



TEEKAY

# TEEKAY TANKERS Q3-2015 EARNINGS PRESENTATION

November 5, 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, spot tanker rates, and the potential for localized floating storage and weather and port delays; the effect of lower global oil prices, including the potential impact on oil stockpiling, refinery throughput and bunker fuel prices; and the timing and certainty of the financial and commercial benefits of the Company's recent acquisitions, including the impact on its future free cash flow generation. 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; changes in global oil prices; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations; the ability of the Company to operate the acquired businesses profitably; increased costs; 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, 2014. 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

- Q3-2015 Financial Results
  - Generated adjusted net income<sup>1</sup> of \$40.3 million, or \$0.30 per share, versus adjusted net income of \$2.6 million, or \$0.03 per share in Q3-14
  - Generated free cash flow<sup>1</sup> of \$59.4 million, or \$0.44 per share, versus \$16.2 million, or \$0.19 per share in Q3-14
- Completed delivery of 12 Suezmax tankers acquired from Principal Maritime Tankers in late Q3-15 / early Q4-15
- Commenced integration of full service ship-to-ship (STS) transfer business
- Increase in Suezmax ship days well-timed for strong winter rally



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

# Execution of Strategic Acquisitions

## Suezmax fleet and ship-to-ship transfer business

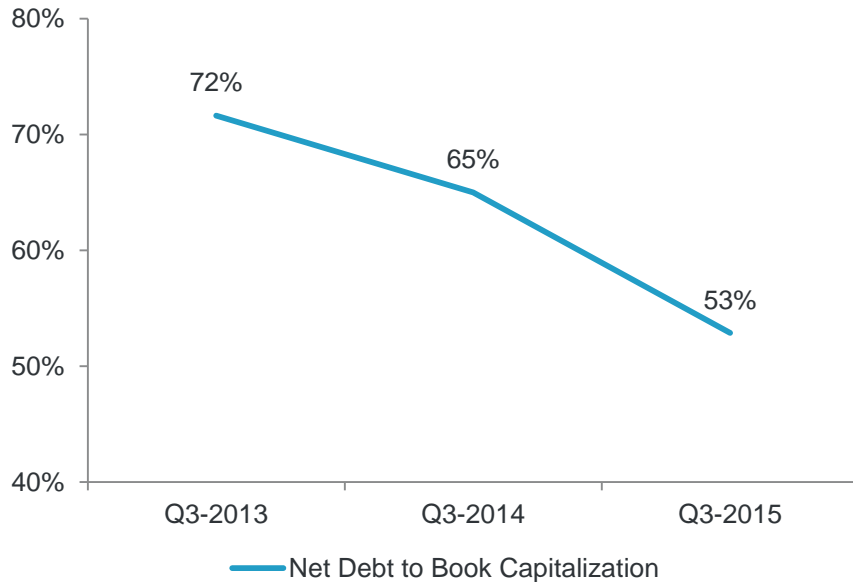
- Successfully bid on the Principal Maritime fleet at an attractive price
- Assimilation of twelve Suezmaxes into the TNK platform in just nine weeks
- Accelerating drydocks in order to maximize long-term earnings
  - Eight of twelve Principal Maritime vessels being drydocked including eco modifications
- Economies of scale further reducing G&A per ship day
- Immediately realizing cost synergies from early stage integration of STS transfer business with revenue synergies in the future
- Both acquisitions fully financed and accretive to earnings and free cash flow per share



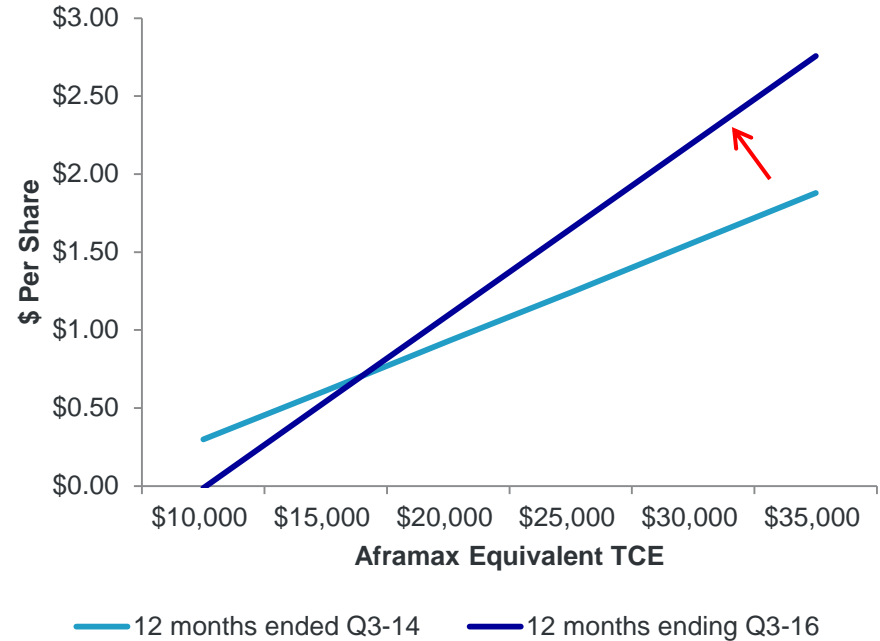
	Q3-15	Q4-15	Q1-16
Revenue days	33	892	1,092
Ship Equivalent	0.3	9.7	12.0

# Continuing to Deliver Shareholder Value

## Financial Leverage



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



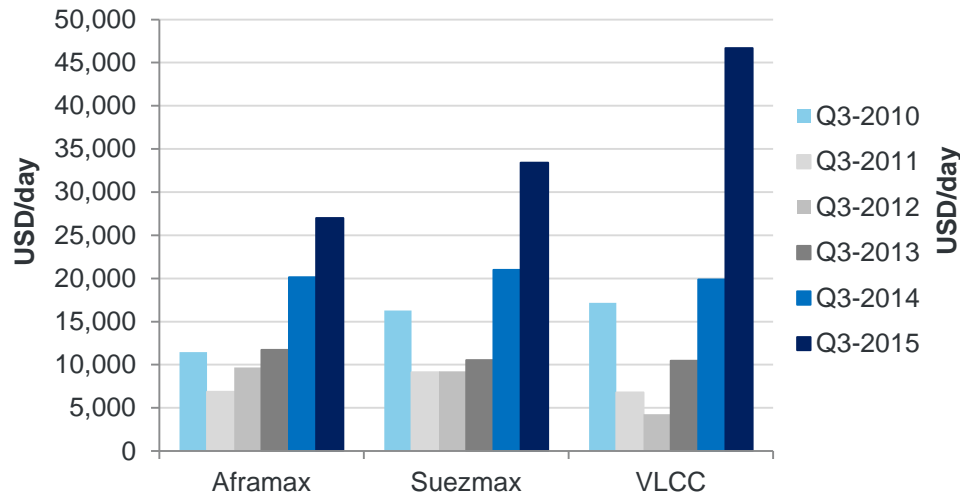
- Increasing net asset value through delevering balance sheet
- Increasing operating leverage to \$0.57 per share for every \$5,000 per day increase in spot tanker rates
- Dividend policy to be reviewed with the Board in December 2015



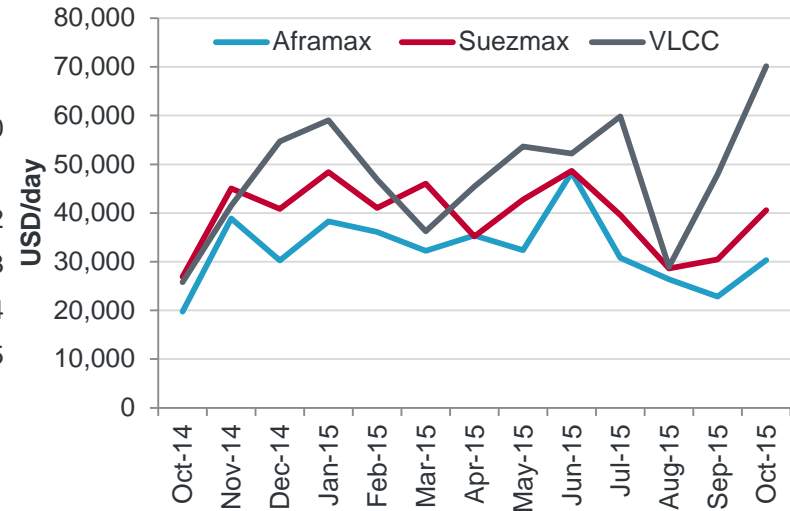
(1) Free cash flow represents net income, plus depreciation and amortization, unrealized losses from derivatives, non-cash items, FCF from equity accounted investments and any write-offs or other non-recurring items, less unrealized gains from derivatives and other non-cash items. Please refer to the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

# Rates Remained Historically Strong in Q3-15

## Q3 Crude Tanker Earnings



## Crude Tanker Rates



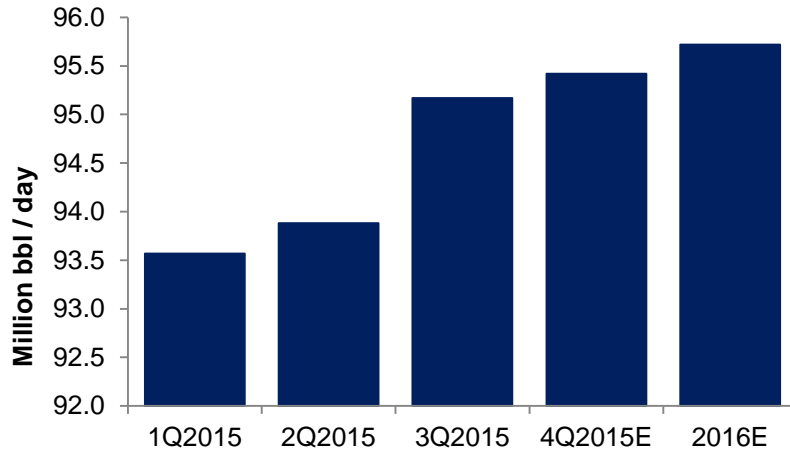
Source: 90% Clarksons / internal forecasts

- Tanker rates softened in Q3-15 due to seasonal refinery maintenance, but remained firm on a historical basis due to strong underlying fundamentals
  - Low oil prices, strong refining margins, stockpiling and limited fleet growth driving rates
- Rates began to increase in late Q3-15 / early Q4-15, led by the VLCC sector
  - Increase in exports from diverse supply regions to Asia as refineries returned from maintenance
- Mid-size tanker rates lagged VLCCs initially, but are now starting to firm



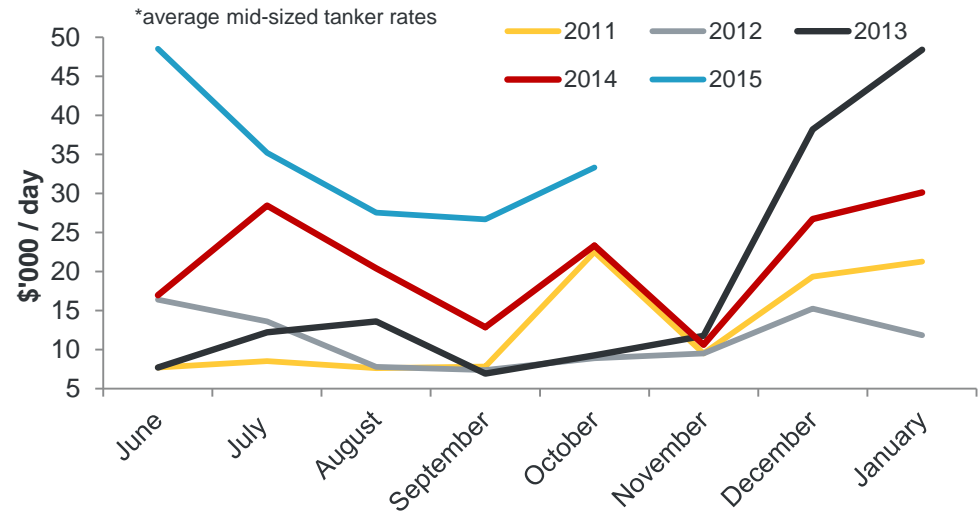
# Strong Winter Tanker Market Expected

## Rising Global Oil Demand



Source: IEA

## Rates Typically Spike in Dec / Jan



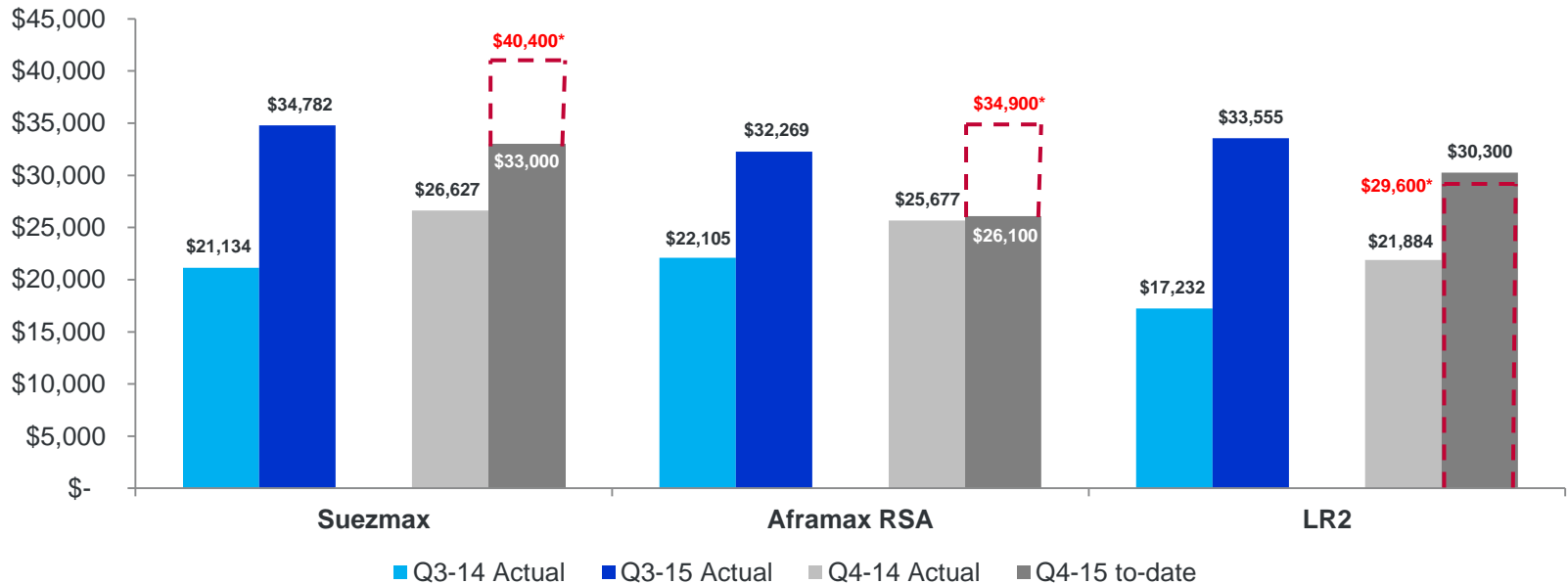
Source: 90% Clarksons

- Expected global oil demand increase of ~250 kb/d in Q4-15 as colder weather in the Northern Hemisphere drives up demand
- Chinese oil demand forecasted to increase by ~100 kb/d through Q1-16
  - Actual import requirements expected to be higher as China uses low oil prices to fill SPR. Estimates suggest an additional 200 kb/d of crude imports through 1H-16
- Winter weather delays coupled with transit and port delays through Q1-16 should give further support to crude tanker rates



# Q4-15 Spot Earnings Update

- Spot rates averaged significantly higher year-on-year in Q3-15
- Spot rates bookings to-date are stronger than Q4-14
- Recent strengthening in the Suezmax and Aframax markets will bring Q4-15 rates above Q3-15 rates



Q4-15 %  
booked to-  
date

40%

42%

70%



\*Q4-15 estimates are based on bookings to-date plus BINTR-based forward rates for unfixed days (forward rates are: ~\$45k for Suezmax, ~\$41k for Aframax, and ~\$28k for LR2)

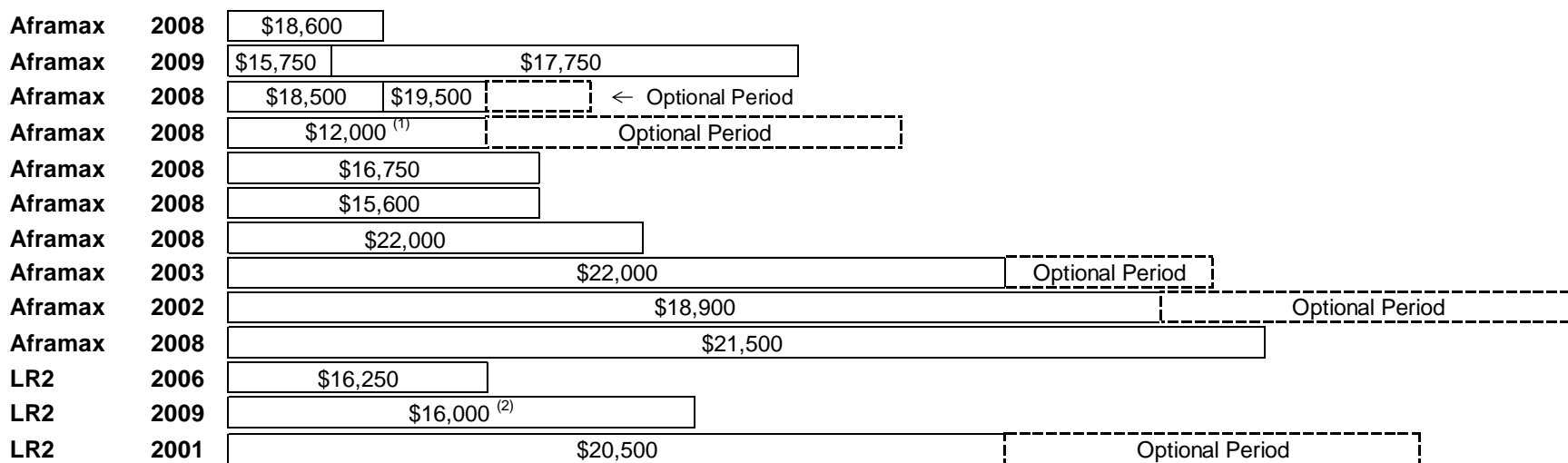


# APPENDIX

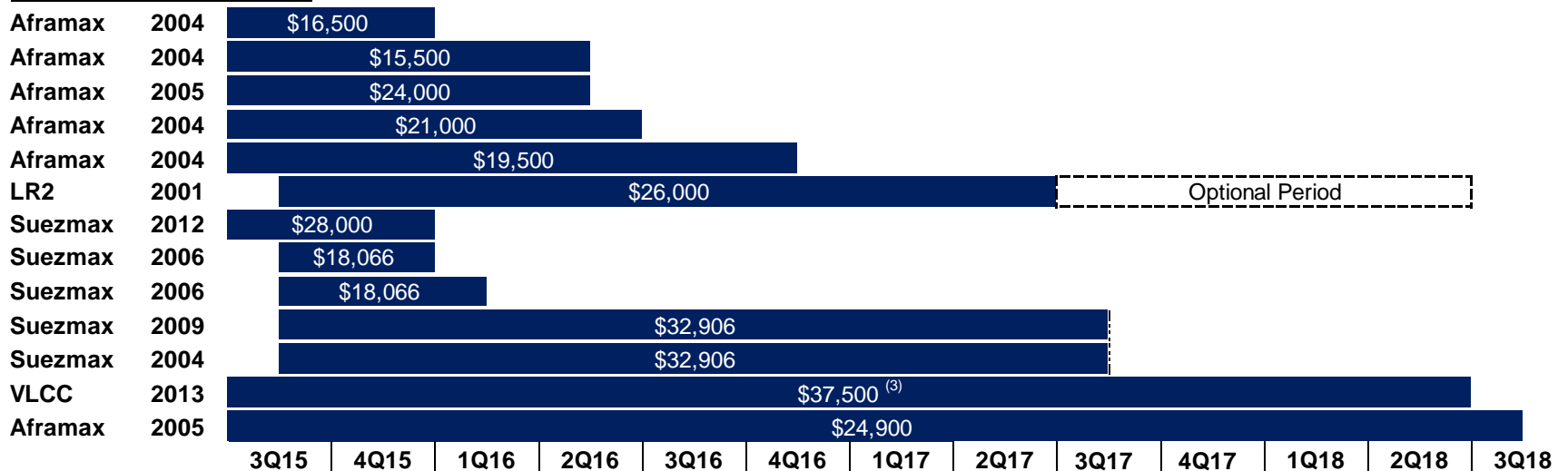


# Fleet Employment Profile

## 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 between \$16,000 and \$24,000 /day plus 75/25 profit share in TNK's favor if earnings are above \$24,001/day

(3) The Company's ownership interest in this vessel is 50%. 50/50 profit share if earnings are above \$40,500/day



# Delivery Schedule for Principal Maritime Fleet

No.	Vessel Name	Delivery Date
1	Beijing Spirit*	08-17-15
2	Atlanta Spirit*	09-03-15
3	Moscow Spirit*	09-08-15
4	Athens Spirit	09-09-15
5	Seoul Spirit*	09-21-15
6	London Spirit*	09-21-15
7	Barcelona Spirit*	09-23-15
8	Rio Spirit	09-24-15
9	Los Angeles Spirit	09-28-15
10	Montreal Spirit*	09-30-15
11	Tokyo Spirit*	10-05-15
12	Sydney Spirit	10-15-15

\*Vessels delivered and proceeded directly to drydock.

## Drydock & Offhire Schedule

Teekay Tankers	March 31, 2015 (A)		June 30, 2015 (A)		September 30, 2015 (A)		December 31, 2015 (E)		Total 2015		Total 2016	
	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days
Spot Tankers	1	27	1	24	4	102	4	171	10	324	1	14
Fixed-Rate Tankers	1	90	2	103	-	-	-	-	3	193	-	-
Principal Tankers	-	-	-	-	5	108	3	210	8	318	-	-
	2	117	3	127	9	210	7	381	21	835	1	14

(1) Only owned vessels are accounted for in this schedule.

