

TEEKAY TANKERS LTD.

# Fourth Quarter and Fiscal 2009 Earnings Presentation

March 4, 2010



# 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: tanker market fundamentals, including the balance of supply and demand in the tanker market, and spot tanker charter rates; the estimated dividend per share for the quarter ending March 31, 2010 and illustrative fiscal 2010 dividend based on various spot tanker rates; results of the Company's mix of spot market and time-charter trading; and the strength of the Company's liquidity position, its debt profile and the Company's ability to generate surplus cash flow and pay dividends. 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; 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; the potential for early termination of short- or medium-term contracts and inability of the Company to renew or replace short- or medium-term contracts; changes in interest rates and the capital markets; increases in the Company's expenses, including any unscheduled drydocking expenses; the Company's ability to raise financing to purchase additional vessels; the ability of Teekay Tankers' board of directors to establish cash reserves for the prudent conduct of Teekay Tankers' business or otherwise; 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, 2008. 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.

# Highlights

## Q4 2009:

- ▶ Declared dividend of \$0.26 per share, up from \$0.15 per share in Q3 2009, payable on March 15, 2010
- ▶ Earned adjusted net income of \$4.5m, or \$0.14 per share (excluding unrealized gain on an interest rate swap of \$3.4m, or \$0.11 per share)

## 2009:

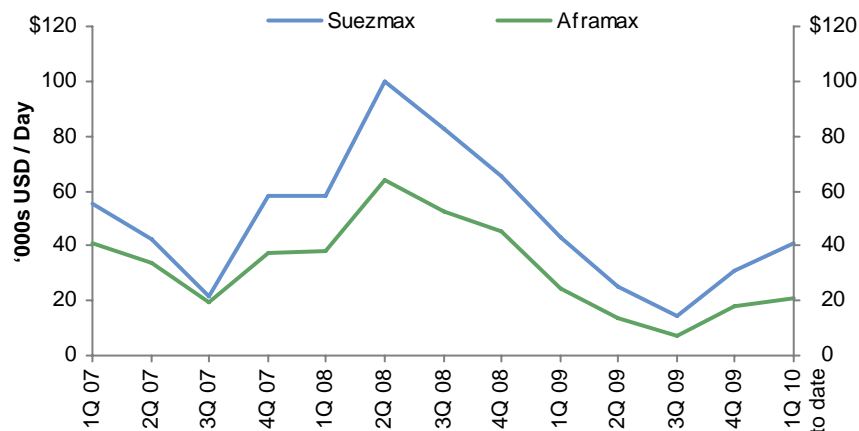
- ▶ Declared total dividends of \$40.7m, or \$1.40 per share
- ▶ Earned adjusted net income of \$27.7m, or \$0.97 per share (excluding unrealized gain on an interest rate swap of \$9.0m, or \$0.32 per share)

## 2010:

- ▶ Using Q4-09 average spot rates (Aframax: \$15,000 per day; Suezmax: \$20,000 per day) the annual 2010 dividend would be approximately \$0.90 per share
- ▶ For each \$5,000 per day increase in average spot rates, the annual dividend would increase by approximately \$0.30 per share

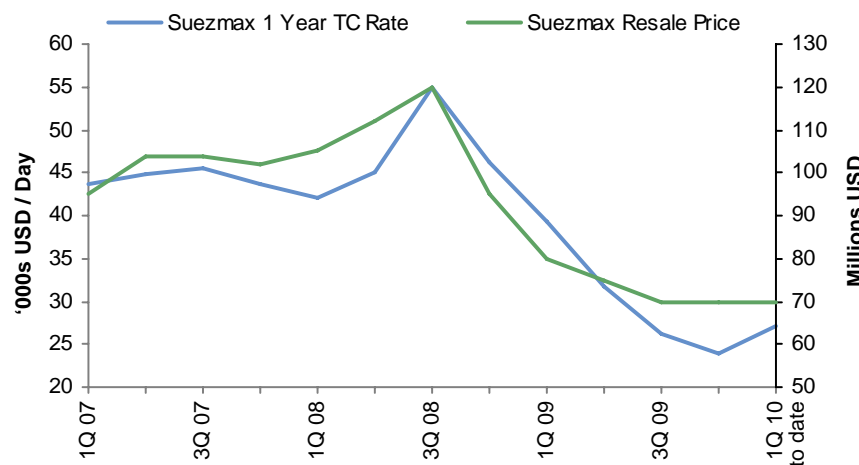
# Tanker Rates Off the Bottom

## Mid-Sized Tanker Spot TCE Rates



Source: Clarksons

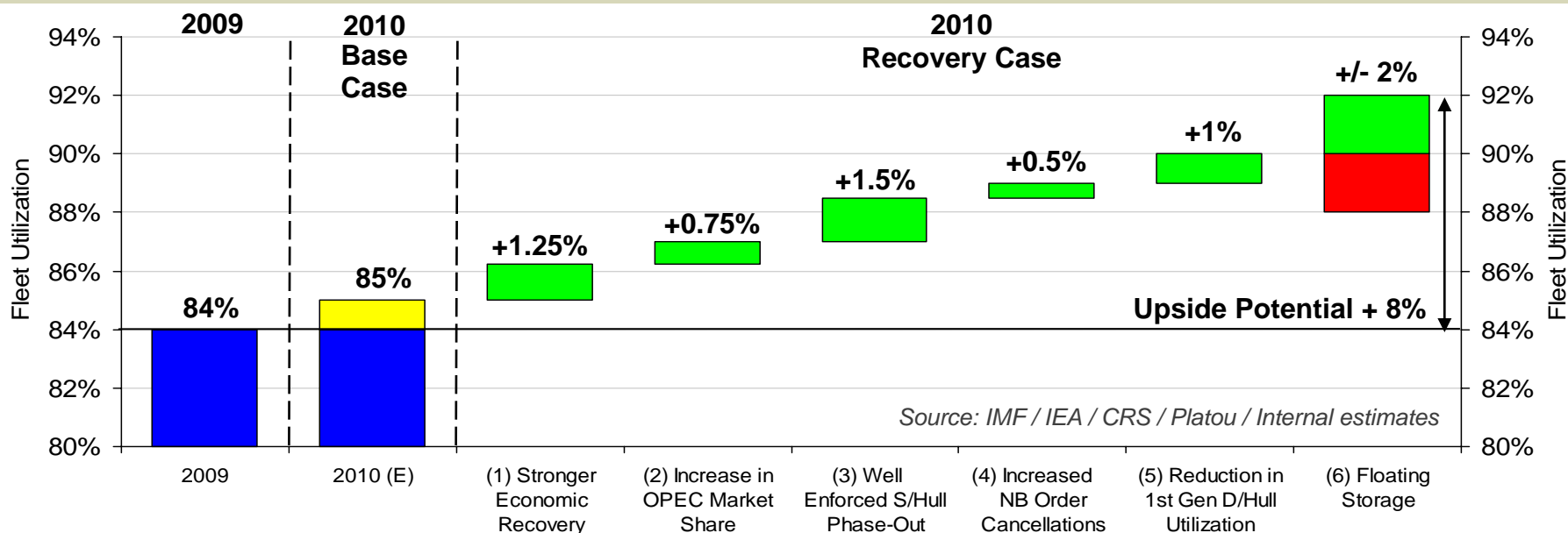
## Suezmax Tanker TC Rates & Asset Prices



Source: Clarksons

- ▶ Spot rates declined to multi-year lows in summer 2009 – impact of economic downturn and contracting oil demand coupled with fleet growth
- ▶ Recovery in rates during Q4-09 / Q1-10 driven by:
  - ▶ Improving economic fundamentals
  - ▶ Seasonal factors
  - ▶ Use of tankers for floating storage
  - ▶ Increase in scrapping
- ▶ Rates softened again in Feb / Mar'10 due to onset of refinery maintenance and an easing of seasonal factors (e.g. weather-related vessel delays)
- ▶ Time charter market has bottomed and shown a small uptick in Q1-10 due to improved spot rates and a perceived better market outlook for 2010
- ▶ Asset prices for modern units have bottomed out after declining ~40% since summer 2008.
- ▶ Bottoming out / slight uptick in tanker time charter rates and asset prices a sign of increasing confidence in the tanker market for 2010.

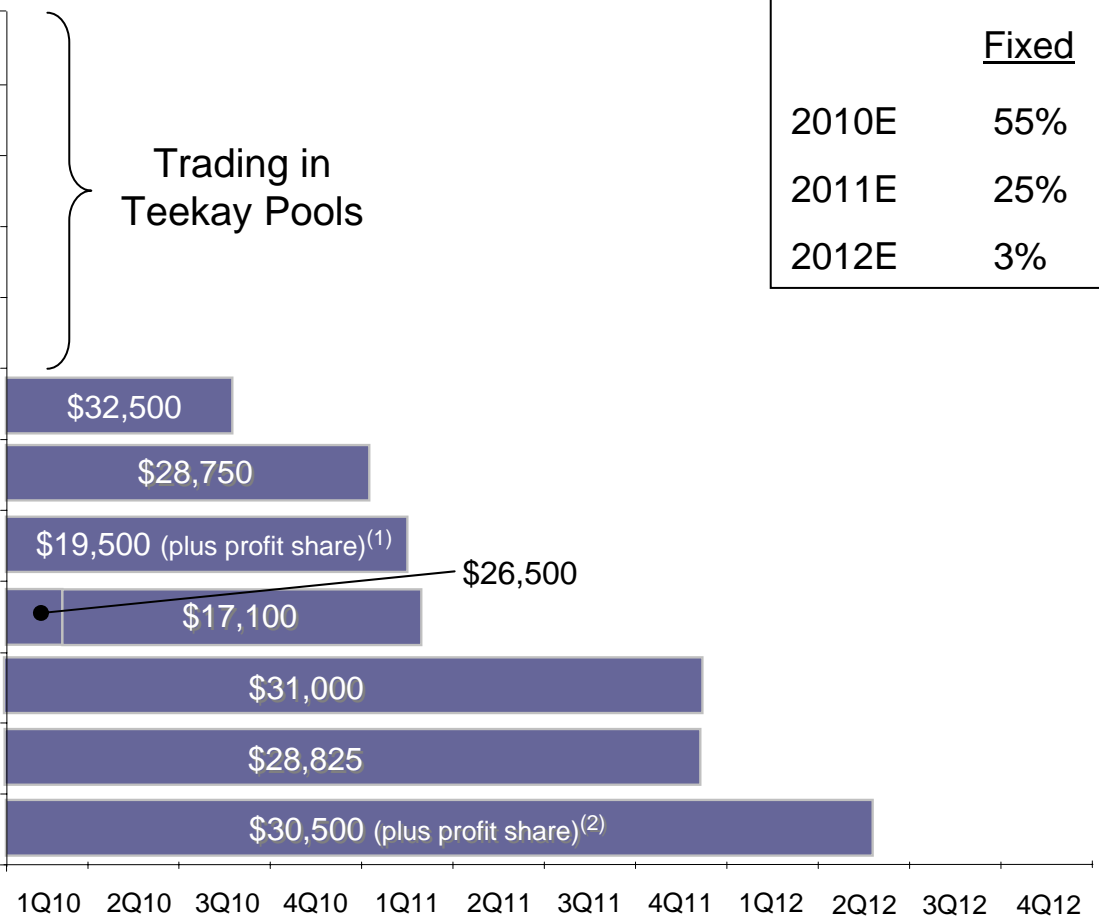
# Revised 2010 Tanker Fleet Utilization Outlook



| 2010 FACTORS                                    | OLD BASE CASE                   | NEW BASE CASE                   | RECOVERY CASE                   |
|---|---------------------------------|---------------------------------|---------------------------------|
| (1) Global GDP Growth                           | 3.1%                            | 3.9%                            | 4 – 5%                          |
| (1) Global Oil Demand Growth                    | 1.7%                            | 1.8%                            | 2 – 2.5%                        |
| (2) OPEC Market Share                           | Unchanged                       | +0.5 mb/d                       | +1 mb/d                         |
| <b>Tanker Demand Growth</b>                     | <b>5%</b>                       | <b>6%</b>                       | <b>8%</b>                       |
| (3) S/Hull Tanker Removals                      | - 23 mdwt (45% of s/hull fleet) | - 23 mdwt (45% of s/hull fleet) | - 33 mdwt (65% of s/hull fleet) |
| (4) NB Order Cancellations                      | - 5 mdwt (10% of deliveries)    | - 2.5 mdwt (5% of deliveries)   | - 5 mdwt (10% of deliveries)    |
| (5) Utilization of 1 <sup>st</sup> Gen. D/Hulls | -                               | -                               | - 4 mdwt (10% Inefficiency)     |
| (6) Floating Storage                            | ~4% of the fleet                | ~4% of the fleet                | ~6% of the fleet                |
| <b>Effective Net Supply Growth</b>              | <b>5%</b>                       | <b>5%</b>                       | <b>0%</b>                       |
| <b>FLEET UTILIZATION</b>                        | <b>84%</b>                      | <b>85%</b>                      | <b>92%</b>                      |

# Fixed-rate Charters Provide Significant Cover in 2010

| Name              | Y/ Built | Dwt     |
|-------------------|----------|---------|
| Ashkini Spirit    | 2003     | 165,200 |
| Matterhorn Spirit | 2005     | 114,800 |
| Kanata Spirit     | 1999     | 113,000 |
| Falster Spirit    | 1995     | 95,400  |
| Sotra Spirit      | 1995     | 95,400  |
| Nassau Spirit     | 1999     | 107,100 |
| Erik Spirit       | 2005     | 115,500 |
| Narmada Spirit    | 2003     | 159,200 |
| Everest Spirit    | 2004     | 115,000 |
| Kyeema Spirit     | 1999     | 113,300 |
| Kareela Spirit    | 1999     | 113,100 |
| Ganges Spirit     | 2002     | 159,500 |



|       | Fixed | Spot |
|-------|-------|------|
| 2010E | 55%   | 45%  |
| 2011E | 25%   | 75%  |
| 2012E | 3%    | 97%  |

(1) Time-charter commenced January 2010. Profit share above the minimum rate of \$19,500 per day entitles Teekay Tankers to 50% of the difference between the average TD5 BTR rate and the minimum rate.  
 (2) Profit share above \$30,500 per day entitles Teekay Tankers to the first \$3,000 per day plus 50% thereafter of vessel's incremental Gemini Pool earnings, settled in the second quarter of each year.



# Calculation of Teekay Tankers 2010 Dividend Estimate

- ▶ 2010 fixed rate revenues cover all 2010 costs and reserves
- ▶ Therefore, all spot revenues can be paid out to shareholders

|  | <u>Total</u><br>(\$ millions) | <u>Per Share</u> <sup>(1)</sup><br>(\$) |
|--|-------------------------------|---|
| Fixed-rate Revenue   | \$62.4                        | \$1.95                                  |
| Less:  |                               |   |
| Total G&A and Management Fees  | (9.1)                         | (0.28)                                  |
| Total OPEX   | (33.5)                        | (1.05)                                  |
| Total Interest Expense   | (9.7)                         | (0.30)                                  |
| Total Debt Principal Payments  | (3.6)                         | (0.11)                                  |
| Total Drydock Reserves and Other CAPEX   | (6.2)                         | (0.19)                                  |
| <b>Distributable Cash Flow Floor before Contribution from Spot Fleet Revenues</b>  | <b>0.3</b>                    | <b>0.01</b>                             |
| Revenue Contribution from Spot Fleet <sup>(2)</sup><br>(assuming average rates of \$15,000 per day and \$20,000 per day for Aframax and Suezmax, respectively) | 28.4                          | 0.89                                    |
| <b>Derived 2010 Dividend Per Share</b>   | <b>\$0.90</b>                 |   |

(1) Based on 32m TNK Class A and Class B shares currently outstanding.

(2) For illustration purposes only - not a forecast.

# 2010 Annual Dividend Matrix

| 2010 Estimated Dividend Per Share*               |          | Suezmax Spot Rate Assumption (TCE basis per day) |          |          |          |          |          |
|--|----------|--|----------|----------|----------|----------|----------|
|  |          | \$15,000   | \$20,000 | \$25,000 | \$30,000 | \$35,000 | \$40,000 |
| Aframax Spot Rate Assumption (TCE basis per day) | \$10,000 | \$0.61   | \$0.67   | \$0.76   | \$0.84   | \$0.96   | \$1.06   |
|  | \$15,000 | \$0.84   | \$0.90   | \$0.98   | \$1.06   | \$1.18   | \$1.28   |
|  | \$20,000 | \$1.06   | \$1.12   | \$1.20   | \$1.28   | \$1.40   | \$1.51   |
|  | \$25,000 | \$1.28   | \$1.34   | \$1.43   | \$1.50   | \$1.62   | \$1.73   |
|  | \$30,000 | \$1.51   | \$1.57   | \$1.64   | \$1.72   | \$1.84   | \$1.95   |
|  | \$35,000 | \$1.73   | \$1.78   | \$1.86   | \$1.94   | \$2.07   | \$2.18   |

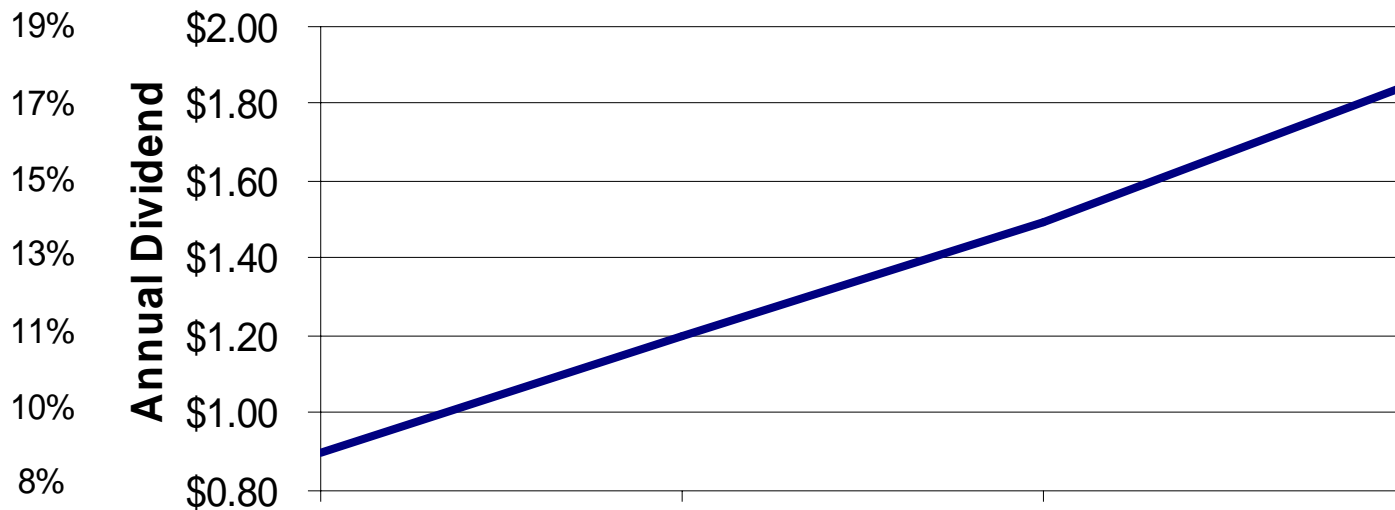
\* Estimated dividend per share is based on Cash Available for Distribution, less \$3.6 million for principal payments related to one of the Company's debt facilities, a \$5 million of reserve for estimated drydocking costs and a \$1.2 million reserve for other vessel capital expenditures. The quarterly reserves for drydocking and other vessel capital expenditures are based on the expected average quarterly costs for 2010 and 2011.

# Spot Traded Fleet Provides Significant Operating Leverage

- ▶ Every \$5,000 per day in spot TCE provides an additional \$0.30 per share

## Estimated 2010 Dividend

**Dividend  
Yield\***



|                    |          |          |          |          |
|--------------------|----------|----------|----------|----------|
| Aframax Spot Rate: | \$15,000 | \$20,000 | \$25,000 | \$30,000 |
| Suezmax Spot Rate: | \$20,000 | \$25,000 | \$30,000 | \$35,000 |

\* Estimated dividend yield based on March 3, 2010 closing share price of \$10.50.

# Q1-10 Dividend Matrix

- ▶ At current spot rates, the Q1-10 quarter dividend exceeds the 2010 quarterly average due to greater time-charter cover in the first half of the year

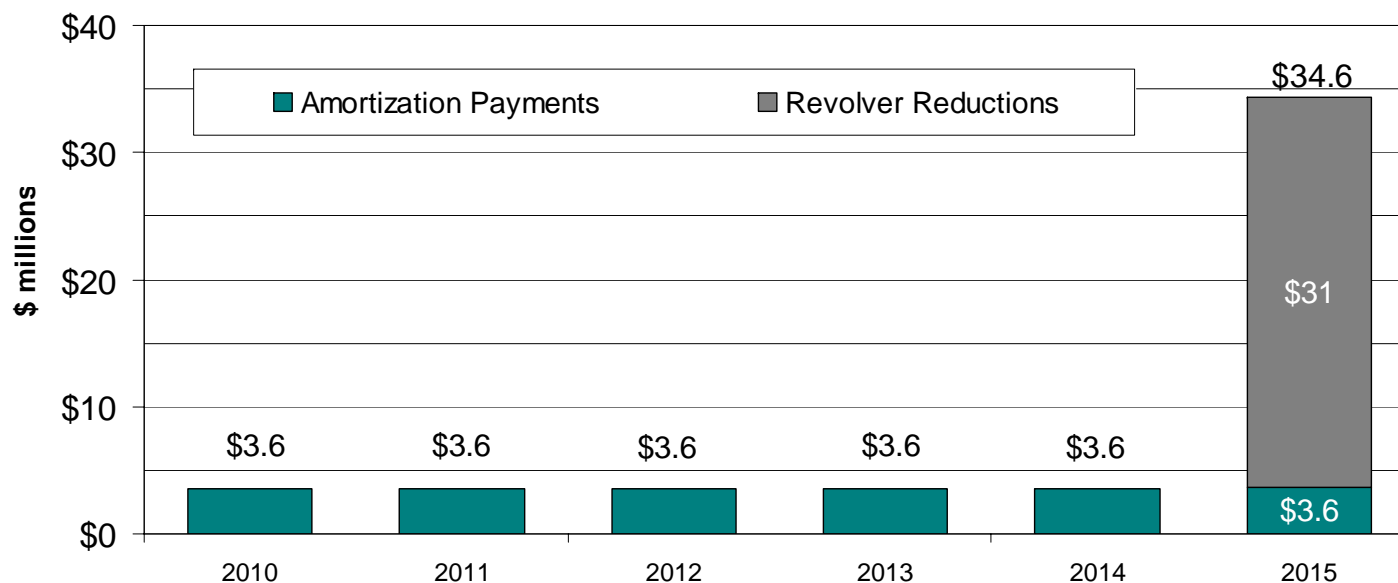
| Q1-2010 Estimated Dividend Per Share*            |          | Suezmax Spot Rate Assumption (TCE basis per day) |          |          |          |          |          |
|--|----------|--|----------|----------|----------|----------|----------|
|  |          | \$15,000   | \$20,000 | \$25,000 | \$30,000 | \$35,000 | \$40,000 |
| Aframax Spot Rate Assumption (TCE basis per day) | \$10,000 | \$0.20   | \$0.21   | \$0.23   | \$0.25   | \$0.28   | \$0.30   |
|  | \$15,000 | \$0.25   | \$0.27   | \$0.29   | \$0.31   | \$0.34   | \$0.35   |
|  | \$20,000 | \$0.31   | \$0.32   | \$0.34   | \$0.36   | \$0.38   | \$0.41   |
|  | \$25,000 | \$0.36   | \$0.38   | \$0.40   | \$0.41   | \$0.44   | \$0.46   |
|  | \$30,000 | \$0.42   | \$0.43   | \$0.44   | \$0.46   | \$0.49   | \$0.52   |
|  | \$35,000 | \$0.47   | \$0.48   | \$0.50   | \$0.52   | \$0.55   | \$0.57   |

\* Estimated dividend per share is based on Cash Available for Distribution, less \$0.9 million for principal payments related to one of the Company's debt facilities, a \$1.25 million of reserve for estimated drydocking costs and a \$0.3 million reserve for other vessel capital expenditures. The quarterly reserves for drydocking and other vessel capital expenditures are based on the expected average quarterly costs for 2010 and 2011.

- ▶ Q1 2010 spot rates booked to date (~70% booked)
  - ▶ Aframax: \$19,000 per day
  - ▶ Suezmax: \$29,500 per day

## Teekay Tankers Capital Structure Enhances Returns to Shareholders

- ▶ Dividends are higher because of:
  - ▶ Low average cost of debt ~3%
  - ▶ Minimal principal payments until 2015
  - ▶ No financial ratio or hull covenant concerns








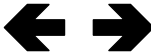
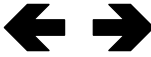
## Concluding Remarks

- ▶ The favorable terms of our debt provide value for shareholders
- ▶ Revenue from fixed-rate contracts in 2010 is sufficient to cover all costs and debt principal payments
  - ▶ All spot revenue can be paid out as dividends
- ▶ Spot tanker rates are now off the Q3 2009 bottom but with further market volatility expected in 2010 we will continue to actively manage our fleet employment mix
- ▶ Using Q4-09 average spot rates (Aframax: \$15,000 per day; Suezmax: \$20,000 per day) the annual 2010 dividend would be approximately \$0.90 per share
  - ▶ For each \$5,000 per day increase in average spot rates, the annual dividend would increase by approximately \$0.30 per share

# Appendix



## Latest Changes to 2010 Tanker Market Drivers

| 2010 Driver                        | Change  | Comment  |
|------------------------------------|---|--|
| Global GDP Growth                  |    | IMF upgraded its forecast for global GDP growth in 2010 from 3.1% to 3.9%.   |
| Oil Demand Growth                  |    | IEA revised its global oil demand growth forecast for 2010 up to 1.6 mb/d (1.8%).  |
| OPEC Market Share                  |    | As per the IEA the "Call on OPEC" crude is expected to increase by 0.5 mb/d in 2010.   |
| Floating Storage                   |    | Floating storage continues to be a factor with ~115 mb of oil currently stored on ships. Storage volumes are down from Nov'09 peak of ~155 mb. |
| Single Hull Removals               |   | At present the level of tanker scrapping / removals is on course for our base case of 23 mdwt in 2010 (~45% of remaining single hull fleet).   |
| NB Order Cancellations             |  | No signs of a significant increase in NB order cancellations yet.  |
| 1 <sup>st</sup> Generation D/Hulls |  | No significant change in 1 <sup>st</sup> generation d/hull fleet utilization.  |