

Teekay Group

Q3-2024 Earnings Presentation



Forward Looking Statement

This presentation contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. All statements included in this presentation, other than statements of historical fact, are forward-looking statements. When used in this presentation, the words "expect", "believe", "anticipate", "plan", "intend", "estimate", "may", "will" or similar words are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. Forward-looking statements contained in this presentation include, among others, statements regarding: the occurrence and timing of the completion of the acquisition of Teekay Australia and certain management services companies by the Company from Teekay, and the impacts of these transactions on the Teekay Group; the timing of payments of cash dividends; any future dividends; geopolitical events and the impact thereof on the industry, the Teekay Group's business and on the tanker rate environment; management's view of the tanker operating environment, the strength of the tanker market and of the tanker rate environment, and related effects on the Teekay Group and its operations; crude oil and refined product tanker market fundamentals; forecasts of worldwide tanker fleet growth or contraction, vessel scrapping levels, and newbuilding tanker orders; management's expectations regarding free cash flow and other financial statement items; anticipated drydock and off-hire schedules; and the Teekay Group's liquidity and market position.

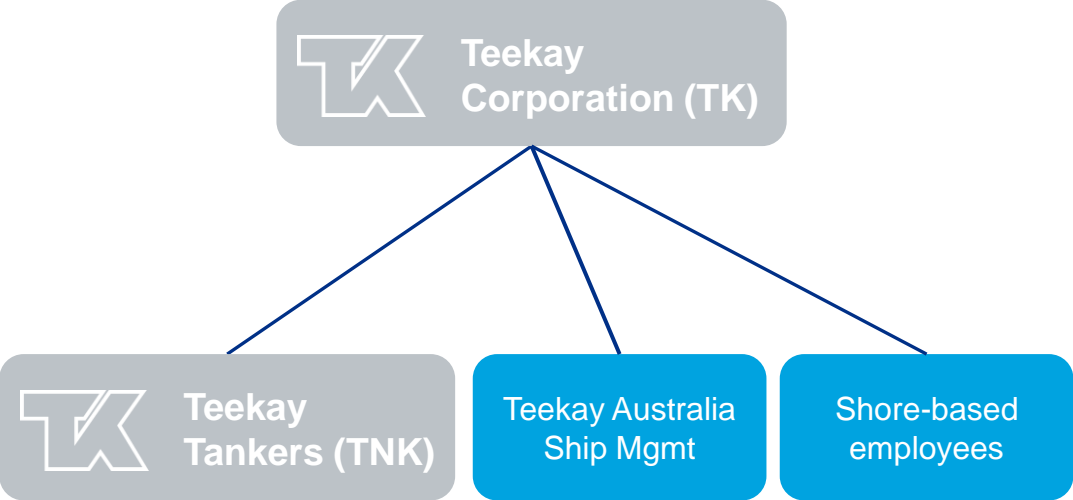
The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: potential changes to or termination of TNK's capital allocation plan or dividend policy; the declaration by TKC's or TNK's Boards of Directors of any future cash dividends on the common shares of those companies; the Teekay Group's available cash and the levels of its capital needs; changes in the Teekay Group's liquidity and financial leverage; TNK's and TKC's ability to satisfy the customary closing conditions related to the sale and purchase of Teekay Australia and management services companies, and changes in the annual EBITDA levels of Teekay Australia; changes in tanker rates, including spot tanker market rate fluctuations, and in oil prices; changes in the production of, or demand for, oil or refined products and for tankers; changes in trading patterns affecting overall vessel tonnage requirements; non-OPEC+ and OPEC+ production and supply levels; the impact of geopolitical tensions and conflicts, and changes in global economic conditions; greater or less than anticipated levels of tanker newbuilding orders and deliveries and greater or less than anticipated rates of tanker scrapping; the potential for early termination of charter contracts on existing vessels in TNK's fleet; the inability of charterers to make future charter payments; delays of vessel deliveries; changes in applicable industry laws and regulations and the timing of implementation of new laws and regulations and the impact of such changes; increased costs; and other factors discussed in Teekay's and Teekay Tankers' filings from time to time with the United States Securities and Exchange Commission, including their respective Annual Reports on Form 20-F for the fiscal year ended December 31, 2023. The Teekay Group 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 Teekay Group's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.



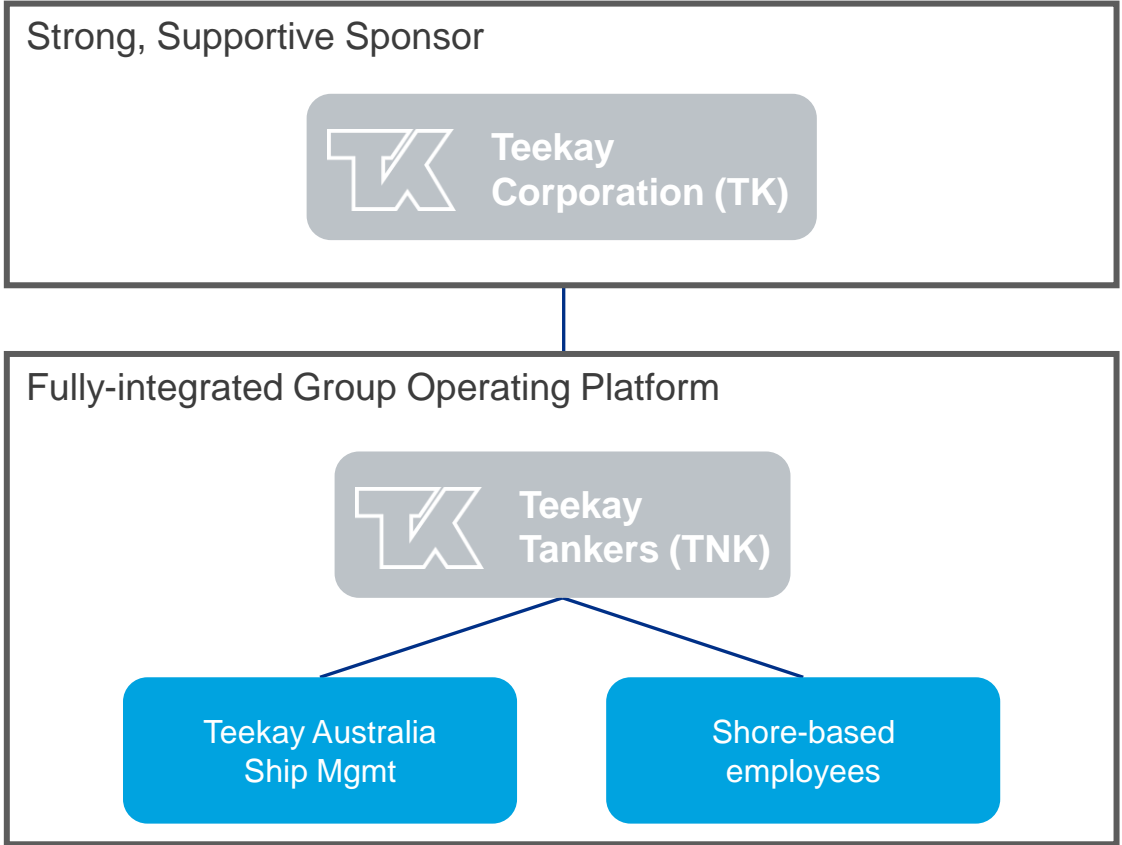
One Teekay: Simplified Structure

Teekay Group has taken several important steps to streamline the organization

Today



Going Forward



Q3-24 TK Highlights

Returning capital to shareholders

Adj. Net Income⁽¹⁾

\$21.1 million

Adj. EPS⁽¹⁾

\$0.23 per share

- Agreed to sell Teekay Australia for \$65 million in cash and transfer management services companies for net working capital value to TNK
- Allocating up to \$230 million of cash:
 - Returned \$144 million of capital to TK shareholders
 - Completed \$59 million in TK share repurchases at an average price of \$8.56 per share
 - Declared a one-time special dividend of \$1.00 per share (total of \$85 million)
 - Purchased \$50 million in TNK Class A shares at an average price of \$58.85 per share
 - Authorized new \$40 million share repurchase plan



Q3-24 TNK Highlights

Historically strong quarterly performance

Adj. Net Income⁽¹⁾

\$63.5 million

Adj. EPS⁽¹⁾

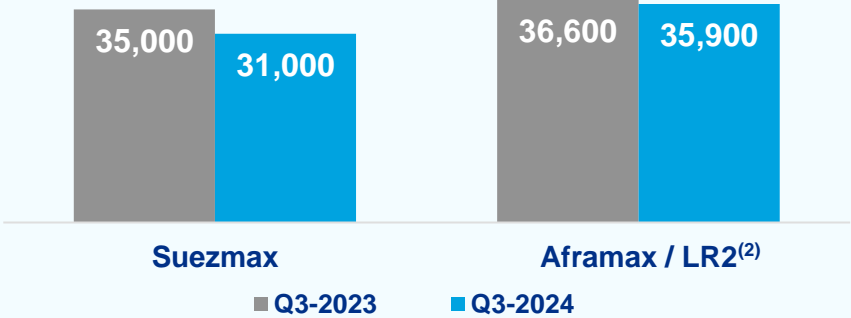
\$1.84 per share

Adj. EBITDA⁽¹⁾

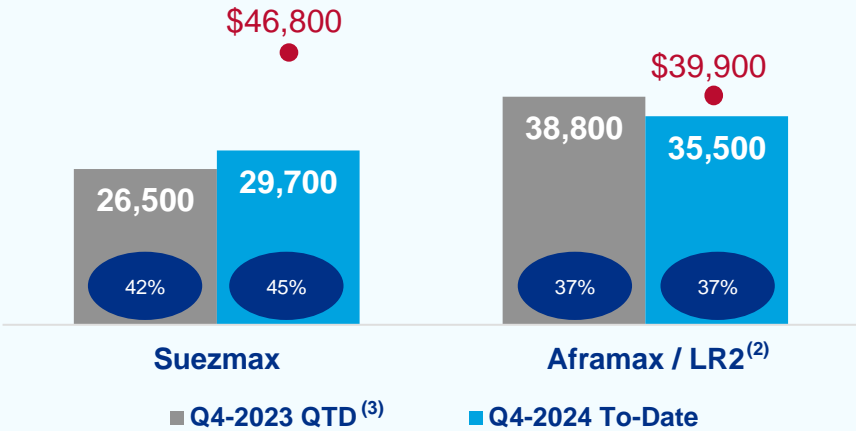
\$75.9 million

- Agreed to acquire Teekay Australia for \$65 million in cash
 - Estimated annual EBITDA of \$10 million
- To further streamline operations, TK agreed to transfer management services companies to TNK
- 10 vessels in drydock during Q3-24, positioning the fleet to benefit from the stronger winter tanker market
- Declared fixed quarterly dividend of \$0.25 per share

Q3-24 vs. Q3-23 Spot Rates



QTD Q4-24 vs. QTD Q4-23⁽³⁾ Spot Rates



% days booked

(1) These are non-GAAP financial measures. Please see Teekay Tankers' Q3-24 earnings release for definitions and reconciliations to the comparable GAAP measures.
 (2) Includes Aframax RSA, non-RSA voyage charters and full-service lightering (FSL) for all Aframax and LR2 vessels whether trading in the clean or dirty spot market. Currently there are three vessels trading clean
 (3) QTD Q4-23 rates were reported on November 2, 2023
 (4) Excludes Baltic and Black Sea





TEEKAY AUSTRALIA

OPERATING SINCE 1997

- Services: crew management, technical management, asset management, and procurement primarily for the Australian Government
- A leading employer of Australian seafarers
- Currently 11 vessels under management
- Leverages Teekay's industry expertise and decades of experience in the Australian market

Niche Market

Long-Term Contracts

Asset / CAPEX Light

Accretive

Growth Potential

Near-term Outlook

Spot tanker rates remained firm in Q3; anticipating seasonally higher rates in Q4

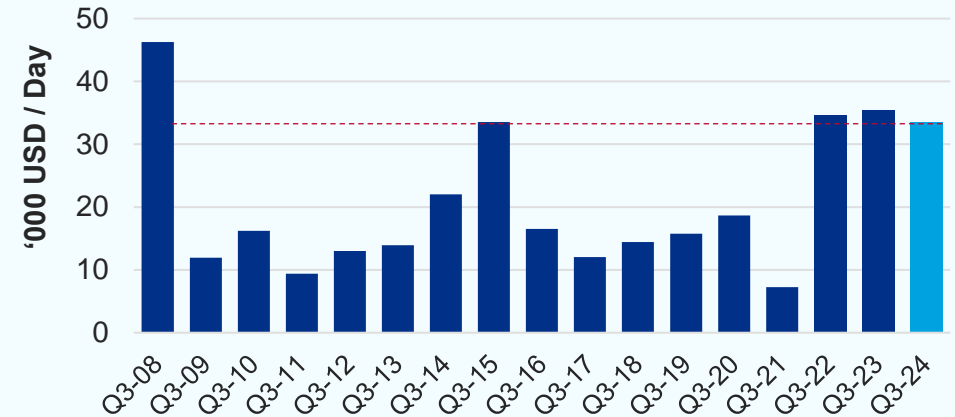
- Spot tanker rates in Q3 were amongst the highest on record, albeit lower compared to Q2 due to seasonal factors:
 - Lower crude oil exports volumes from the Middle East, Atlantic Basin producers, and Libya
 - Onset of seasonal refinery maintenance
 - Relatively weak Chinese crude oil imports

- Rates are strengthening at the start of Q4, and we expect a firmer spot tanker market through the winter:
 - Seasonally higher oil demand
 - Stronger crude oil export volumes, particularly from non-OPEC+ countries
 - Weather delays typically lead to tighter available fleet supply in the winter
 - Potential increase in OPEC+ production / exports from December
 - Chinese financial stimulus, which could lead to higher Chinese oil imports

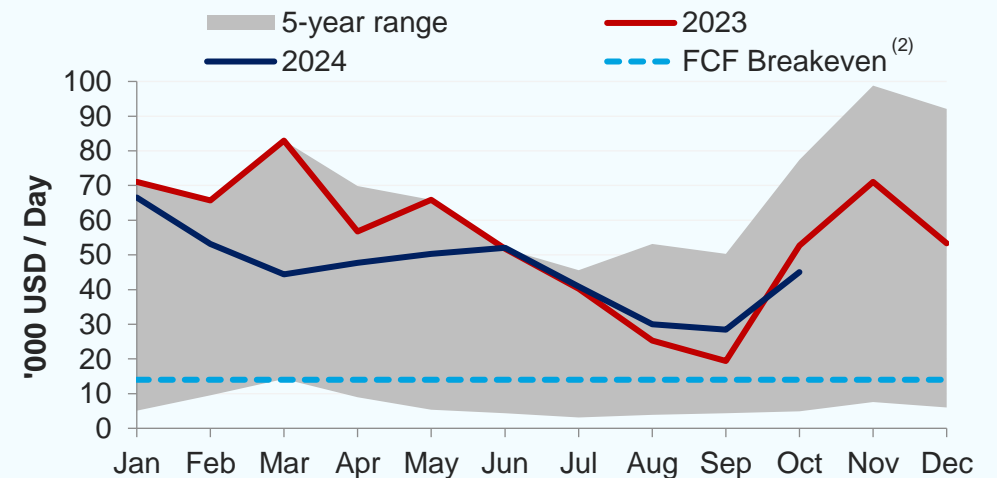
(1) Source: Clarksons (average of Aframax and Suezmax)

(2) Free cash flow (FCF) is a non-GAAP financial measure. Please see appendix slide 17 for the definition. Break-even is based on 12 months ending September 30, 2025, the current fleet and all in-charters and out-charters shown on slides 12 and 13. Optional periods for out-charters were included whereas in-charter options were excluded.

TNK's Third Quarter Average Mid-Size Tanker Spot Rates



Mid-Size Tanker Spot Rates⁽¹⁾



Long-term Outlook

Tanker demand and supply fundamentals remain positive

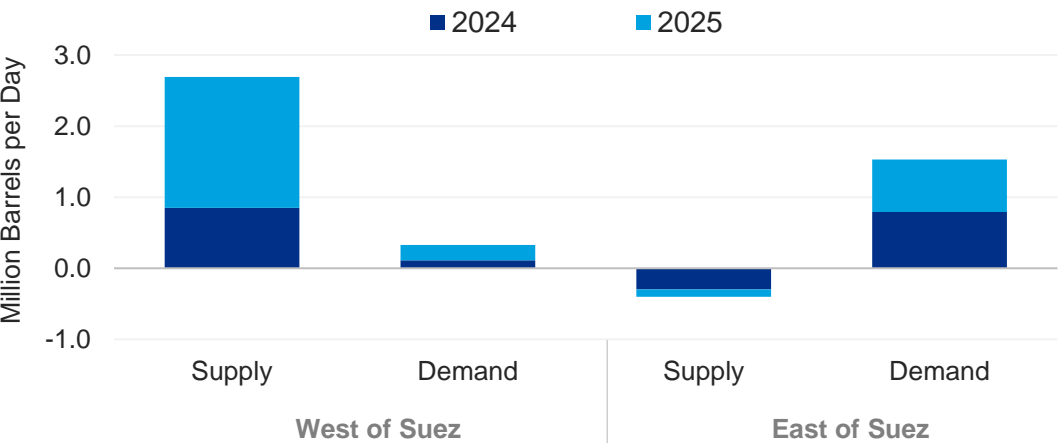
Tanker Demand Drivers

- + Global oil consumption is at a record high with projected growth of 1.2 mb/d in 2024 and 1.3 mb/d in 2025 driven by Asia
- + The world is well supplied with oil. Non-OPEC+ oil supply is projected to grow by 1.5 mb/d in both 2024 and 2025 led by producers in the Atlantic Basin (U.S., Brazil, Guyana)
- + The long-haul movement of oil from the Atlantic to the Pacific is set to drive crude tanker tonne-mile demand in 2024 / 25

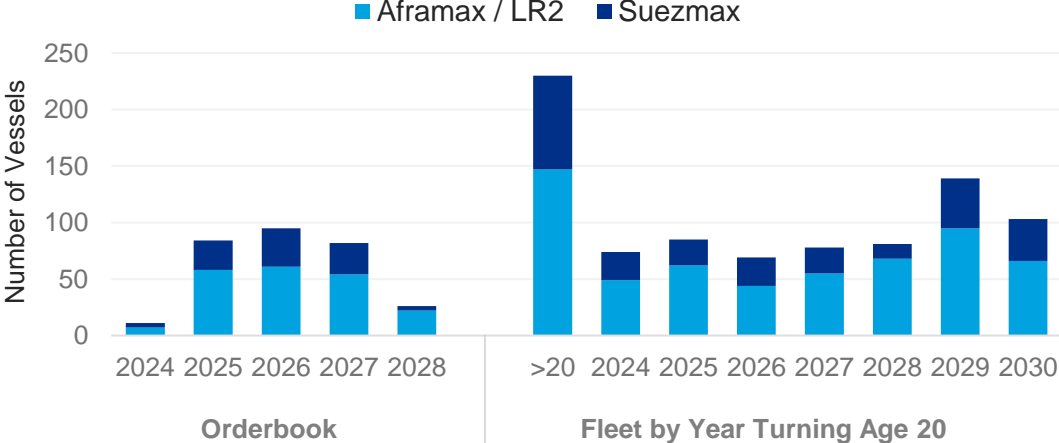
Tanker Supply Drivers

- + Major shipyards have over 3 years of forward cover (earliest delivery slots at most yards 2H-2027)
- + Oldest global tanker fleet in over 20 years (by 2026 almost a quarter the global tanker fleet will be aged 20 years or older)
- ≈ Tanker orderbook stands at 13% of the existing fleet size, up from the low point of 5% in 2022 but below the long-term average of 20%
- ≈ Pace of ship recycling remains very low

Oil Supply vs. Demand Growth by Region⁽¹⁾



Mid-Size Orderbook vs. Phase Out Potential⁽²⁾



(1) Source: IEA
 (2) Source: Clarksons. Vessels listed as >20 are those built in 2003 or earlier and still in service.



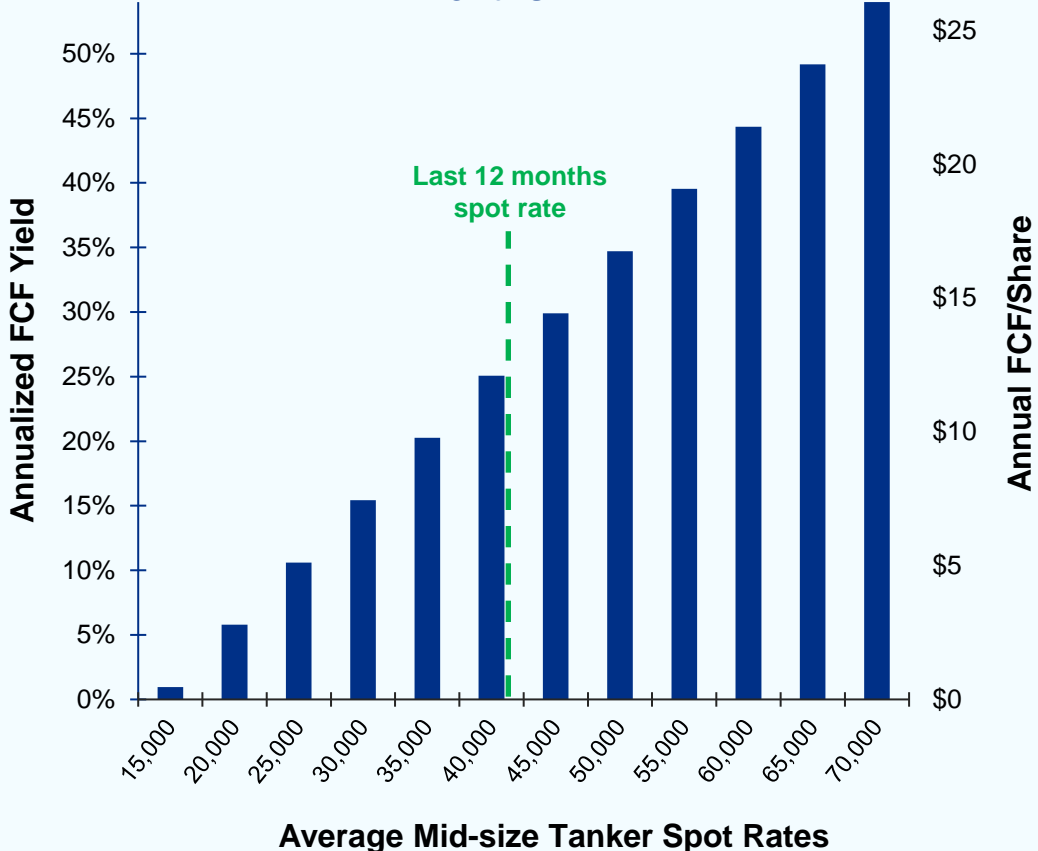
Fleet Profile Drives Value Creation

Last 12-month FCF per share of \$13.29 per share⁽¹⁾

- Low FCF break-even of approximately \$14,000 per day⁽³⁾

- Significant FCF generation resulting in industry leading FCF yield
 - Mid-size tankers have higher utilization
 - Currently 96% of 49-vessel tanker fleet exposed to the strong spot market
 - Every \$5,000 increase in spot rates above TNK’s FCF break-even expected to increase annual FCF yield by 4.8%^(2,3) or generate \$2.30⁽³⁾ of annual FCF per share

FCF Per Share Spot Rate Sensitivity Next 12 Months (1,2,3)



(1) Free cash flow (FCF) is a non-GAAP financial measure. Please see appendix slide 17 for the definition.
 (2) Free Cash Flow (FCF) yield is equal to annual FCF divided by TNK’s closing share price on October 30, 2024 of \$47.85.
 (3) For 12 months ending September 30, 2025, based on the current fleet and all in-charters and out-charters shown on slides 12 and 13. Optional periods for out-charters were included whereas in-charter options were excluded.



Appendix



TK Sum-of-the-Parts (SOTPs)

TK SOTP Value	
In millions	Total
TNK investment <i>(10.64M Class A and B shares and TNK's closing share price of \$47.85 per share on October 30, 2024)</i> ⁽¹⁾	\$509
Teekay Australia ⁽²⁾	65
Pro forma Teekay Parent cash position – September 30, 2024 ⁽³⁾	224
TK equity value	798
# of TK shares outstanding ⁽⁴⁾	85.0
TK equity value per share	\$9.39

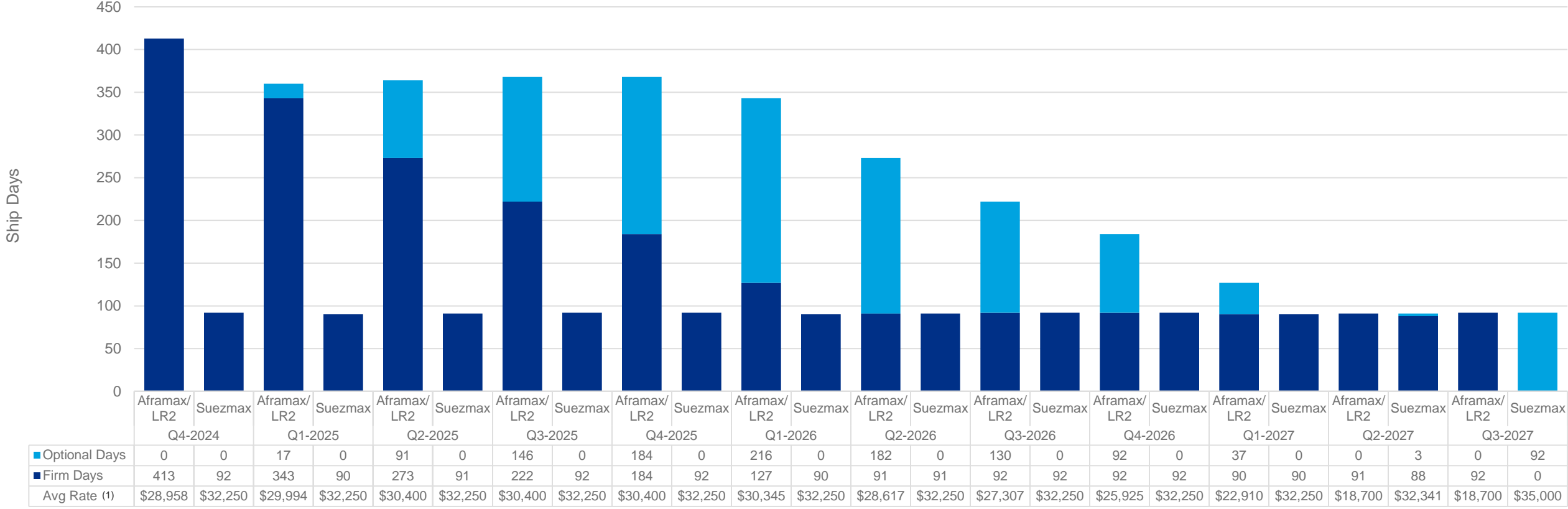
(1) Includes TK's recent TNK Class A share purchases in October 2024.

(2) Includes the agreed purchase price of \$65 million in cash but excludes any net working capital adjustment on closing.

(3) Teekay Parent's cash position of \$281.1 million as of September 30, 2024 pro forma for October 2024 TK share repurchases of \$25.3 million and purchases of TNK Class A common shares of \$31.9 million. Does not include TK's declared one-time special dividend of approximately \$85.0 million.

(4) Includes TK share repurchases in October 2024.

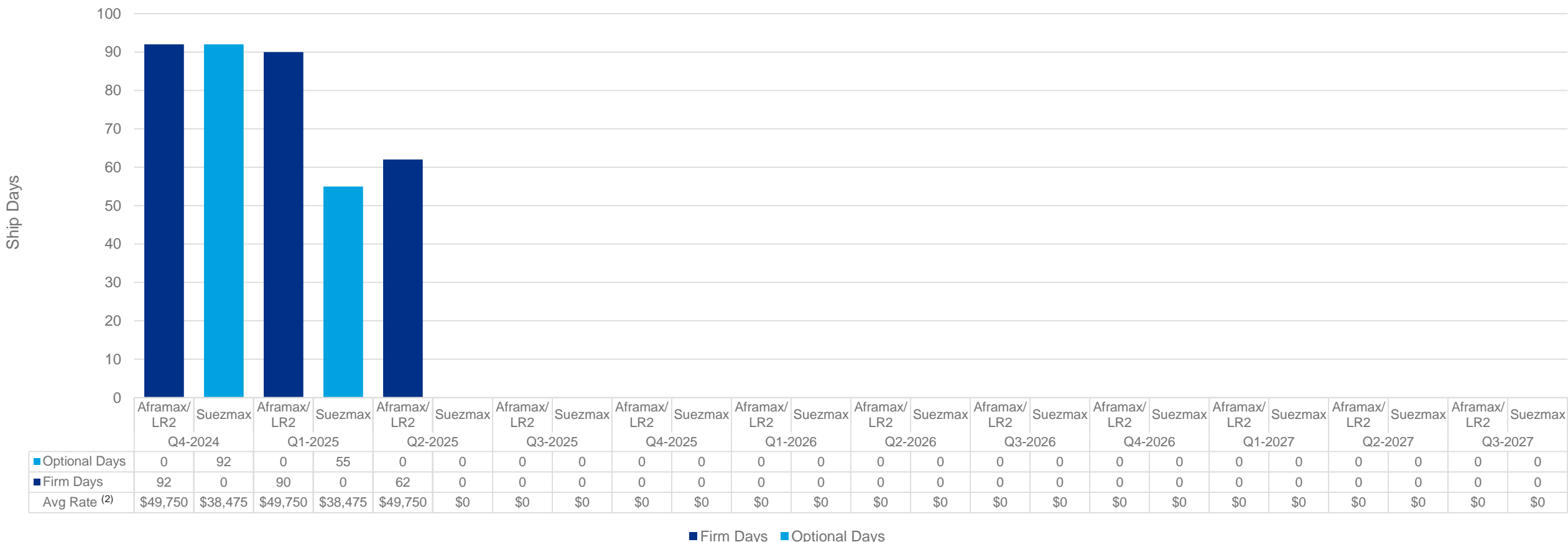
Fleet In-charters



■ Firm Days ■ Optional Days



Fleet Out-charters⁽¹⁾



13 (1) Based on existing charters excluding expected dry-dock / off-hire days noted on slide 18

(2) Weighted average rate for the firm and optional period hire rates



Q4-24 Outlook

Income Statement Item	Q3-24 in thousands adjusted basis ⁽¹⁾	Q4-24 Outlook ⁽¹⁾ (expected changes from Q3-24)
Net revenues ⁽²⁾	149,294	<p>Net decrease of approximately 15 spot revenue days, primarily due to the redelivery of three in-chartered tankers between Q3-24 and Q4-24, as well as the sale of one tanker in Q4-24, partially offset by fewer scheduled dry dockings and the purchase of one tanker in Q3-24. In addition, there is an expected lower associated off-hire bunker expenses of approximately \$1.4 million in Q4-24 due to fewer scheduled dry dockings.</p> <p>Refer to Slide 5 for Q4-24 booked to-date spot tanker rates. Refer to Slide 13 for a summary of fleet out-charter employment.</p>
Time-charter hire expenses	(18,465)	Decrease of approximately \$1 million, primarily due to the redelivery of three in-chartered tankers between Q3-24 and Q4-24, partially offset by an increase in the hire rate for one in-chartered tanker after the commencement of a one-year extension option in Q3-24.
Depreciation and amortization	(23,445)	Increase of approximately \$1 million, primarily due to the timing of scheduled dry dockings, as well as a full quarter of expense related to the purchase of one tanker in Q3-24.

(1) Changes described are after adjusting Q3-24 for items included in Appendix A of Teekay Tankers' Q3-24 Earnings Release (see slide 16 of this earnings presentation for the Consolidated Adjusted Line Items for Q3-24)

(2) Net revenues is a non-GAAP financial measure. Please refer to the Teekay Tankers Q3-24 Earnings Release for a definition and reconciliation of this term.



Adjusted Net Income⁽¹⁾

Q3-24 vs. Q2-24

(In thousands of U.S. dollars)

Statement Item	Q3-2024 (unaudited)	Q2-2024 (unaudited)	Variance	Comments
Revenues	243,278	296,590	(53,312)	
Voyage expenses	(93,984)	(100,097)	6,113	
Net revenues ⁽²⁾	149,294	196,493	(47,199)	Decrease primarily due to lower overall spot TCE rates, the redelivery of two in-chartered tankers in Q3-24, and more scheduled dry dockings in Q3-24, partially offset by the purchase of one tanker in Q3-24.
Vessel operating expenses	(38,091)	(38,356)	265	
Time-charter hire expenses	(18,465)	(19,670)	1,205	Decrease primarily due to the redelivery of two in-chartered tankers and the dry docking of one lightering support vessel in Q3-24, partially offset by an increased daily hire rate for an in-chartered tanker which became effective in Q3-24.
Depreciation and amortization	(23,445)	(22,373)	(1,072)	Increase primarily due to the purchase of one tanker in Q3-24 and a full quarter of amortization for certain dry docks that were completed in Q2-24.
General and administrative expenses	(10,876)	(13,959)	3,083	Decrease primarily due to the timing of equity-based compensation and expenditures.
Income from operations	58,417	102,135	(43,718)	
Interest expense	(825)	(979)	154	
Interest income	5,772	5,726	46	
Equity (loss) income	(121)	905	(1,026)	Decrease in equity income due to lower earnings from the equity-accounted for VLCC as a result of lower realized spot rates and off-hire days in Q3-24 relating to a repair.
Other (expense) income	(283)	1,465	(1,748)	Increase in other expense primarily due to foreign exchange gain/loss difference between periods.
Income tax recovery (expense)	582	(2,282)	2,864	Increase in income tax recovery primarily due to vessel trading activities and regular assessment of tax positions.
Adjusted net income	63,542	106,970	(43,428)	

(1) For the Q2-24 reconciliation of non-GAAP financial measures to the most directly comparable financial measures under United States generally accepted accounting principles (GAAP), please refer to the Q2-24 earnings presentation.

(2) Net revenues is a non-GAAP financial measure. Please refer to the Teekay Tankers Q3-24 Earnings Release for a definition and reconciliation of this term.

Consolidated Adjusted Statement of Income

Q3-24

(In thousands of U.S. dollars)

Statement Item	As Reported	Appendix A Items ⁽¹⁾	As Adjusted
Revenues	243,278	-	243,278
Voyage expenses	(93,984)	-	(93,984)
Net revenues ⁽²⁾	149,294	-	149,294
Vessel operating expenses	(38,091)	-	(38,091)
Time-charter hire expenses	(18,465)	-	(18,465)
Depreciation and amortization	(23,445)	-	(23,445)
General and administrative expenses	(10,876)	-	(10,876)
Restructuring charges	(5,952)	5,952	-
Income from operations	52,465	5,952	58,417
Interest expense	(825)	-	(825)
Interest income	5,772	-	5,772
Equity loss	(121)	-	(121)
Other income (expense)	942	(1,225)	(283)
Income tax recovery	582	-	582
Net income	58,815	4,727	63,542

Reconciliation of Non-GAAP Financial Measure

Free Cash Flow

Free cash flow (FCF) represents net income, plus depreciation and amortization, loss on sale of assets, unrealized losses from derivatives, non-cash items, FCF from equity-accounted investments and any write-offs or other non-cash non-recurring items, less gain on sale of assets, unrealized gains from derivatives, other non-cash items, dry-docking expenditures and other capital expenditures.

(In thousands of U.S. dollars)

	Three Months Ended September 30, 2024 (unaudited)
Net income - GAAP basis	58,815
<i>Add:</i>	
Depreciation and amortization	23,445
Proportionate share of free cash flow from equity-accounted joint venture	399
Equity loss	121
<i>Less:</i>	
Dry-docking and capital expenditures	(13,161)
Free cash flow	69,619

Drydock & Off-hire Schedule⁽¹⁾⁽²⁾⁽³⁾

Teekay Tankers Segment	March 31, 2024 (A)		June 30, 2024 (A)		September 30, 2024 (A)		December 31, 2024 (E)		Total 2024 (E)		Total 2025 (E)	
	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 Tanker	-	21	4	173	7	234	2	58	13	486	10	350
Fixed-Rate Tanker	-	-	-	-	-	-	-	-	-	-	-	-
Other - Unplanned Offhire	-	37	-	11	-	14	-	24	-	86	-	85
	-	58	4	184	7	248	2	82	13	572	10	435

(1) Includes vessels scheduled for drydocking, ballast water treatment system installation, and an estimate of unscheduled off-hire. Excludes Hong Kong Spirit dry docking (50% owned)
 (2) In the case that a vessel drydock & off-hire straddles between quarters, the vessel count has been allocated to the quarter in which a majority of drydock days occur.
 (3) Vessel count only reflects the vessels with drydock and/or ballast water treatment system installation related off-hire.

