



TEEKAY

**TEEKAY  
CORPORATION  
FOURTH  
QUARTER 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: future growth opportunities, market conditions and cash flows; the timing for implementation of the Company's new dividend policy and expectations for future dividend increases by Teekay Parent and distribution increases by its daughter entities; the sale of the *Petrojarl Knarr* FPSO unit to Teekay Offshore and timing for the commencement of the unit's charter contract; the dividend contributions of any future projects awarded to the Company's daughter companies; the total cost and timing for the delivery of newbuilding and conversion projects and timing of commencement of associated time-charter contracts; and the timing, certainty and purchase price of pending and future vessel acquisitions. 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 newbuilding orders or greater or less than anticipated rates of vessel 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, FSO and FPSO units; decreases in oil production by, or increased operating expenses for, FPSO units; fluctuations in global oil prices; 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; delays in commencement of operations of FPSO and FSO units at designated fields; changes in the Company's expenses; the Company and its publicly-traded subsidiaries' future capital expenditure requirements and the inability to secure financing for such requirements; the amount of future distributions by the Company's daughter companies to the Company; failure by Teekay Offshore and Teekay LNG to complete its vessel acquisitions; the inability of the Company to complete vessel sale transactions to its publicly-traded subsidiaries or to third parties, including obtaining Board of Directors and Conflicts Committee approvals; failure of the respective Board of Directors of the general partners of Teekay Offshore and Teekay LNG to approve future distribution increases; conditions in the United States capital markets; 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 (Parent)

- Generated \$308 million of total CFVO<sup>1</sup> in Q4-14, an increase of 25% from Q4-13
- Reported Q4-14 consolidated adjusted net income<sup>2</sup> of \$30.7 million, or \$0.42 per share, compared to \$1.1 million, or \$0.02 per share in Q4-13
- Reported FY2014 consolidated adjusted net income<sup>2</sup> of \$1.5 million, or \$0.02 per share, compared to FY2013 consolidated net loss of \$79.9 million, or \$1.12 per share
- Completed the sale of the *Petrojarl I* FPSO to Teekay Offshore for \$57 million which will commence a new contract in 1H-2016 following upgrade
- Teekay Offshore has agreed to acquire the *Knarr* FPSO for ~\$1.2 billion
- Remain committed to new dividend policy upon completion of Knarr FPSO dropdown<sup>3</sup>
  - Targeting initial level of \$2.20 - \$2.30 per share (annualized)

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 Q4-14 earnings release for a reconciliation of this non-GAAP measure as used in this presentation to the most directly comparable GAAP financial measure.

2) See Appendix A of the Q4-14 earnings release for a reconciliation of this non-GAAP measure to the most directly comparable financial measure under GAAP.

3) Effective in Q2-15, subject to commencement of *Knarr* FPSO contract and completion of sale to Teekay Offshore.



# Recent Highlights

## Teekay LNG Partners

- Declared Q4-14 distribution of \$0.70 per unit (1.2% increase from the previous quarter) – **\$26.3M to Teekay Parent**
- Awarded contracts for 5 LNG newbuilds with Shell and declared three existing newbuilding options – **TGP investment ~\$630M**
- Ordered 1 LNG newbuilding and received options to order 4 additional LNG newbuildings - **TGP investment: ~\$220M**
- Acquired and bareboat charter-back one LPG carrier from I.M. Skaugen - **TGP investment: \$27M**
- Exmar LPG JV took delivery of the fourth of 12 mid-size LPG carrier newbuildings

## Teekay Offshore Partners

- Declared Q4-14 distribution of \$0.5384 per unit – **\$18.1M to Teekay Parent**
- Awarded new FPSO contract in Brazil and acquired the Petrojarl I FPSO from Teekay Corp. – **TOO investment: ~\$235M**
- 50/50 JV with Odebrecht finalized contract with Petrobras for Libra FPSO – **TOO investment: \$0.5B**
- Subsidiary ALP agreed to acquire 6 on-the-water towing and anchor handling vessels – **TOO investment: \$220M**

## Teekay Tankers Ltd.

- Declared Q4-14 dividend of \$0.03 per share – **\$0.9M to Teekay Parent**
- Generated Q4-14 Free Cash Flow of \$0.35 per share
- Agreed to acquire five LR2/Aframax tankers – **TNK investment: \$230M**
- Secured three new charter-in contracts bringing total charter-in fleet to 11 vessels
- Experiencing the strongest winter tanker market since 2008



# Status of Dropdown FPSOs at Teekay Parent

Remaining FPSOs targeted for dropdown to TOO by 2017

FPSO	Current Status	Dropdown Trigger
<i>Agreed</i>		
<b>Petrojarl 1</b>	<ul style="list-style-type: none"> <li>Completed</li> </ul>	<ul style="list-style-type: none"> <li>Award of new 5-year fixed-rate contract commencing in 1H-2016</li> </ul>
<b>Petrojarl Knarr</b>	<ul style="list-style-type: none"> <li>Finalizing field installation and preparing for first oil</li> </ul>	<ul style="list-style-type: none"> <li>Completion of Interim Performance Test (IPT), expected in March 2015</li> </ul>
<i>Future</i>		
<b>Petrojarl Banff</b>	<ul style="list-style-type: none"> <li>Resumed production July 2014</li> </ul>	<ul style="list-style-type: none"> <li>Contract uplift commenced in Q1-2015 – now eligible for dropdown</li> </ul>
<b>Hummingbird Spirit</b>	<ul style="list-style-type: none"> <li>On firm contract until March 2016 - options on current contract run through March 2017</li> </ul>	<ul style="list-style-type: none"> <li>Enter into new long-term contract</li> </ul>
<b>Petrojarl Foinaven</b>	<ul style="list-style-type: none"> <li>Subsea issues causing field to produce below max. capacity</li> </ul>	<ul style="list-style-type: none"> <li>Stabilize production and obtain charterer's approval to transfer ownership to TOO</li> </ul>

# Consolidated Adjusted Statements of Income (Loss)

Q4-14 vs. Q3-14

(\$'000's, except per share amounts)	Q4-14 Adjusted*	Q3-14 Adjusted*	Comments
Net revenues	512,797	456,000	Increase mainly related to Foinaven FPSO annual recognition of operation and oil price tariff revenue in Q4-14, Banff FPSO full quarter of operations, higher spot tanker rates and additional in-chartered conventional tankers.
Vessel operating expenses	(196,737)	(205,814)	Decrease mainly related to lower repairs and maintenance on FPSOs.
Time charter hire expense	(24,315)	(16,899)	Additional in-chartered tankers in TNK.
Depreciation and amortization	(109,238)	(106,835)	Higher amortization from dry dockings completed in Q3-14.
General and administrative	(31,902)	(32,010)	
<b>Income from vessel operations</b>	<b>150,605</b>	<b>94,442</b>	
Net interest expense	(83,414)	(78,241)	Higher interest expense primarily as a result of refinancings and adjustments to capitalized interest.
Equity Income	27,499	25,702	Higher income from the Itajai JV.
Income tax recovery (expense)	5,494	(3,111)	Income tax recovery from the reversal of freight tax accruals.
Other - net	1,163	(532)	
<b>Net income</b>	<b>101,346</b>	<b>38,260</b>	
Less: Net income attributable to non-controlling interest	(70,676)	(50,839)	Higher adjusted earnings in TNK, TGP & TOO.
<b>Net income (loss) attributable to shareholders of Teekay Corp.</b>	<b>30,670</b>	<b>(12,579)</b>	
Fully diluted income (loss) per share	0.42	(0.17)	



\* See slides 13 and 15 to this presentation for the Consolidated Adjusted Statements of Income (Loss) for Q4-14 and Q3-14.

# Q1 2015 Outlook – Teekay Consolidated

Income Statement Item	Q1 2015 Outlook
Net Revenues	<ul style="list-style-type: none"> <li>» <u>Fixed-Rate Fleet (expected changes from Q4-14):</u> <ul style="list-style-type: none"> <li>• \$20m increase from Knarr FPSO assuming interim performance testing completed March 1, 2015</li> <li>• \$4m increase from the rate reset on the Banff FPSO effective January 1, 2015</li> <li>• \$2m increase assuming the delivery of three ocean towage vessels on March 1, 2015</li> <li>• \$20m decrease from the Foinaven FPSO due to annual recognition of operation and oil price tariff revenue in Q4-14</li> <li>• \$14m decrease from the expiration of time charter-out contracts for one shuttle tanker and five conventional tankers</li> <li>• \$8m decrease from remaining FPSOs due to incentive-based revenues recognized in Q4-14</li> <li>• \$4m decrease from fewer CoA days for the shuttle tanker fleet</li> <li>• \$2m decrease in time charter-out rates on Polar Spirit and Arctic Spirit LNG carriers</li> </ul> </li> <li>» <u>Spot-Rate Fleet (expected changes from Q4-14):</u> <ul style="list-style-type: none"> <li>• Increase of 540 net revenue days from TNK in-charters and time charter-out contract expirations</li> <li>• Approximately 60% of Q1-15 spot revenue days for Aframax and Suezmaxes, fixed at \$30,000/day and \$39,000/day, respectively, compared to \$25,700/day and \$26,600/day, respectively, in Q4-14</li> </ul> </li> </ul>
Vessel Operating Expenses (OPEX)	» Expected to increase by \$7m due to delivery of Knarr FPSO and ocean towage vessels, higher forecast R&M for the remaining FPSO units
Time-charter Hire Expense	» Increase of \$1m due to additional TNK in-chartered conventional tankers
Depreciation & Amortization	» Increase of \$5m primarily due to Knarr FPSO, ocean towage vessels and TNK vessel acquisitions, partially offset by lower depreciation on Petrojarl I FPSO
General & Administrative	» Expected range of \$35m - \$36m
Net Interest Expense	» Expected to be consistent with Q4-14 as delivery of Knarr FPSO and ocean towage vessels, partially offset by RasGas II refinancing
Equity Income	» Expected to be consistent with Q4-14
Income Tax Expense	» Expected to be approximately \$2m
Non-controlling Interest Expense	» Expected range: \$71m to \$73m, increase primarily due to Q4 equity issuances in TNK and TOO, higher expected income in TNK, partially offset by lower expected income in TOO



# Teekay Parent Free Cash Flow

Q4-14 vs. Q3-14

(\$'000's, except per share amounts)

<b>OPCO</b>	<b>Q4-14</b>	<b>Q3-14</b>
CFVO	22,238	(9,170)
Net Interest expense	(15,056)	(13,000)
Dry-docking expense	(3,652)	(2,673)
<b>Teekay Parent OPCO Cash Flow</b>	<b>3,530</b>	<b>(24,843)</b>
<b>GPCO</b>	<b>Q4-14</b>	<b>Q3-14</b>
LP Distributions	30,465	30,258
GP Distributions	13,912	12,763
Other dividends	881	756
Total Daughter Distributions	45,258	43,777
Less:		
Corporate G&A	(3,767)	(4,068)
<b>Teekay Parent GPCO Cash Flow</b>	<b>41,491</b>	<b>39,709</b>
<b>Teekay Parent Free Cash Flow</b>	<b>45,021</b>	<b>14,866</b>
Teekay Parent FCF per share	0.62	0.21
Teekay weighted average outstanding shares	72,498,974	72,393,072

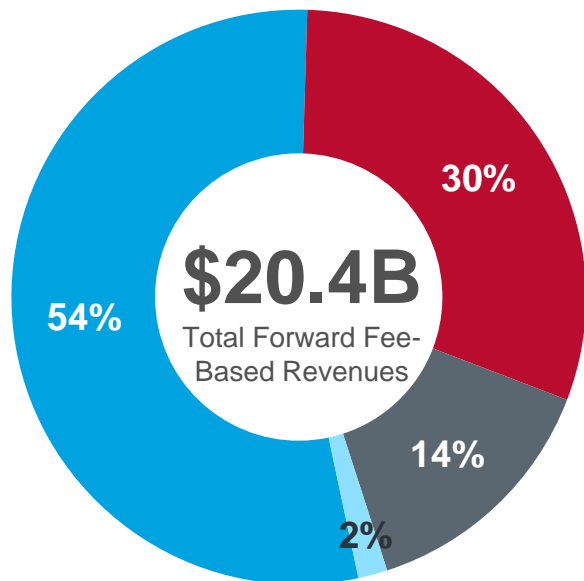




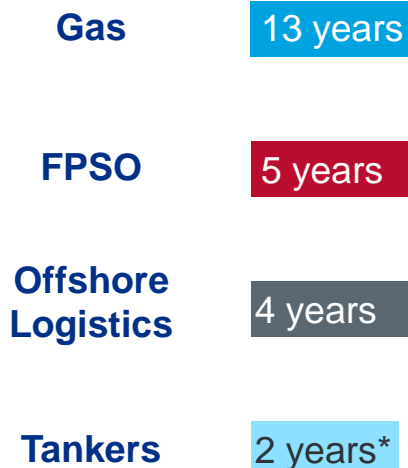
# Diverse, Fee-Based and Contracted Revenues from Strong Customer Group

Provides downside cash flow protection and predictability

### Forward Fee-Based Revenues by Segment



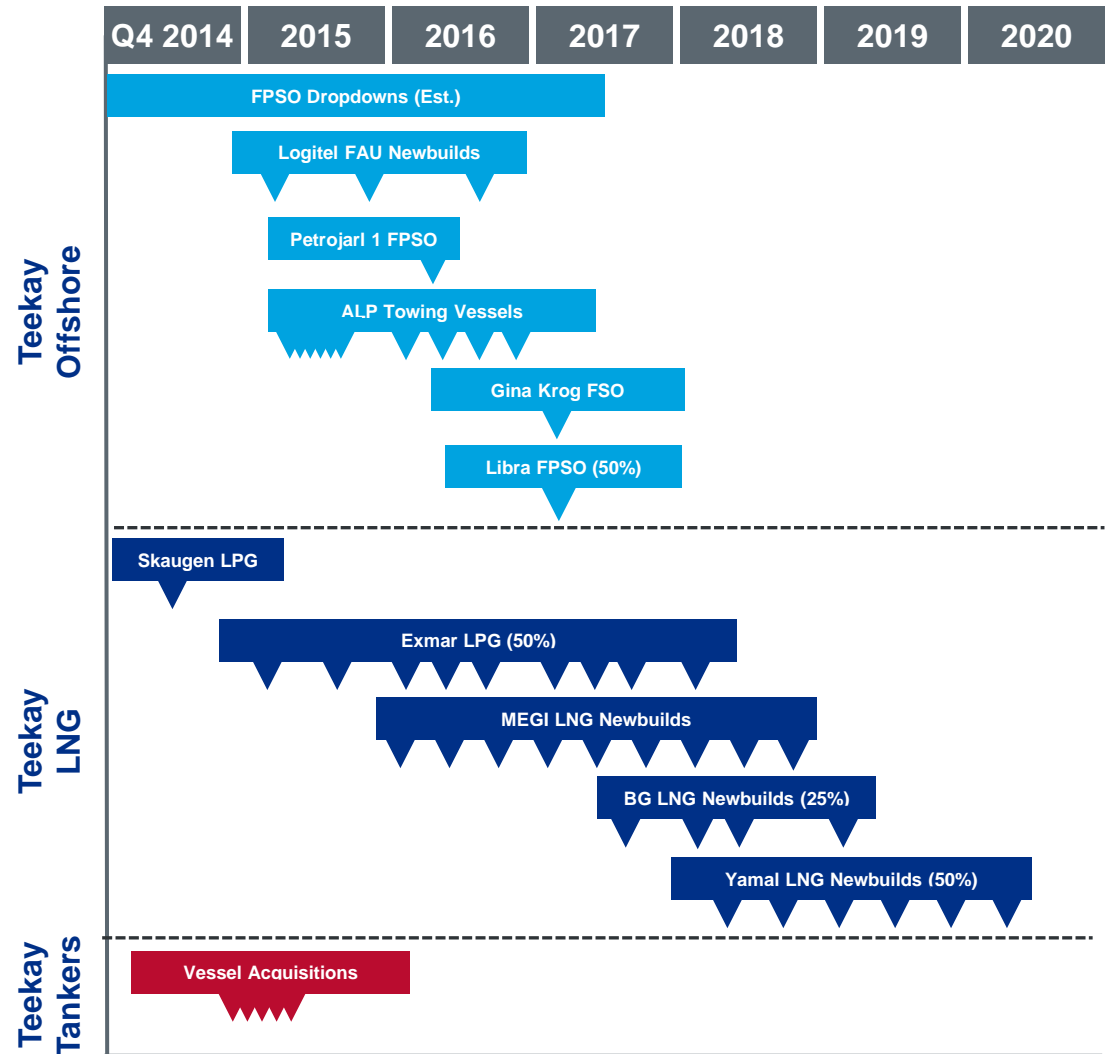
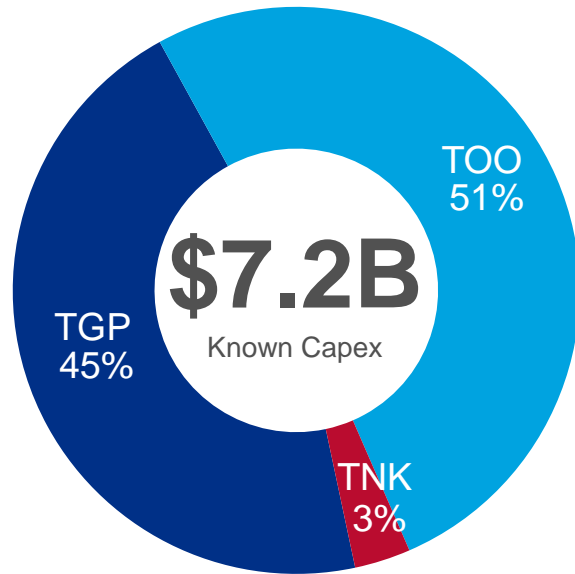
### Average Remaining Contract Length by Segment



Note: Forward fee-based revenues and average remaining contract life excludes extension options  
 \* ~35% of the conventional fleet is on fixed-rate contracts

# Visible Pipeline of Profitable Growth

Currently over \$7 billion of known accretive growth will support future dividend increases



# Appendix

# Teekay Group's Capital Commitments

- Teekay Group's remaining capital commitments relating to its portion of acquisitions, newbuildings and conversions as at December 31, 2014, including recent announcements:

	(in Millions)	2015	2016	2017	2018	2019	2020	Total
Teekay Offshore	<b>Offshore Production</b>							
	FPSO (excl. dropdowns)	\$332	\$298	-	-	-	-	\$630
	<b>Offshore Logistics</b>							
	FSO	\$118	\$46	-	-	-	-	\$164
	Towage	\$286	\$109	-	-	-	-	\$395
	FAU	\$182	\$374	\$25	-	-	-	\$581
Teekay LNG	<b>LNG</b>	\$151	\$389	\$689	\$913	\$219	\$191	\$2,552
	<b>LPG</b>	\$40	\$57	\$57	\$17	-	-	\$171
Teekay Tankers	<b>Tankers</b>	\$230	-	-	-	-	-	\$230
	<b>Total</b>	\$1,339	\$1,273	\$771	\$930	\$219	\$191	\$4,723



# Consolidated Adjusted Statement of (Loss) Income

Q4-14

Three Months Ended  
December 31, 2014

(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
Revenues	544,989	(6,979)	-	538,010
Voyage expenses	(25,213)	-	-	(25,213)
Net revenues	519,776	(6,979)	-	512,797
Vessel operating expenses	(200,333)	5,380	(1,784)	(196,737)
Time charter hire expense	(24,315)	-	-	(24,315)
Depreciation and amortization	(109,238)	-	-	(109,238)
General and administrative expenses	(34,509)	3,651	(1,044)	(31,902)
Gain on sale of vessels	2,839	(2,839)	-	-
Restructuring charges	(6,766)	6,766	-	-
<b>Income from vessel operations</b>	<b>147,454</b>	<b>5,979</b>	<b>(2,828)</b>	<b>150,605</b>
Interest expense	(57,334)	3,009	(30,554)	(84,879)
Interest income	1,465	-	-	1,465
Realized and unrealized loss on derivative instruments	(103,304)	72,707	30,597	-
Equity income	25,417	2,082	-	27,499
Income tax (expense) recovery	(1,071)	6,565	-	5,494
Foreign exchange loss	(3,126)	341	2,785	-
Other - net	(6,998)	8,161	-	1,163
<b>Net income</b>	<b>2,503</b>	<b>98,843</b>	<b>-</b>	<b>101,346</b>
Less: Net income attributable to non-controlling interest	(16,159)	(54,517)	-	(70,676)
<b>NET (LOSS) INCOME ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.</b>	<b>(13,656)</b>	<b>44,326</b>	<b>-</b>	<b>30,670</b>
<b>Fully diluted (loss) income per share</b>	<b>(0.19)</b>	<b>(0.19)</b>	<b>(0.19)</b>	<b>0.42</b>



1 See slide 14 to this presentation for description of Appendix A items.

2 Please refer to footnotes (2) to the Summary Consolidated Statements of Income (Loss) in the Q4-14 earnings release.

# Appendix A Item Descriptions

## Q4-14

(in thousands of US dollars)	Q4 - 2014	
	<u>Appendix A Items</u>	<u>Explanation of Items</u>
Revenues	(6,979)	Recovery of crew redundancy costs from customer
Voyage expenses	-	
Net revenues	<u>(6,979)</u>	
Vessel operating expense	5,380	Pre-operational costs incurred in respect of Knarr FPSO unit and write-off of HiLoad mobilisation costs
Time charter hire expense	-	
Depreciation and amortization	-	
General and administrative	3,651	RGII lease termination costs and expenses
Gain on sale of vessels and equipment	(2,839)	Gain on sale of Norvegia
Restructuring charges	<u>6,766</u>	Crew redundancy costs
<b>Income from vessel operations</b>	<b>5,979</b>	
Interest expense	3,009	Write-off prepaid loan costs related to RGII lease termination
Interest income	-	
Realized and unrealized loss on derivative instruments	72,707	Unrealized losses on derivative instruments, realized interest rate swap losses incurred in respect of Knarr FPSO unit during the pre-operational phase, and realized losses on termination of swaps related to RGII lease termination
Equity income	2,082	Unrealized losses on derivative instruments in joint ventures
Income tax recovery	6,565	Adjustments to certain deferred income tax balances
Foreign exchange loss	341	Foreign exchange losses including unrealised losses on cross currency swaps
Other - net	<u>8,161</u>	Loss on bond repurchases and unrealized loss on marketable securities
<b>Net</b>	<b>98,843</b>	
Less: Amounts attributable to non-controlling interests	<u>(54,517)</u>	Non-controlling interest on applicable items noted above
<b>AMOUNTS ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.</b>	<b><u><u>44,326</u></u></b>	



# Consolidated Adjusted Statement of Income (Loss)

Q3-14

Three Months Ended  
September 30, 2014

(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
Revenues	490,183	-	-	490,183
Voyage expenses	(34,183)	-	-	(34,183)
Net revenues	456,000	-	-	456,000
Vessel operating expenses	(206,085)	280	(9)	(205,814)
Time charter hire expense	(16,899)	-	-	(16,899)
Depreciation and amortization	(106,835)	-	-	(106,835)
General and administrative expenses	(31,585)	-	(425)	(32,010)
Asset impairments	(4,759)	4,759	-	-
Gain on sale of vessels	1,217	(1,217)	-	-
Restructuring charges	(2,665)	2,665	-	-
<b>Income from vessel operations</b>	<b>88,389</b>	<b>6,487</b>	<b>(434)</b>	<b>94,442</b>
Interest expense	(52,206)	-	(28,821)	(81,027)
Interest income	2,786	-	-	2,786
Realized and unrealized loss on derivative instruments	(5,792)	(22,582)	28,374	-
Equity income	39,932	(14,230)	-	25,702
Income tax expense	(3,111)	-	-	(3,111)
Foreign exchange gain	19,497	(20,378)	881	-
Other - net	(1,670)	1,138	-	(532)
<b>Net income</b>	<b>87,825</b>	<b>(49,565)</b>	<b>-</b>	<b>38,260</b>
Less: Net income attributable to non-controlling interest	(85,451)	34,612	-	(50,839)
<b>NET INCOME (LOSS) ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.</b>	<b>2,374</b>	<b>(14,953)</b>	<b>-</b>	<b>(12,579)</b>
<b>Fully diluted income (loss) per share</b>	<b>0.03</b>	<b>(0.17)</b>	<b>-</b>	<b>(0.17)</b>



1 See slide 16 to this presentation for description of Appendix A items.

2 Please refer to footnotes (2) to the Summary Consolidated Statements of Income (Loss) in the Q3-14 earnings release.

# Appendix A Item Descriptions

## Q3-14

(in thousands of US dollars)	Q3 - 2014	
	<u>Appendix A Items</u>	<u>Explanation of Items</u>
Revenues	-	
Voyage expenses	-	
Net revenues	-	
Vessel operating expense	280	Pre-operational costs incurred in respect of Knarr FPSO unit
Time charter hire expense	-	
Depreciation and amortization	-	
General and administrative	-	
Asset impairments	4,759	Impairment charge on one older shuttle tanker
Gain on sale of vessels and equipment	(1,217)	Sale of office building
Restructuring charges	2,665	Restructuring costs related to marine operations, and crew redundancy accrual relating to sale of Huelva Spirit
<b>Income from vessel operations</b>	<b>6,487</b>	
Interest expense	-	
Interest income	-	
Realized and unrealized loss on derivative instruments	(22,582)	Unrealized gains on derivative instruments and realized interest rate swap losses incurred in respect of Knarr FPSO unit during the pre-operational phase
Equity income	(14,230)	Unrealized gains on derivative instruments in joint ventures and gain on sale of vessels in joint venture
Income tax (expense) recovery	-	
Foreign exchange gain	(20,378)	Unrealized foreign exchange gains, primarily related to NOK-denominated bonds and Euro-denominated debt
Other - net	1,138	
<b>Net</b>	<b>(49,565)</b>	
Less: Amounts attributable to non-controlling interests	34,612	Non-controlling interest on applicable items noted above
<b>AMOUNTS ATTRIBUTABLE TO STOCKHOLDERS OF TEEKAY CORP.</b>	<b>(14,953)</b>	





The background is a solid blue color with a subtle, wavy texture. Overlaid on this background are several thick, white, geometric lines that form a stylized, abstract shape resembling the letter 'E'. The lines are composed of multiple parallel paths, creating a sense of depth and movement. The overall composition is clean and modern.

BRINGING ENERGY TO THE WORLD