



# First Quarter 2014 Earnings Presentation

May 15, 2014



TEEKAY CORPORATION

# 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: Teekay Parent's strategic objective of having our ships and offshore units owned at the daughter company level and creating value primarily by increasing cash flows generated by its publicly-traded daughter entities; the estimated cost and timing of delivery of newbuildings and converted vessels and the commencement of associated time-charter contracts; Teekay Offshore's potential acquisition of Logitel, including the timing of finalizing the transaction and the effect on the value of Teekay Parent's general partnership interest; securing employment for Logitel's second FAU newbuilding; the ability of Teekay Offshore to obtain financing for the FAU newbuildings; the timing and certainty of Teekay Parent's FPSOs becoming eligible for dropdown to Teekay Offshore under the omnibus agreement, including the effect on Teekay Offshore's growth and Teekay Parent's general partnership ownership and net debt; the timing of the *Petrojarl Banff* FPSO completing field installation and recommencing its charter contract, including the effect on Teekay Parent's cash flow; the potential for Teekay LNG, through a new 50/50 joint venture with a China-based LNG shipping company, to provide six icebreaker LNG carriers for the Yamal LNG project, including the effect on the value of Teekay Parent's general partnership interest, and the actual magnitude of such project, if completed; TIL's acquisition of four vessels and the ability of TIL to secure additional future tanker acquisitions; Teekay Tankers completing the acquisition of an ownership interest in Teekay Operations; the potential upside to Teekay Parent from an expected tanker market recovery; and the timing of amount of future capital expenditure commitments for Teekay Parent, Teekay LNG and Teekay Offshore. 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 tanker newbuilding orders or greater or less than anticipated rates of tanker 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 and FPSOs; decreases in oil production by or increased operating expenses for FPSO units; trends in prevailing charter rates for shuttle tanker and FPSO 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; failure by Teekay Offshore to complete the acquisition of Logitel; failure by Teekay Offshore to secure financing on the two FAU newbuildings and secure a charter contract for the second FAU newbuilding; failure by Teekay LNG to secure financing for newbuildings; potential failure of the Yamal LNG Project to be completed for any reason, including due to lack of funding as a result of existing or future sanctions against Russia and Russian entities and individuals, which may affect partners in the project; potential inability of the Partnership's joint venture to negotiate acceptable terms and documentation relating to its proposed participation in the Yamal LNG Project; failure by Teekay LNG to secure the required contracts for the Yamal LNG project for six icebreaker LNG carriers; potential delays or cancellation of the Yamal LNG project; shipyard construction or vessel conversion delays and cost overruns; delays in commencement of operations of FPSO and FSO units at designated fields; changes in the Company's expenses; the Company's future capital expenditure requirements and the inability to secure financing for such requirements; the inability of the Company to complete vessel sale transactions to its publicly-traded subsidiaries or to third parties; potential delays in the construction of the *Knarr FPSO* and/or commencement of operations under its charter contract; potential delays in installing the *Petrojarl Banff FPSO* and/or recommencement of operations under its charter contract; conditions in the capital markets; failure of TIL to complete its anticipated vessel acquisitions and/or to enter into a new credit facility; 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, 2013. 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 Highlights – Teekay Corporation



## TEEKAY CORPORATION (PARENT)

- Generated \$265m of total CFVO<sup>1</sup> in Q1-14, compared to \$193m in Q1-13, an increase of 37%
- Reported Q1-14 consolidated adjusted net income<sup>2</sup> of \$3.5m, or \$0.05 per share, compared to Q1-13 consolidated adjusted net loss<sup>3</sup> of \$11.7m, or \$0.17 per share
- Completed the sale of four owned conventional tankers to Tanker Investments Ltd. (*TIL*); and agreed to sell an ownership interest in the conventional tanker operations to Teekay Tankers Ltd.
- The *Voyageur Spirit* FPSO received certificate of final acceptance, completing Teekay Parent's indemnification obligation to Teekay Offshore

1) Total cash flow from vessel operations (*CFVO*) is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Includes both CFVO from vessels that are consolidated and CFVO from vessels that are equity-accounted for on the Company's financial statements. Please see appendices in the Q1-14 earnings release for a reconciliation of this non-GAAP measure as used in this presentation to the most directly comparable GAAP financial measure.

2) Adjusted net income attributable to stockholders of Teekay for Q1-14 excludes specific items which decreased GAAP net income by \$6.5m, or \$0.09 per share, as detailed in Appendix A of the Q1-14 earnings release.

3) Adjusted net loss attributable to stockholders of Teekay for Q1-13 excludes specific items which decreased GAAP net loss by \$5.5m, or \$0.08 per share, as detailed in Appendix A of the Q1-14 earnings release.

# Recent Highlights – Daughter Companies

## TEEKAY LNG PARTNERS

- Declared Q1-14 distribution of \$0.6918 per unit - **\$25.0m to Teekay Parent**
- TGP, through a new 50/50 JV, signed an LOI for six icebreaker LNG carriers for the Yamal LNG project – **TGP's investment \$1.0 billion**
- Exmar LPG JV took delivery of its first of 12 mid-size LPG carrier newbuilds

## TEEKAY OFFSHORE PARTNERS

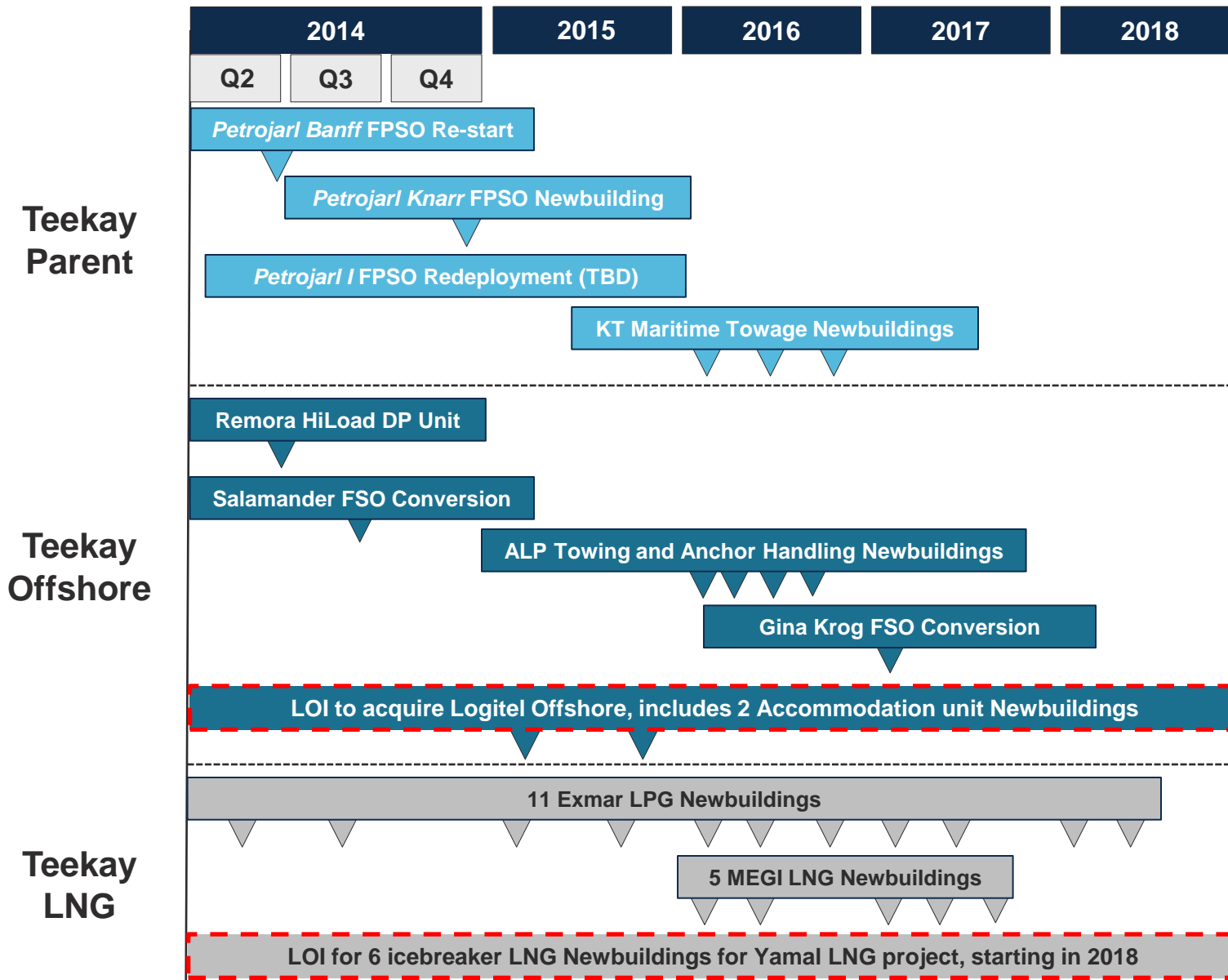
- Declared Q1-14 distribution of \$0.5384 per unit - **\$17.7m to Teekay Parent**
- Signed an LOI to acquire Logitel Offshore, a company focused on the floating accommodation market – **up to \$1.5 billion investment**
- Completed \$261 million acquisition of ALP Maritime Services and ordered four towing and anchor handling newbuilds
- Extended the *Dampier Spirit* FSO contract for an additional 10 years

## TEEKAY TANKERS LTD.

- Declared Q1-14 dividend of \$0.03 per share - **\$0.6m to Teekay Parent**
- Generated Q1-14 CAD<sup>1</sup> of \$0.36 per share
- Crude tanker rates reached five year highs in Jan-2014
- Sold two VLCC tankers to TIL for \$154 million

1) Cash Available for Distribution (CAD) represents net income (loss), plus depreciation and amortization, unrealized losses from derivatives, non-cash items and any write-offs of other non-recurring items, less unrealized gains from derivatives. Please see appendices in the Teekay Tankers Q1-14 earnings release for a reconciliation of this non-GAAP measure as used in this presentation to the most directly comparable GAAP financial measure.

# Continued Focus on Project Execution





# Teekay Parent FPSO Projects Update

## ***Knarr FPSO***

- The FPSO remains on track for its scheduled sail away to the North Sea in late-June 2014
- Following installation and offshore testing in late Q4-14, the unit is expected to commence its 10-yr charter with BG Group at which point the unit is expected to be eligible for sale to Teekay Offshore



*Knarr FPSO Naming ceremony at Samsung Shipyard on February 28, 2014*

## ***Banff FPSO***

- The FPSO arrived on the Banff field in Q1-14
- Currently undergoing field installation and the unit is expected to recommence charter contract with CNR in late Q2-14



*Banff FPSO on the Banff Field in May 2014*

# Teekay Parent on-the-water FPSOs Update

FPSO	Commentary
<i>Foinaven</i> FPSO	<ul style="list-style-type: none"> <li>• In late-Feb 2014, production was halted due to continued issues with the unit's only operating gas compressor (second gas compressor still under repairs)               <ul style="list-style-type: none"> <li>○ Q1-14 lost production: 32 days</li> <li>○ Q2-14 estimated lost production: 37 days</li> </ul> </li> <li>• Can produce at approximately 2/3 of target production with one compressor</li> <li>• Repairs to the second compressor are scheduled to be completed in late-June 2014, at which point the unit is expected to be capable of producing at its targeted production</li> <li>• Teekay and charterer working closely to minimize planned shutdown period to recoup lost production</li> </ul>
<i>Hummingbird Spirit</i> FPSO	<ul style="list-style-type: none"> <li>• Centrica Energy extended firm period of charter contract out to Dec-2015, with options to extend to Mar-2017</li> </ul>
<i>Petrojarl 1</i> FPSO	<ul style="list-style-type: none"> <li>• Currently evaluating redeployment opportunities or sale to a third party</li> </ul>

# Q1 2014 Consolidated Adjusted Statement of Income

	Three Months Ended March 31, 2014			Three Months Ended December 31, 2013	
		Reclass for Realized Gains/ Losses			
(in thousands of US dollars, except per share amounts)	As Reported	Appendix A Items (1)	on Derivatives (2)	As Adjusted	As Adjusted
<b>NET REVENUES</b>					
Revenues	506,494	-	-	506,494	493,546
Voyage expenses	35,012	-	-	35,012	31,727
Net revenues	471,482	-	-	471,482	461,819
<b>OPERATING EXPENSES</b>					
Vessel operating expenses	201,186	(2,230)	691	199,647	203,432
Time charter hire expense	16,292	-	-	16,292	24,164
Depreciation and amortization	103,458	-	-	103,458	109,709
General and administrative	37,878	(2,057)	594	36,415	34,792
Loss on sale of vessels and equipment	162	(162)	-	-	-
Restructuring charges	639	(639)	-	-	-
Total operating expenses	359,615	(5,088)	1,285	355,812	372,097
Income from vessel operations	111,867	5,088	(1,285)	115,670	89,722
<b>OTHER ITEMS</b>					
Interest expense	(49,333)	-	(29,635)	(78,968)	(79,187)
Interest income	1,783	-	-	1,783	5,129
Realized and unrealized loss on derivative instruments	(47,248)	16,473	30,775	-	-
Equity income	27,494	(2,233)	-	25,261	28,491
Income tax (expense) recovery	(2,798)	-	-	(2,798)	5,698
Foreign exchange loss	(894)	749	145	-	-
Other - net	8,251	(6,840)	-	1,411	1,165
Total other items	(62,745)	8,149	1,285	(53,311)	(38,704)
<b>Net income</b>	<b>49,122</b>	<b>13,237</b>	<b>-</b>	<b>62,359</b>	<b>51,018</b>
Less: Net income attributable to non-controlling interest	(49,610)	(9,273)	-	(58,883)	(49,883)
<b>NET (LOSS) INCOME ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.</b>	<b>(488)</b>	<b>3,964</b>	<b>-</b>	<b>3,476</b>	<b>1,135</b>
<b>Fully diluted (loss) income per share</b>	<b>(0.01)</b>			<b>0.05</b>	<b>0.02</b>

1 See Appendix to this presentation for description of Appendix A items.

2 Please refer to footnotes (2) and (4) to the Summary Consolidated Statements of Income (loss) in the Q1-14 earnings release.



# Q2 2014 Outlook – Teekay Consolidated

Income Statement Item	Q2-2014 Outlook
Net Revenues	<ul style="list-style-type: none"> <li>» <u>Fixed-Rate Fleet (expected changes from Q1-14):</u> <ul style="list-style-type: none"> <li>• \$15m decrease from no further interest income from VLCC term loans (\$9m – TNK, \$6m – TKC);</li> <li>• \$8m decrease from the shuttle tanker fleet due to lower CoA activity and higher dry docking, partially offset by the delivery of HiLoad unit (from mid-April);</li> <li>• \$8m decrease from the Foinaven FPSO primarily due to the Q1-14 commercial settlement of revenue related to 2013 production;</li> <li>• \$5m decrease in the conventional tanker fleet from higher dry docking and recent tanker sales;</li> <li>• \$6m increase from the remaining FPSO fleet primarily due to higher expected production; and</li> <li>• \$4m increase in the LNG fleet from fewer dry docking and repair days;</li> </ul> </li> <li>» <u>Spot-Rate Fleet (expected changes from Q1-14):</u> <ul style="list-style-type: none"> <li>• Net revenue days consistent with Q1-14</li> <li>• Approximately 55% of Q2-14 spot revenue days for Aframaxes and Suezmaxes fixed at \$15,800/day and \$17,200/day, respectively, compared to \$22,700/day and \$28,800/day, respectively, in Q1-14</li> </ul> </li> </ul>
Vessel Operating Expenses (OPEX)	<ul style="list-style-type: none"> <li>» Increase of \$3m due to higher R&amp;M in the FPSO fleet and the delivery of the HiLoad unit, partially offset by the sale of five conventional tankers in Q1-14</li> </ul>
Time-charter Hire Expense	<ul style="list-style-type: none"> <li>» Decrease of \$6m due to lower spot in-chartering activity and offhire for in-chartered shuttle tankers</li> </ul>
Depreciation & Amortization	<ul style="list-style-type: none"> <li>» Increase of \$2m due to depreciation on the HiLoad unit and <i>Shoshone Spirit (ex-C Elephant VLCC)</i></li> </ul>
General & Administrative	<ul style="list-style-type: none"> <li>» Decrease of \$1m due to certain long-term incentive compensation recognized in Q1-14, partially offset by shore-based annual salary increases – effective Q2-14</li> </ul>
Net Interest Expense	<ul style="list-style-type: none"> <li>» Consistent with Q1-14 as interest expense relating to the HiLoad unit is offset by the sale of five conventional tankers in Q1-14</li> </ul>
Equity Income	<ul style="list-style-type: none"> <li>» Decrease of \$2m due to scheduled dry dockings, and certain incentive-related revenues received in Q1-14</li> </ul>
Income Tax Expense	<ul style="list-style-type: none"> <li>» Consistent with Q1-14</li> </ul>
Non-controlling Interest Expense	<ul style="list-style-type: none"> <li>» Expected range: \$42m to \$44m, decrease primarily due to lower income expected in TNK from lower interest income and spot tanker rates</li> </ul>

# 2014 Investor Day



## SAVE THE DATE Teekay Group 2014 Investor Day New York



**WHEN** September 30, 2014

**WHERE** The St. Regis New York

### SCHEDULE OF EVENTS

**7:30 - 8:00 am** Coffee

**8:00 - 11:30 am** Presentations  
(1x1s to follow)

*Live webcasting will be available on the respective websites.*

### CONTACT

For more information, or to schedule a one-on-one meeting, contact Emily Yee at + 1 604 609 6437 [emily.yee@teekay.com](mailto:emily.yee@teekay.com)  
No RSVP required.

NYSE: TK | NYSE: TOO | NYSE: TGP | NYSE: TNK

[www.teekay.com](http://www.teekay.com)

# Appendix



# Q1 2014 Appendix A Item Descriptions

(in thousands of US dollars)	Q1 - 2014	
	<u>Appendix A Items</u>	<u>Explanation of Items</u>
<b>NET VOYAGE REVENUES</b>		
Revenues	-	
Voyage expenses	-	
Net revenues	<u>-</u>	
<b>OPERATING EXPENSES</b>		
Vessel operating expense	(2,230)	Pre-operational costs incurred in respect of Knarr FPSO unit.
Time charter hire expense	-	
Depreciation and amortization	-	
General and administrative	(2,057)	External transaction fee in connection with acquisition of ALP and other non-recurring items
Asset impairments and provisions	-	
Loss on sale of vessels and equipment	(162)	Sale on four conventional tankers
Restructuring charges	(639)	Restructuring costs related to Teekay Tanker Services and certain administrative activities, and reflagging of one shuttle tanker
Total operating expenses	<u>(5,088)</u>	
Income from vessel operations	5,088	
<b>OTHER ITEMS</b>		
Interest expense	-	
Interest income	-	
Realized and unrealized gain on derivative instruments	16,473	Unrealized losses on derivative instruments and realized gain on early termination of interest rate swap.
Equity income	(2,233)	Unrealized losses on derivative instruments in joint ventures and dilution gain on TIL IPO
Income tax expense	-	
Foreign exchange loss	749	Unrealized foreign exchange losses
Other - net	(6,840)	Initial unrealized gain on TIL stock purchase warrants
Total other items	<u>8,149</u>	
<b>Net income</b>	<b>13,237</b>	
Less: Amount attributable to non-controlling interest	(9,273)	Non-controlling interest on applicable items noted above
<b>NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.</b>	<u><u>3,964</u></u>	

# Q4 2013 Consolidated Adjusted Statement of (Loss) Income

Three Months Ended  
December 31, 2013

(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
<b>NET REVENUES</b>				
Revenues	493,546	-	-	493,546
Voyage expenses	31,727	-	-	31,727
Net revenues	461,819	-	-	461,819
<b>OPERATING EXPENSES</b>				
Vessel operating expenses	205,131	(1,961)	262	203,432
Time charter hire expense	24,164	-	-	24,164
Depreciation and amortization	109,709	-	-	109,709
General and administrative	34,360	-	432	34,792
Asset impairments and provisions	85,300	(85,300)	-	-
Loss on sale of vessels and equipment	40	(40)	-	-
Restructuring charges	2,617	(2,617)	-	-
Total operating expenses	461,321	(89,918)	694	372,097
Income from vessel operations	498	89,918	(694)	89,722
<b>OTHER ITEMS</b>				
Interest expense	(48,382)	-	(30,805)	(79,187)
Interest income	5,129	-	-	5,129
Realized and unrealized gain on derivative instruments	2,875	(34,536)	31,661	-
Equity income	35,098	(6,607)	-	28,491
Income tax recovery	839	4,859	-	5,698
Foreign exchange loss	(4,334)	4,496	(162)	-
Other - net	1,165	-	-	1,165
Total other items	(7,610)	(31,788)	694	(38,704)
<b>Net (loss) income</b>	<b>(7,112)</b>	<b>58,130</b>	<b>-</b>	<b>51,018</b>
Less: Net income attributable to non-controlling interest	(63,753)	13,870	-	(49,883)
<b>NET (LOSS) INCOME ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.</b>	<b>(70,865)</b>	<b>72,000</b>	<b>-</b>	<b>1,135</b>
<b>Fully diluted (loss) income per share</b>	<b>(1.00)</b>	<b>-</b>	<b>-</b>	<b>0.02</b>

1 See Appendix to this presentation for description of Appendix A items.

2 Please refer to footnotes (2) and (5) to the Summary Consolidated Statements of Loss (Income) in the Q4-13 earnings release.



# Q4 2013 Appendix A Item Descriptions

(in thousands of US dollars)	Q4 - 2013	
	<u>Appendix A Items</u>	<u>Explanation of Items</u>
<b>NET VOYAGE REVENUES</b>		
Revenues	-	
Voyage expenses	-	
Net revenues	-	
<b>OPERATING EXPENSES</b>		
Vessel operating expense	(1,961)	Pre-operational costs incurred in respect of Knarr FPSO unit.
Time charter hire expense	-	
Depreciation and amortization	-	
General and administrative	-	
Asset impairments and provisions	(85,300)	Impairment charge on four conventional tankers, two shuttle tankers, provision against a receivable, and reversals of previous provisions against investments in term loans and loan to a joint venture partner's parent
Loss on sale of vessels and equipment	(40)	
Restructuring charges	(2,617)	Restructuring of marine operations and certain administrative activities, termination of crew on sale of two conventional tankers, and reflagging of two shuttle tankers
Total operating expenses	(89,918)	
Income from vessel operations	89,918	
<b>OTHER ITEMS</b>		
Interest expense	-	
Interest income	-	
Realized and unrealized gain on derivative instruments	(34,536)	Unrealized gains on derivative instruments
Equity income	(6,607)	Unrealized gains on derivative instruments in joint ventures
Income tax expense	4,859	Valuation allowance and recovery of tax related to prior years
Foreign exchange loss	4,496	Unrealized foreign exchange losses
Other - net	-	
Total other items	(31,788)	
Net income	58,130	
Less: Amount attributable to non-controlling interest	13,870	Non-controlling interest on applicable items noted above
<b>NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.</b>	<u><u>72,000</u></u>	

# Teekay Group Capital Commitments

- Teekay Group's remaining capital commitments relating to its portion of acquisitions and newbuildings as at March 31, 2014:

(in Millions)	2014	2015	2016	2017	2018	Total
Teekay Offshore <sup>(1)</sup>	\$61	\$175	\$175	-	-	\$411
Teekay LNG <sup>(2)</sup>	\$159	\$134	\$329	\$456	\$17	\$1,095
Teekay Parent <sup>(3)</sup>	\$160	-	-	-	-	\$160
Total Teekay Consolidated	\$380	\$309	\$504	\$456	\$17	\$1,666

- (1) Includes capital expenditures related to the two FSO unit conversions using existing shuttle tankers and the four ALP towing and anchor handling vessel newbuildings.
- (2) Includes capital expenditures related to five newbuilding LNG carriers and Teekay LNG's 50 percent interest in the 11 newbuilding LPG carriers being constructed for the Exmar LPG BVBA joint venture.
- (3) Includes remaining capital expenditures related to the *Petrojarl Knarr* FPSO newbuilding.

# 2014 Drydock Schedule

Entity	Segment	March 31, 2014 (A)		June 30, 2014 (E)		September 30, 2014 (E)		December 31, 2014 (E)		Total 2014	
		Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days	Vessels Drydocked	Total Offhire Days
Teekay LNG	Fixed-Rate Tanker	1	27	1	23	1	26	-	-	3	76
	Liquefied Gas	1	28	-	-	-	-	2	26	3	54
	LPG Carrier - equity accounted	-	-	1	31	3	61	1	21	5	113
	LNG Carrier - equity accounted	-	-	2	53	-	-	-	-	2	53
		2	55	4	107	4	87	3	47	13	296
Teekay Offshore	Fixed-Rate Tanker	-	-	1	23	-	-	-	-	1	23
	FSO	-	-	1	70	1	40	-	-	2	110
	Shuttle Tanker	2	54	1	32	2	64	1	55	6	205
		2	54	3	125	3	104	1	55	9	338
Teekay Tankers	Spot Tanker	1	21	-	-	1	23	-	-	2	44
	Fixed-Rate Tanker	-	-	3	66	-	-	1	23	4	89
		1	21	3	66	1	23	1	23	6	133
Tanker Investments Ltd.	Spot Tanker - equity accounted	-	-	2	42	4	84	1	21	7	147
		-	-	2	42	4	84	1	21	7	147
Teekay Consolidated	Spot Tanker	1	21	-	-	1	23	-	-	2	44
	Spot Tanker - equity accounted for investments	-	-	2	42	4	84	1	21	7	147
	Fixed-Rate Tanker	1	27	5	112	1	26	1	23	8	188
	Liquefied Gas	1	28	-	-	-	-	2	26	3	54
	FSO	-	-	1	70	1	40	-	-	2	110
	Shuttle Tanker	2	54	1	32	2	64	1	55	6	205
	LPG Carriers in equity accounted for investments	-	-	1	31	3	61	1	21	5	113
	LNG Carriers in equity accounted for investments	-	-	2	53	-	-	-	-	2	53
		5	130	12	340	12	298	6	146	35	914

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



TEEKAY CORPORATION