business; the potential for early termination of long-term contracts and inability of the Company to renew or replace long-term contracts; shipyard production delays; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil, and the possibility that past performance is not reflective of future performance.



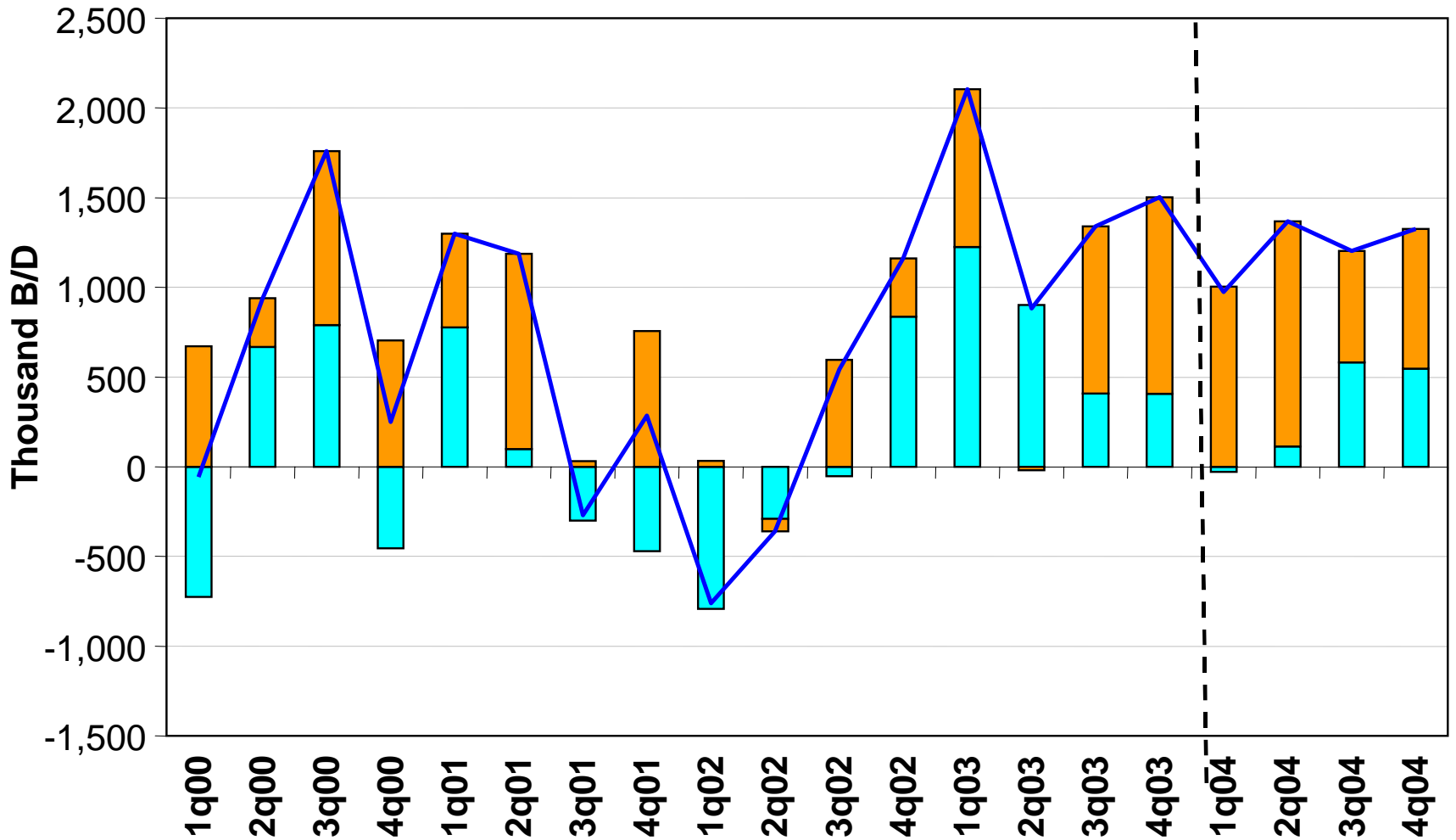
2003 Highlights

- Highest annual cash flow from vessel operations at \$580 million
 - Navion acquisition well timed:
 - Extended position as world's largest operator of Aframax tankers
 - Became world's largest shuttle tanker operator
 - Significant fleet renewal accomplished
- 
- A large Aframax tanker ship, the 'ASPIRIT', is shown from an aerial perspective, sailing on the open sea. The ship's deck is visible, showing various structures and equipment. The name 'ASPIRIT' is clearly visible on the side of the hull.



World Oil Demand Year-on-Year Change

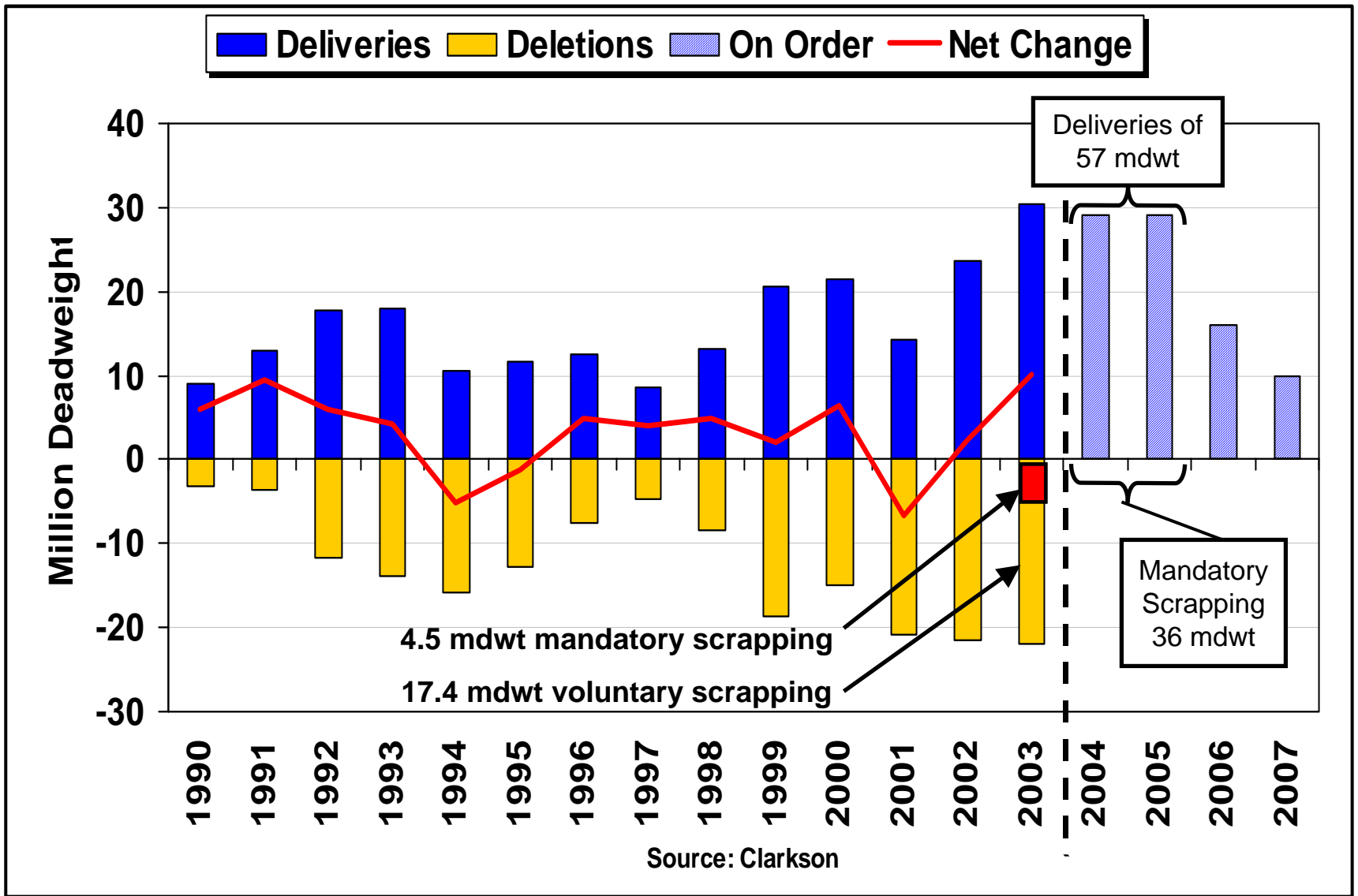
OECD Non-OECD Total World



Source: IEA

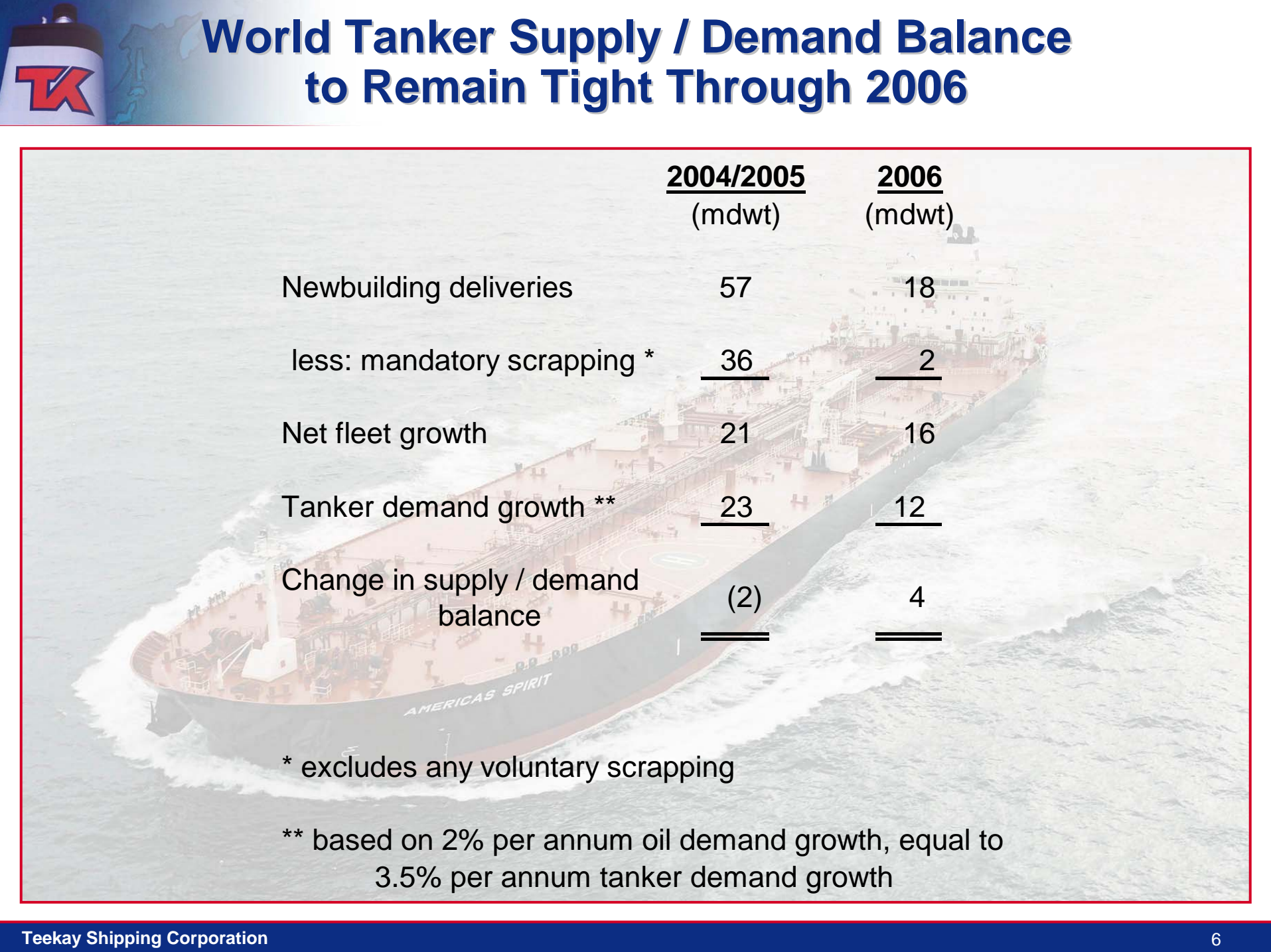


Tanker Supply - Outlook





World Tanker Supply / Demand Balance to Remain Tight Through 2006



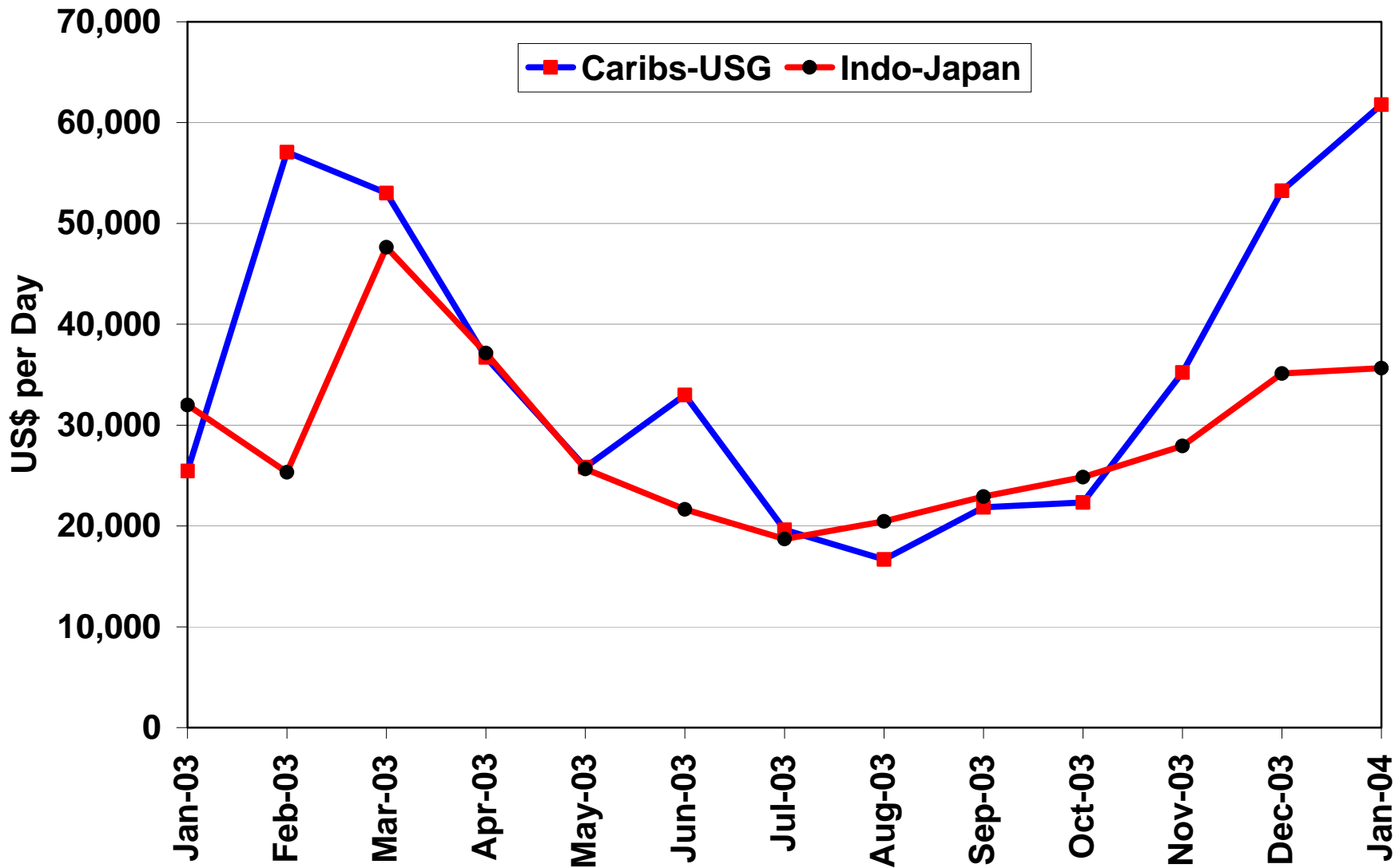
	<u>2004/2005</u> (mdwt)	<u>2006</u> (mdwt)
Newbuilding deliveries	57	18
less: mandatory scrapping *	<u>36</u>	<u>2</u>
Net fleet growth	21	16
Tanker demand growth **	<u>23</u>	<u>12</u>
Change in supply / demand balance	<u>(2)</u>	<u>4</u>

* excludes any voluntary scrapping

** based on 2% per annum oil demand growth, equal to 3.5% per annum tanker demand growth



Aframax Monthly Average Spot TCE Rates



Source: CRS



Significant Fleet Renewal

	Teekay Fleet at Dec. 31, 2003	Teekay Fleet at Dec. 31, 2002		World Fleet at Dec. 31, 2003
Average age *	7.7 yrs	11.3 yrs		9.9 yrs
% of DH Ships	73%	50%		59%
Total Fleet Size	15.6 million dwt	10.5 million dwt		317 million dwt

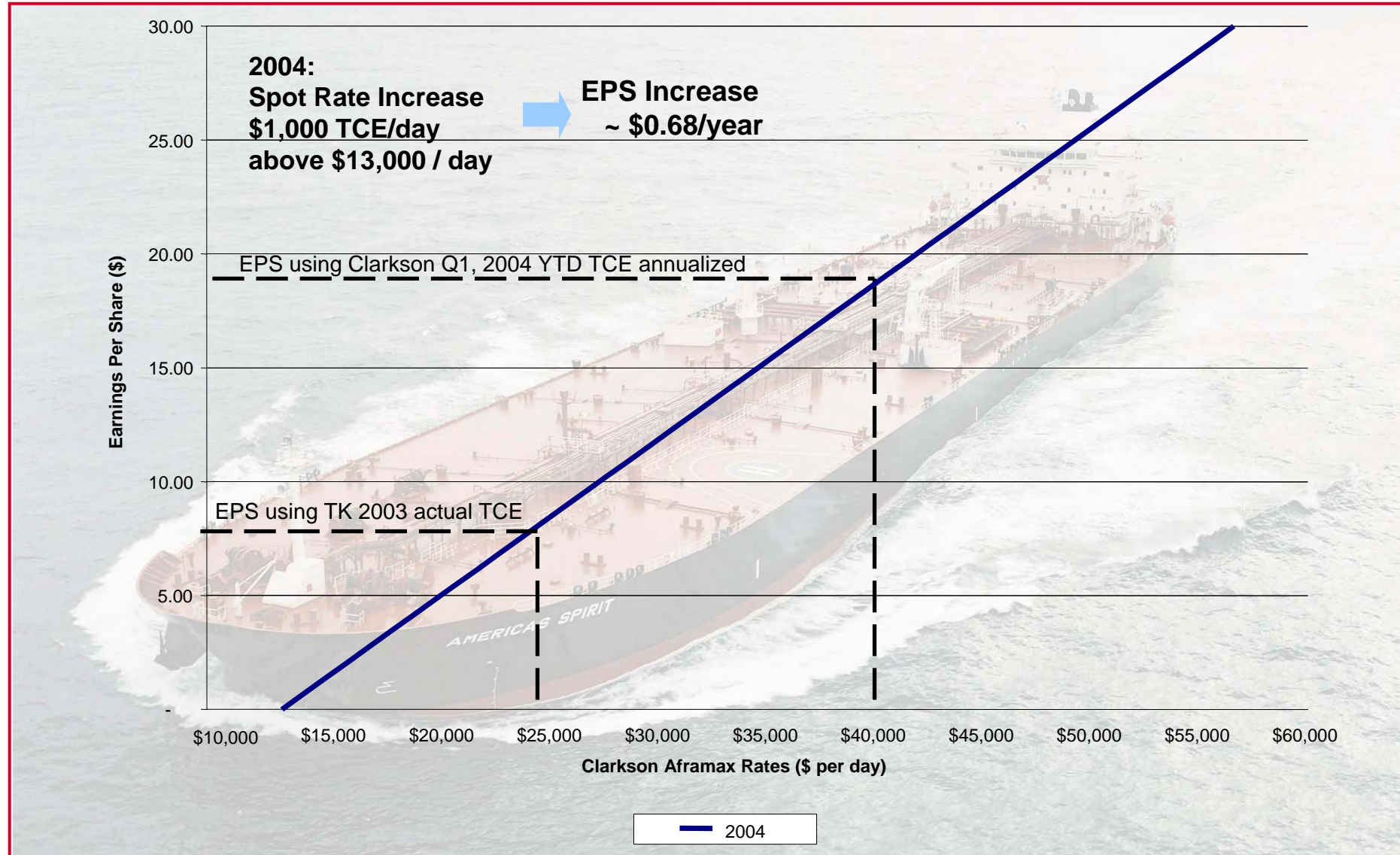
Newbuilding Deliveries

	2004	2005	2006	2007	2008
Spot tanker fleet	4	3	3	2	
Fixed-rate tanker fleet	4				2
Total newbuilds	8	3	3	2	2

* Owned and in-chartered fleet (excl. n/b)



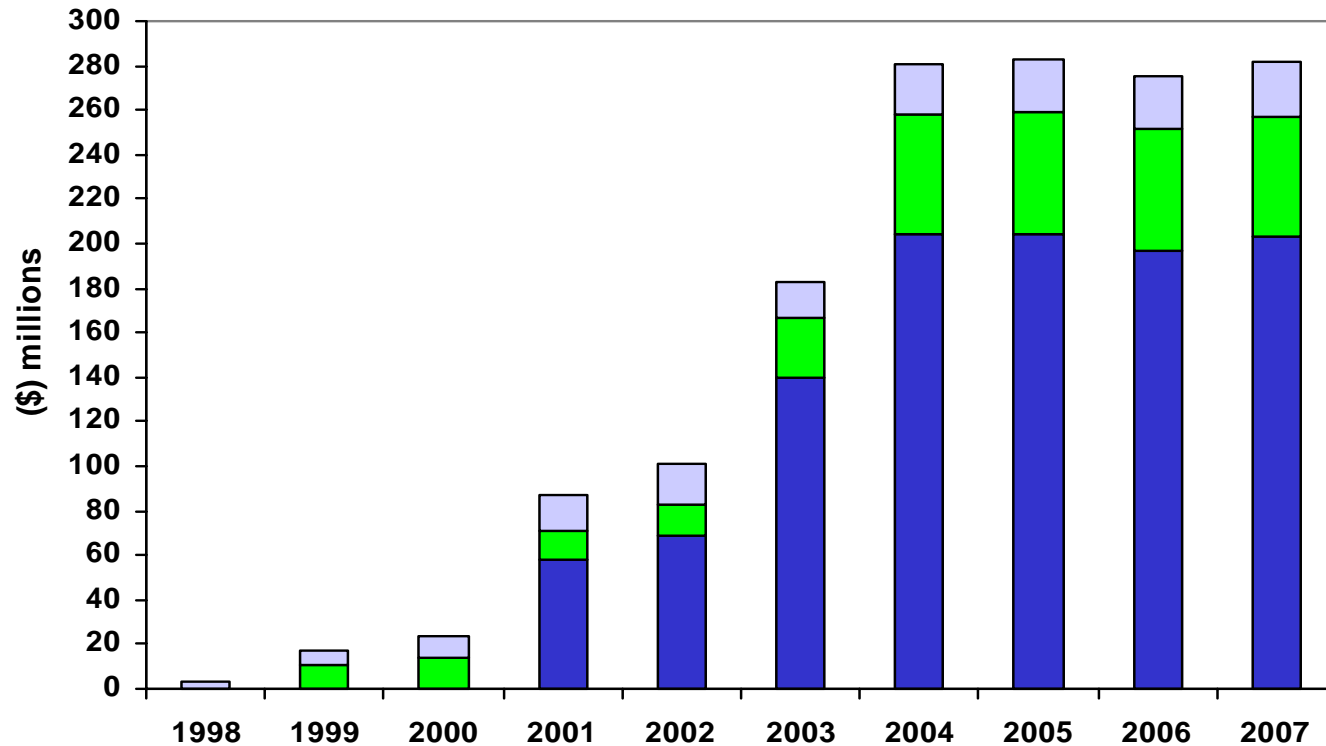
Significant Operating Leverage





Predictable & Stable Earnings

Cash flow from vessel operations from Fixed-rate Long-term Contracts



■ Shuttle Tankers ■ Fixed Rate Conventional Tankers ■ Offshore

■ Average ROE > 20%

■ Average contract length approximately 7 years



Teekay Shipping Fourth Quarter Results

(In thousands of U.S. dollars, except per share data)

	Q4 - 2003	Q4 - 2002	% change
Net voyage revenues	\$ 340,599	\$ 155,144	120%
Spot Rate cash flow from vessel operations	\$ 93,722	\$ 60,572	55%
Fixed Rate cash flow from vessel operations	\$ 61,002	\$ 27,221	124%
<u>Total cash flow from vessel operations</u>	<u>\$ 154,724</u>	<u>\$ 87,793</u>	<u>76%</u>
Income from vessel operations	\$ 102,277	\$ 48,633	110%
Write-downs and other charges	\$ 72,120	-	
Net income	\$ 6,582	\$ 33,106	-80%
Earnings per share	\$ 0.16	\$ 0.82	-80%
Write-downs and other charges per share	\$ 1.72	-	



Teekay Shipping Fiscal 2003 Results

(In thousands of U.S. dollars, except per share data)

	FY 2003	FY 2002	% change
Net voyage revenues	\$ 1,181,439	\$543,872	117%
Spot Rate cash flow from vessel operations	\$ 391,103	\$167,240	134%
Fixed Rate cash flow from vessel operations	\$ 189,870	\$101,402	87%
<u>Total cash flow from vessel operations</u>	<u>\$ 580,973</u>	<u>\$268,642</u>	<u>116%</u>
Income from vessel operations	\$ 389,736	\$119,346	227%
Write-downs and other charges	\$ 118,345	-	
Net income	\$ 177,364	\$ 53,391	232%
Earnings per share	\$ 4.35	\$ 1.33	227%
Write-downs and other charges per share	\$ 2.91	-	



Teekay Shipping 2003 and 2002

Fourth Quarter Net Income

(In thousands of U.S. dollars)

	Three Months Ended	
	December 31, 2003 (unaudited)	September 31, 2003 (unaudited)
NET VOYAGE REVENUES	340,599	274,858
OPERATING EXPENSES		
Vessel operating expenses	57,239	55,281
Time-charter hire expense	102,274	95,955
Depreciation and amortization	52,447	49,885
General and administrative	26,362	23,461
	<u>238,322</u>	<u>224,582</u>
Income from vessel operations	<u>102,277</u>	<u>50,276</u>
OTHER ITEMS		
Net interest expense	(22,097)	(21,028)
Income tax expense	(13,315)	(6,000)
Write-downs and losses on sale of vessels	(54,048)	(5,843)
Other - net	(6,235)	2,922
	<u>(95,695)</u>	<u>(29,949)</u>
Net income	<u>6,582</u>	<u>20,327</u>



Investment in TORM



Market Value
\$

Unrealized gain
\$ / share

July 2003

37.3 million

December 31, 2003

90.2 million

\$ 1.26

February 25, 2004

174.3 million

\$ 3.26



CAPEX Commitments

At January 31, 2004 (in millions of U.S. dollars)

	Remainder 2004	2005	2006	2007 & 2008	Total
Newbuilding Installments	\$225	\$95	\$107	\$123	\$550
Committed Financing	(\$127)	(\$95)	(\$33)	0	(\$255)
Cash required	\$98	0	\$74	\$123	\$295



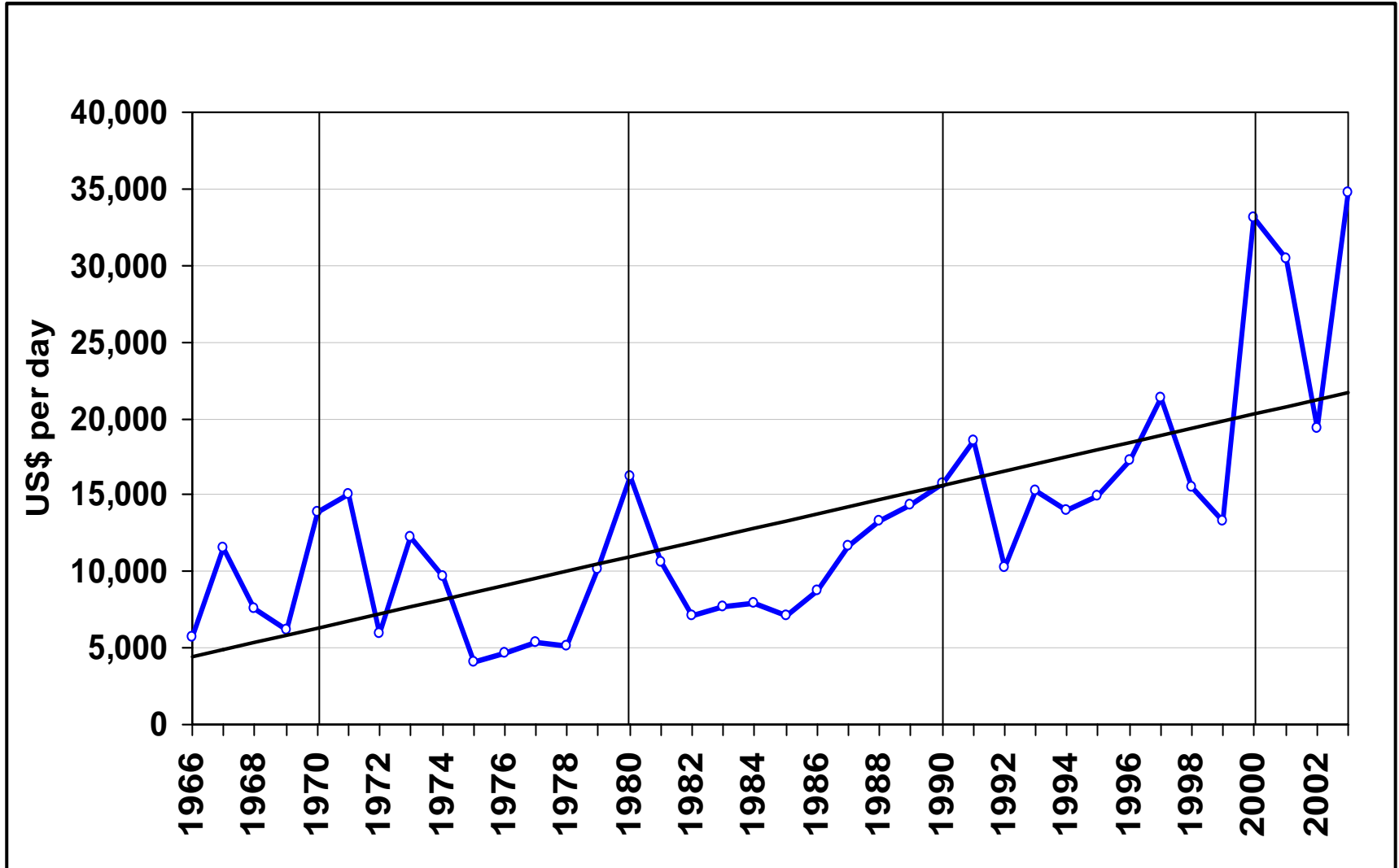
Projected 2004 Free Cash Flow Matrix

<u>TCE per day</u>	<u>\$ 18,000</u>	<u>\$ 24,000</u>	<u>\$ 30,000</u>	<u>\$ 36,000</u>	<u>\$ 42,000</u>	<u>\$ 48,000</u>
in millions						
Cash flow from vessel operations *	472	634	796	958	1,120	1,282
less: principal payments	(135)	(135)	(135)	(135)	(135)	(135)
less: interest payments	(85)	(85)	(85)	(85)	(85)	(85)
less: drydock costs	(25)	(25)	(25)	(25)	(25)	(25)
<u>subtotal - fixed charges</u>	<u>(245)</u>	<u>(245)</u>	<u>(245)</u>	<u>(245)</u>	<u>(245)</u>	<u>(245)</u>
<u>Free Cash Flow</u>	<u>227</u>	<u>389</u>	<u>551</u>	<u>713</u>	<u>875</u>	<u>1,037</u>
Free Cash Flow per Share	\$ 5.40	\$ 9.30	\$ 13.10	\$ 17.00	\$ 20.80	\$ 24.70
Fixed Charge Coverage Ratio						
Cash flow from operations to fixed charges	1.9x	2.6x	3.2x	3.9x	4.6x	5.2x

* Defined as income from vessel operations plus depreciation and amortization expense



Average Aframax TCE



Source: SSY/Clarkson



Appendix – Reconciliation of Cash flow from vessel operations

- Cash flow from vessel operations represents income from vessel operations before depreciation and amortization expense. Cash flow from operations is included because such data is used by certain investors to measure a company's financial performance. Cash flow from operations is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Company's performance required by accounting principles generally accepted in the United States.
- The following table reconciles the Company's Income from vessel operations with Cash flow from operations for the periods presented on slide 10:

	<u>Year Ended</u> <u>December 31, 2000</u>	<u>Year Ended</u> <u>December 31, 2001</u>	<u>Year Ended</u> <u>December 31, 2002</u>	<u>Year Ended</u> <u>Dec. 31, 2003</u>
Reconciliation of Cash flow from vessel operations from fixed-rate long-term contracts (\$000s)				
Actual				
Income from vessel operations	16,622	49,615	56,863	105,007
Depreciation and Amortization	7,020	37,024	43,889	84,863
Cash flow from vessel operations	23,642	86,639	100,752	189,870

	<u>Year Ended</u> <u>Dec. 31, 2004</u>	<u>Year Ended</u> <u>Dec. 31, 2005</u>	<u>Year Ended</u> <u>Dec. 31, 2006</u>	<u>Year Ended</u> <u>Dec. 31, 2007</u>
Projection				
Income from vessel operations	191,000	190,000	185,000	191,000
Depreciation and Amortization	90,000	94,000	90,000	90,000
Cash flow from vessel operations	281,000	284,000	275,000	281,000