

Operating Results – Teekay LNG

The following table compares Teekay LNG's operating results, equity income and number of calendar-ship-days for its vessels for 2019 and 2018:

(in thousands of U.S. dollars, except calendar-ship-days)	Year Ended December 31,	
	2019	2018
Revenues	601,256	510,762
Voyage expenses	(21,387)	(28,237)
Vessel operating expenses	(111,585)	(117,658)
Time-charter hire expense	(19,994)	(7,670)
Depreciation and amortization	(136,765)	(124,378)
General and administrative expenses ⁽¹⁾	(22,521)	(28,512)
Write-down of and sale of vessels	13,564	(53,863)
Restructuring charges	(3,315)	(1,845)
Income from vessel operations	299,253	148,599
Liquefied Gas Carriers ⁽¹⁾	300,520	169,918
Conventional Tankers ⁽¹⁾⁽²⁾	(1,267)	(21,319)
	299,253	148,599
Equity income – Liquefied Gas Carriers	58,819	53,546
Calendar-Ship-Days ⁽³⁾		
Liquefied Gas Carriers	11,650	10,125
Conventional Tankers	317	1,389

(1) Includes direct general and administrative expenses and indirect general and administrative expenses allocated to the liquefied gas carriers and conventional tankers based on estimated use of corporate resources.

(2) Further information on Teekay LNG's conventional tanker results can be found in "Item 18 – Financial Statements: Note 3 – Segment Reporting."

(3) Calendar-ship-days presented relate to consolidated vessels.

Income from vessel operations for Teekay LNG increased to \$299.3 million in 2019 compared to \$148.6 million in 2018, primarily as a result of:

- an increase of \$53.1 million as a result of write-downs in 2018 of three conventional tankers and four multi-gas vessels and the sales of the *Teide Spirit*, *European Spirit*, *African Spirit*, *Toledo Spirit* and *Alexander Spirit*, partially offset by a write-down of the *Alexander Spirit* in the third quarter of 2019;
- an increase of \$48.6 million due to the deliveries of the *Sean Spirit*, *Bahrain Spirit* and *Yamal Spirit* and commencement of their charter contracts;
- an increase of \$33.2 million primarily due to higher charter rates earned in 2019 on the *Torben Spirit* and our seven multi-gas carriers;
- an increase of \$12.3 million due to the deliveries of the *Magdala*, *Myrina* and *Megara* following the commencement of their charter contracts in 2018;
- an increase of \$8.9 million due to the reclassification of Awilco vessels as sales-type leases in the fourth quarter of 2019, resulting in a gain on the derecognition of vessels in the same period;
- an increase of \$6.0 million primarily due to a reduction in legal and other professional fees incurred in 2019. During 2018, professional fees included amounts relating to the tax treatment dispute relating to the lease of three LNG carriers (or the *RasGas II LNG Carriers*) in Teekay LNG's 70%-owned consolidated subsidiary Teekay Nakilat Corporation (or the *RasGas II Joint Venture*) and claims against a Norway-based marine transportation company, I.M. Skaugen SE, for damages and losses for Teekay LNG's seven multi-gas carriers previously on charter to them; and
- an increase of \$3.2 million due to the *Polar Spirit* being off-hire for 35 days in 2018 primarily due to an incident investigation involving a collision with a small vessel and repositioning to other charters;

partially offset by

- a decrease of \$9.1 million due to the *Madrid Spirit* and *Galicia Spirit* being off-hire for 82 days and 38 days in 2019, respectively, and the impact of the depreciation of the Euro on Teekay LNG's Euro-denominated revenue and Euro-denominated operating expenses, partially offset by the *Catalunya Spirit* being off-hire for 28 days in 2018 for a scheduled dry docking; and
- a decrease of \$3.5 million due to decrease in operating expenses passed through to the charterer and due to declining revenue recognition for charter contracts accounted for as direct financing leases for the *Tangguh Sago* and *Tangguh Hiri* in 2019.