



## TANKER INVESTMENTS LTD. MERGER WITH TEEKAY TANKERS CONFERENCE CALL

Thurs. June 1, 2017 9am Houston/7am Vancouver time

### Forward-Looking Statement

Before Mr. Hung begins, I would like to direct all participants to our website at [www.tankerinvestments.com](http://www.tankerinvestments.com) where you will find a copy of the TIL & TNK Merger Transaction presentation. Mr. Hung will review this presentation during today's conference call.

As a reminder, this presentation contains forward looking statements. Additional information on those forward-looking statements is contained in the TIL & TNK Merger Transaction Press Release and associated Presentation available on our website.

I will now turn the call over to Mr. Hung to begin.

Thank you Scott, and thanks everyone for joining us on this exciting day for Tanker Investments Ltd.

Turning to Slide 3, yesterday afternoon, Tanker Investments and Teekay Tankers issued press releases announcing that they had signed a binding agreement to merge into what will become the world's largest, publicly-listed mid-size tanker company. Teekay Tankers is a fully-integrated shipping company listed on the New York Stock Exchange for almost 10-years, in the tanker business for over 40years and has been Tanker Investments' operational, technical and commercial manager since inception. The merger will combine Tanker Investments and Teekay Tanker's fleets to form a world-class mid-size tanker fleet of 62 ships with over \$2.4 billion of asset value.



In late 2016, TIL was approached by multiple different parties looking to merge. Based on this interest, the Board of Directors decided to set up a Special Committee, comprised solely of TIL's Independent Directors, to evaluate all alternatives, including any potential interest from Teekay Tankers. The Special Committee engaged Evercore who, over the past 5 months, has worked with the Special Committee to review alternatives, which included a broad tender process to merge with TIL. Following the evaluation and short listing of relevant bids by the Special Committee, they decided to proceed and negotiate final terms directly with TNK.

We agree with the Special Committee's assessment and believe the final agreed terms of the share-for-share merger with Teekay Tankers represents compelling value for Tanker Investments shareholders. One TIL share will be exchanged for 3.3 shares of TNK, which, based on each company's closing price on Wednesday, represents a premium of 21% to our closing price and 29% based-on TNK's 30-day VWAP. The fixed exchange ratio used NAV-for-NAV as its basis, resulting in a premium paid to TIL's current NAV. Because the ships are already managed technically and commercially by Teekay Tankers, we expect a seamless integration of the two mid-size tanker fleets without the need for obtaining new customer and regulatory body vetting approvals which will significantly benefit the earning capabilities for our shareholders.

Looking forward, TIL's shareholders will own approximately 30% of the merged entity, excluding the current holdings of Teekay Tankers and Teekay Corporation and because of this position, the top 5 shareholders of Tanker Investments will have the right to nominate a Board observer from the date of closing the merger up to Dec. 2018.

Importantly, the Board voted to approve the formation of a Special Committee, which was comprised entirely of its independent Directors, to evaluate all proposals received as part of a broad process, and have unanimously approved the proposed transaction and recommend TIL's shareholders vote in favor of the merger. The merger is subject



to a vote from TIL's shareholders and a vote by TNK's shareholders to increase the number of authorized shares, some of which will serve as consideration for this merger.

On **Slide 4** we have listed what we believe are the key benefits of this transaction for TIL's shareholders.

First, the transaction is accretive to both TIL and TNK's shareholders, using 2016 as our basis.

Second, continuing on with the time-charter strategy TIL commenced in mid-2016, TNK has a substantial time-charter-out portfolio which, when combined with TIL's four time-charters will see our fixed rate coverage increase to 35% which will provide a cash flow base to help ride-out what we expect will be a relatively weak 2017.

Third, the combined entity will have a larger balance sheet and over \$200 million of pro forma liquidity which can be used counter-cyclically to take advantage of future opportunities during this low-point in the tanker market.

Fourth, Teekay Tankers has a long-history of returning capital to shareholders in the form of dividends and we expect this will add to the returns of both TIL and Teekay Tanker's shareholders.

Fifth, Teekay Tankers has historically traded at a meaningful premium to its underlying NAV, providing TIL's shareholders with the possibility of monetizing their investment in the combined Company above NAV, compared with TIL's stock which has traded at a discount for much of its trading history We view this as an important benefit of the proposed merger that would be hard for TIL's shareholders to achieve under our current asset sales strategy.

Sixth, and one of the most important benefits, Teekay Tankers' equity trades on average approximately \$2.5 million of stock per day and we expect this will increase

after the merger has been completed, compared with TIL's current trading liquidity of approximately \$100,000 per day. Therefore, this transaction provides TIL's shareholders with optionality to exit their investment in TIL on their terms and time. This merger will allow our shareholders the flexibility to exit now, or wait for the market recovery.

On **Slide 5**, I would like to briefly review Teekay Tankers profile for those who may not be familiar with them. Teekay Tankers is the largest operator of mid-sized tankers with 90 ships under commercial management through its 3 revenue sharing agreement platforms, which TIL's fleet currently trade in. Teekay Tankers has been in the tanker shipping market for over 40 years and has built-up a market leading brand that is trusted by Oil Majors, Traders and National Oil Companies around the world. Teekay Tankers has also expanded its footprint with its customers by offering ancillary lines of business, such as full-service lightering, and COA contracts that seek to maximize fleet utilization. In summary, Teekay Tankers is a fully-integrated shipping company and a leader in the mid-size tanker space and therefore an ideal partner for Tanker Investments shareholders to participate in the next tanker market upturn.

On the next two slides, I would like to reiterate our outlook for mid-size tankers, and why we think the market is set for a rebound from 2018 onwards.

Looking at **Slide 6**, As shown by the chart on the slide, three years of very low scrapping have led to a build-up of over 300 mid-size vessels aged 15 years or older which will face scrapping in the coming years. When held up against a current orderbook of just under 200 vessels, the mid-size tanker fleet growth is set to remain very low from 2018 onwards, particularly as impending regulations such as ballast water and low sulfur regulations could encourage even more scrapping as Owners look to avoid costly CAPEX requirements.

Turning to **Slide 7** we look at our long-term demand outlook and how changing tanker market trade patterns will support mid-size tanker demand in the coming years.

The bars on the map show the expected change in oil supply and demand over the next five years as per the IEA's latest medium-term outlook. It shows that over the next five years there will be an increasing deficit of oil in Asia, and a growing surplus in the Atlantic basin. We therefore expect that the trend of increasing long haul movements from the Atlantic to Pacific, which has been a key feature of the tanker market in the early part of 2017, will continue to grow in the next few years.

Growing oil production in traditional Aframax and Suezmax load regions, as shown by the arrows on the map, will further support mid-size tanker demand. This includes an increase in crude oil exports out of the US Gulf, as well as growing exports from Brazil, a recovery in exports from West Africa, and more volumes from the Black Sea as production at the Kashagan field continue to ramp up.

In sum, we expect 2017 to be the low point in the current market cycle. However, a shrinking orderbook and the potential for higher scrapping should lead to lower fleet growth from 2018 onwards. In addition, we expect tanker demand growth to recover upon the conclusion of OPEC supply cuts, and as more Atlantic-to-Pacific movements drive an increase in tanker tonne-mile demand. We therefore believe that the market will start to rebound from 2018 onwards and that Teekay Tankers, with its industry-leading fleet of mid-size tankers, will be well placed to benefit from this upturn.

I would like to summarize on **Slide 8** before I open the call up for questions. Tanker Investments went public in early 2014 and since that time we have been executing on our strategy of buying and operating mid-size crude oil tankers. We believe on average the purchase of our 18 vessel fleet was well-timed and below long-term average values. We drydocked our vessels and installed fuel-saving enhancements and have maintained them to the highest standards. We employed primarily a spot trading strategy and layered-in some fixed-rate time-charters as the outlook for the tanker market began to turn. We employed a disciplined strategy of returning capital to shareholders via share repurchases, balanced with debt paydown and our conservative



financial policies helped to make TIL attractive to potential merger partners. And now we are providing our shareholders with an enhanced opportunity to exit, which we feel is attractive to both long and short-term TIL investors.

We believe the merger is attractive to Tanker Investment's shareholders and we agree with the Special Committee's assessment that TIL's shareholders should vote in favor of this proposed merger. The immediate benefit to TIL's shareholders are two-fold, first, the transaction is priced at a significant premium to TIL's current stock price and also a premium to TIL's NAV, on a NAV-to-NAV basis. Trading liquidity in TIL's stock has been a source of frustration since the date of our IPO and one that we and many of our shareholders have believed has hampered the valuation of TIL's stock. We believe the enhanced trading liquidity of Teekay Tankers' stock is beneficial to TIL's shareholders who wish to continue with their investment in the mid-size tanker space, or for those who may seek a near-term exit through TNK's increased equity trading liquidity. And for those shareholders who wish to continue with their investment in the mid-size market through their ownership of TNK shares, the possibility of exiting at a value above NAV exists based on Teekay Tankers' history.

The combined entity will create the world's leading, publicly-listed, mid-size tanker fleet operating as part of Teekay Tanker's fully-integrated tanker platform and we believe the merged entity will provide TIL's shareholders with an optimal investment through which they can participate in the expected tanker market recovery.

Thank you for calling in and Operator, we are now available to take questions.

Operator: Thank you. As a reminder, it is star one to signal for a question. If you were using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. We'll go first to Philip Lee with Mangrove Partners.



Nathaniel: Hi. This is Nathaniel on for Philip. We'd like some more details on the process that you ran. Could you just tell us how many people signed confidentiality agreements, how many, you know, bids you received, how many rounds of bidding you had?

Scott Gayton: Hi, Nathaniel. Unfortunately, I'm not able to provide the specifics on that because, as I talked about in my speech here, the Board of Directors said they setup a special committee with the independent directors, but on the board. And therefore, the management and our chairman, Kenneth Hvid and Bill Utt were excluded from the process and itself. And it was led by the special committee and then they went through all the proposals and the bid and they looked at it through their eyes with Evercore - also hired independent legal counsel as well to review all of them - all the proposals.

Nathaniel: So, usually, in the United States, when there's a merger, we receive a proxy statement that has details of the process as well as the number of bidders and things like that. Is that also going to be provided to us as shareholders of TIL, or will that be part of a proxy that gets filed by TNK, or can you give us some details on that?

Scott Gayton: Sure. The plan is that we're going to be filing a joint proxy statement between TNK and TIL, and we are on the process of drafting now. The exact details that what will be included in there, I'm not aware of it at this point if it will include all of the various bidders, but we will be doing whatever is required under the regulations.

Nathaniel: Okay. So that will be a proxy that you file with the SEC?

Scott Gayton: That's correct, yes.

Nathaniel: Okay. Thank you.



Operator: And once again, that is star one to signal for a question or comment at this time, star one. And it appears we have no further questions at this time. Mr Hung, I'd like to turn the conference back to you for any additional closing remarks.

William Hung: Thank you very much everybody for calling in. We're very excited about this opportunity and the transaction and we will talk to you in our next Earnings Call. Thank you.

Operator: That does conclude today's conference. We thank you for your participation. You may now disconnect.