



TEEKAY

# TEEKAY TANKERS FOURTH QUARTER AND FISCAL 2014 EARNINGS PRESENTATION

February 19, 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: the crude oil and refined product tanker market fundamentals, including the balance of supply and demand in the tanker market, estimated growth in the world tanker fleet, estimated growth in global oil demand and crude oil tanker demand, changes in long-haul crude tanker movements from the Atlantic to Pacific basins, tanker fleet utilization and spot tanker rates and potential for floating storage; the effect of lower global oil prices, including the potential impact on oil stockpiling, refinery throughput, bunker fuel prices, and oil futures markets; the Company's financial position and ability to take advantage of growth opportunities in the global conventional tanker market; the delivery timing of the five vessels the Company has agreed to acquire; and the timing of new charter-in vessel deliveries. 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 the production of or demand for oil or refined products; changes in trading patterns significantly affecting overall vessel tonnage requirements; greater or less than anticipated levels of tanker newbuilding orders and deliveries and greater or less than anticipated rates of tanker scrapping or use of tankers for storage; changes in global oil prices; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; delays in delivery of new charter-in vessels; factors leading to delivery delays of the five vessels the Company has agreed to acquire or failure by the Company to complete these acquisitions; and other factors discussed in Teekay Tankers' filings from time to time with the United States Securities and Exchange Commission, 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

- Financial Results
  - Reported adjusted net income of \$18.6 million, or \$0.21 per share, up from \$2.6 million, or \$0.03 per share in Q3-14
  - Reported adjusted net income of \$33.9 million, or \$0.39 per share, in FY2014 compared to adjusted net loss of \$16.3 million, or \$0.20 per share, in FY2013
  - Declared quarterly fixed dividend of \$0.03 per share
- In December 2014, TNK agreed to acquire four LR2 product tankers and one Aframax tanker for an aggregate purchase price of \$230 million
  - With two vessels already delivered and three expected to deliver by the end of Q1-15, this transaction is immediately accretive to net income
- Since October 2014, TNK has secured 3 additional time charter-in contracts
  - Increases the total in-charter fleet to 11 vessels
- Spot rates booked to-date for Q1-15 have continued to increase and are higher than Q4-14



# Recent Fleet Acquisitions

In December 2014, Teekay Tankers acquired 4 LR2s and 1 Aframax tanker

- Aggregate purchase price of \$230 million, funded with a combination of equity and debt financing
  - Completed a \$125 million equity offering in December 2014, including \$20 million to Teekay Corporation
  - Completed a \$127 million debt facility in January 2015
- Average cash break-even ~\$17,500/day including drydocking and debt service
- LR2s provide flexibility to trade dirty or clean depending on market conditions
- Reduced the average age of TNK's fleet by 1 year
- Reduced financial leverage (net debt/capitalization) by ~3%
- Increased TNK's owned fleet from 28 to 33 vessels

To be Named	Estimated Delivery	Year Built	Vessel Type	Yard Built
Sebarok Spirit	Delivered	2011	LR2	Hudong
Luzon Spirit	February 2015	2011	LR2	Hudong
Leyte Spirit	February 2015	2011	LR2	Hudong
Seletar Spirit	Delivered	2010	LR2	Hudong
Yamato Spirit	March 2015	2008	Aframax	Tsuneishi

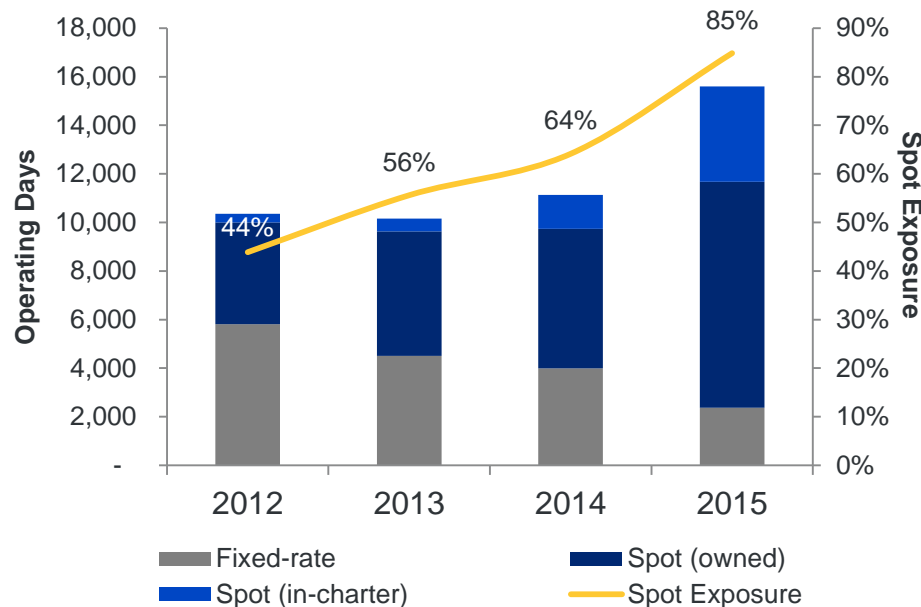




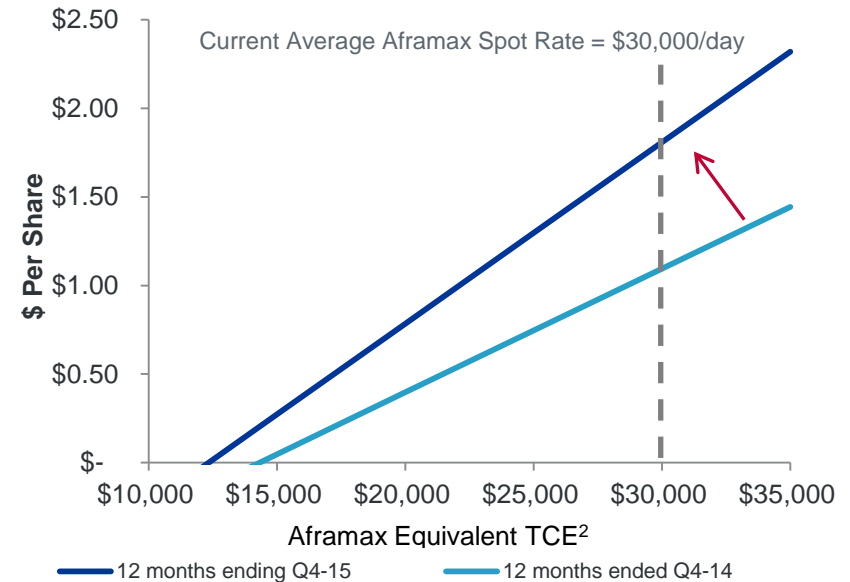
# Strategic Actions are Rewarding Shareholders

Additional spot exposure in a rising market is maximizing returns

## TNK Fleet Employment Mix



## TNK FCF<sup>1</sup> Per Share Spot Rate Sensitivity



- Actively increased in-charter portfolio to 11 vessels resulting in ~3,900 additional spot days in FY2015
- Vessels re-delivering from out-charters will join our spot fleet
- Purchased 5 additional vessels
- For every \$5,000 per day increase in spot rates, TNK's FCF increases by \$0.51 per share compared to \$0.35 per share for the same period in the prior year

(1) Free cash flow represents net income (loss), plus depreciation and amortization, unrealized losses from derivatives, non-cash items and any write-downs or other non-recurring items, less unrealized gains from derivatives. Please refer to the Teekay Tankers Q4-14 Earnings Release for reconciliation to most directly comparable GAAP financial measure.

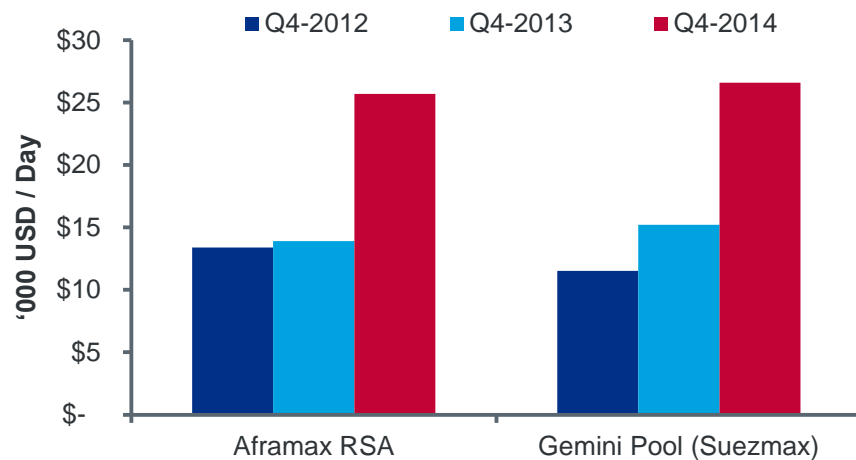
(2) Aframax equivalent TCE: Suezmax = 1.25x, LR2 = 0.86x, MR = 0.64x

# 2014/15 Winter Rally

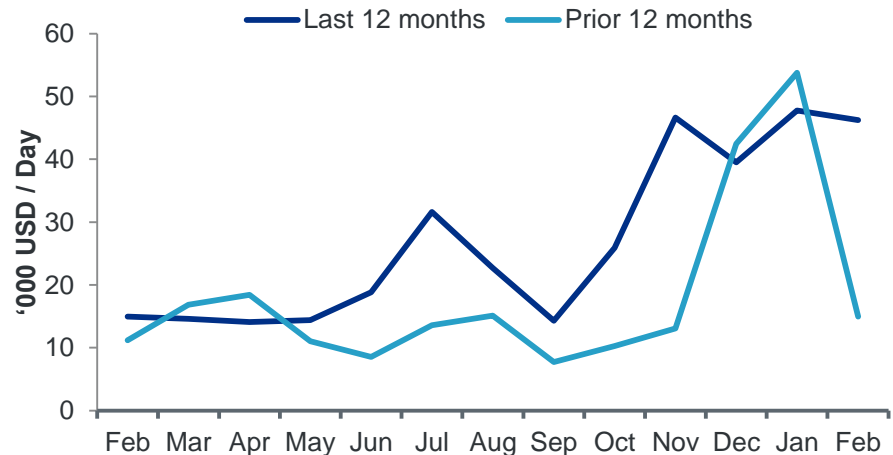
Strong tanker demand driven by an increase in global oil movements

- Average mid-size tanker rates in Q4-2014 were the highest since Q4-2008
- Increased commercial and strategic stock-building drove up tanker demand
- Higher refinery throughput as refiners took advantage of positive margins due to low oil prices
- Intermittent seasonal weather delays in the Turkish Straits and the USG tightened vessel supply

TNK's Historical Q4 Spot TCE Earnings



Mid-Size Crude Tanker Rates\*\*



Source: Clarksons

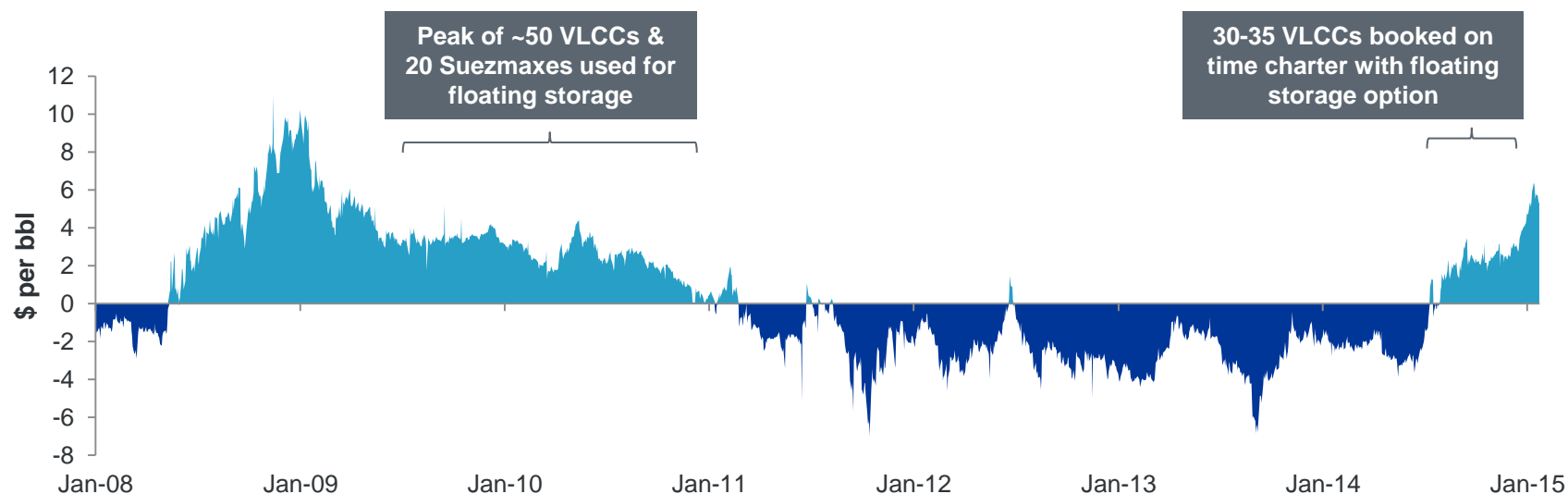
\*\*Average of Aframax and Suezmax

# Positive Impact of Low Oil Prices on Tanker Earnings

Low oil prices expected to persist through 1H-2015

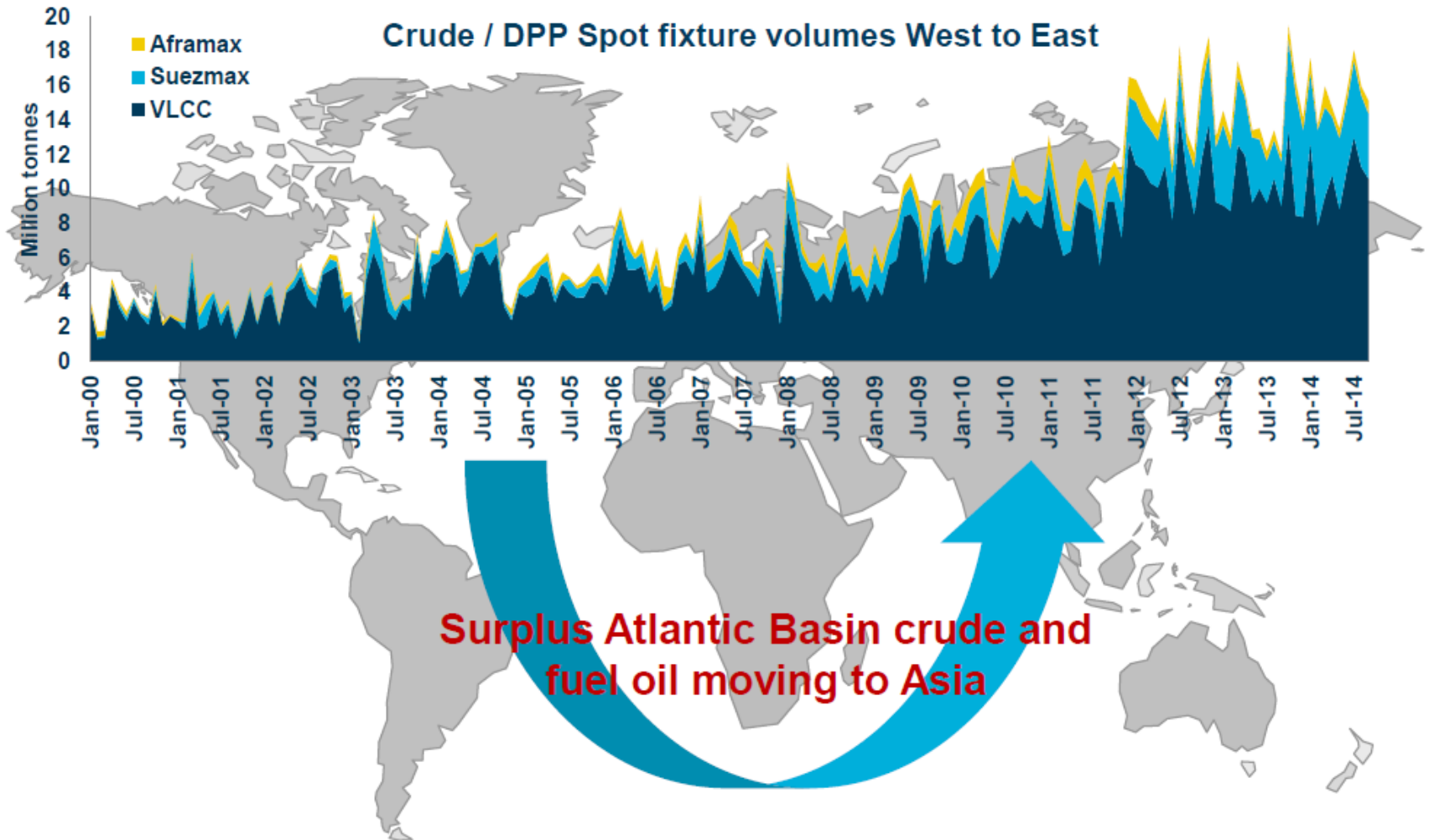
- Increased earnings: each \$10 drop per barrel in the price of oil is equivalent to \$2,400 per day in bunker fuel savings
- Improved refining margins leads to greater refinery throughput
- Potential for floating storage to have a significant effect on vessel supply
- Tighter VLCC tonnage list due to floating storage has a positive knock-on effect for Suezmax demand

## Brent Crude Oil 6 Month Spread



# Changing Tanker Routes Increases Voyage Distances

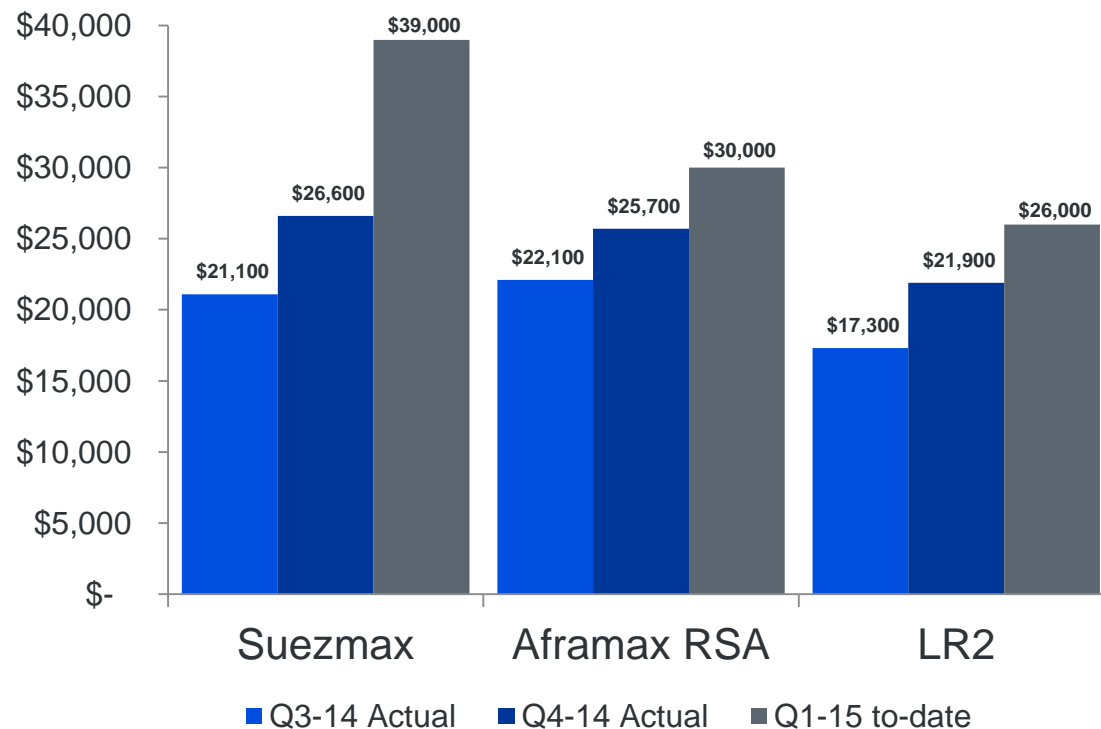
Increased flow of crude oil from the Atlantic to Pacific





# Q1-15 Spot Earnings Update

- Overall, average spot bookings for Q1-15 to-date are higher than Q4-14 based on approximately 60% and 80% of days booked in the quarter for Suezmax/Aframax and LR2 segments, respectively.

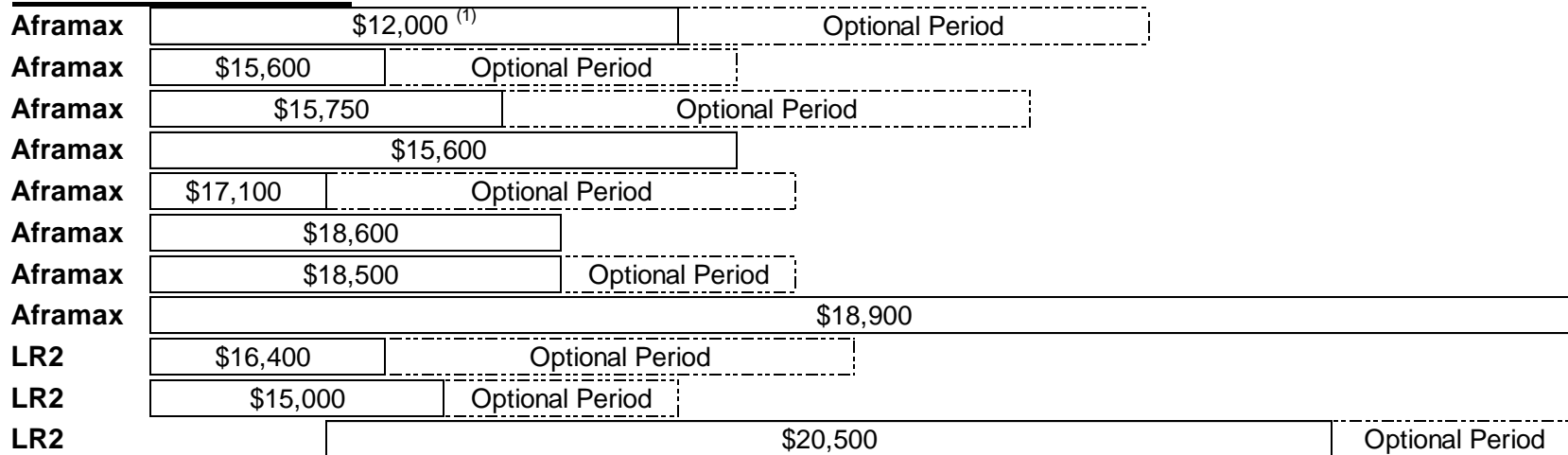


# APPENDIX

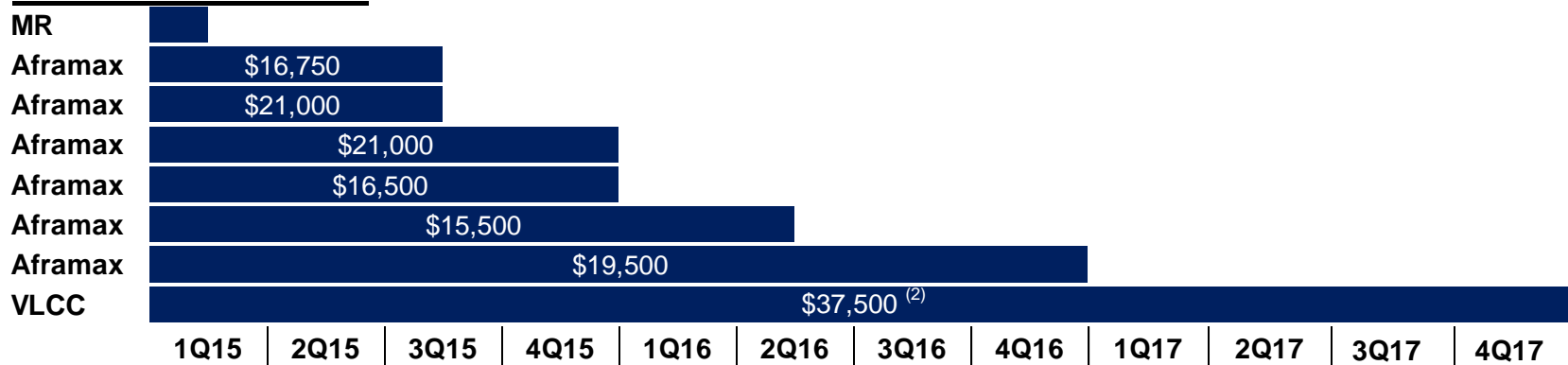


# Fleet Employment Profile

## In-Charter Portfolio



## Out-Charter Portfolio



(1) 50/50 profit share if earnings are above \$12,000/day

(2) 50/50 profit share if earnings are above \$40,500/day

# TNK 2015 Drydock & Offhire Schedule

Segment	March 31, 2015 (E)		June 30, 2015 (E)		September 30, 2015 (E)		December 31, 2015 (E)		Total 2015	
	Vessels	Total	Vessels	Total	Vessels	Total	Vessels	Total	Vessels	Total
		Off-hire Days		Off-hire Days		Off-hire Days		Off-hire Days		Off-hire Days
Spot Tanker	1	25	1	25	1	25	4	100	7	175
Fixed-Rate Tanker	1	90	-	44	-	-	-	-	1	134
	2	115	1	69	1	25	4	100	8	309

Notes:

- (1) In the case that vessel offhire straddles between quarters, the number of vessels offhire has been allocated to the quarter in which majority of the offhire days occur
- (2) Only owned vessels are accounted for in this schedule

