

TEEKAY TANKERS LTD.  
Form 6-K  
August 22, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 6-K**

**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16 of**  
**the Securities Exchange Act of 1934**

**Date of report: August 9, 2012**

**Commission file number 1-33867**

**TEEKAY TANKERS LTD.**

**(Exact name of Registrant as specified in its charter)**

**4<sup>th</sup> Floor, Belvedere Building**

**69 Pitts Bay Road**

Edgar Filing: TEEKAY TANKERS LTD. - Form 6-K

**Hamilton, HM 08 Bermuda**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7).

Yes  No

**Item 1 Information Contained in this Form 6-K Report**

Attached as Exhibit I is a copy of an announcement of Teekay Tankers, Ltd. dated August 9, 2012.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEEKAY TANKERS LTD.

Date: **August 9, 2012**

By: /s/ Vincent Lok  
Vincent Lok  
Chief Financial Officer

(Principal Financial and Accounting Officer)

**TEEKAY TANKERS LTD.**

**4th Floor, Belvedere Building, 69 Pitts Bay Road**

**Hamilton, HM 08, Bermuda**

**EARNINGS RELEASE**

**TEEKAY TANKERS LTD. REPORTS**

**SECOND QUARTER RESULTS**

**Highlights**

Declared a cash dividend of \$0.11 per share for the quarter ended June 30, 2012, compared to \$0.16 per share in the previous quarter.

Reported second quarter 2012 adjusted net income attributable to shareholders of Teekay Tankers<sup>(1)</sup> of \$0.9 million, or \$0.01 per share.

Completed acquisition of 13 conventional oil and product tankers from Teekay Corporation in June 2012 and entered into new charter contracts, which increased fixed coverage to 47 percent for the 12-month period commencing July 1, 2012.

Total liquidity of \$386 million with no significant debt maturities until 2017.

Hamilton, Bermuda, August 9, 2012 Teekay Tankers Ltd. (*Teekay Tankers* or *the Company*) today reported its results for the three months ended June 30, 2012. During the second quarter of 2012, the Company generated \$11.8 million in Cash Available for Distribution<sup>(2)</sup>, down from \$13.6 million in the first quarter of 2012. On August 8<sup>th</sup>, 2012, Teekay Tankers declared a dividend of \$0.11 per share<sup>(3)</sup> for the second quarter of 2012, which will be paid on August 27, 2012 to all shareholders of record on August 20, 2012.

Teekay Tankers' policy is to pay a variable quarterly dividend equal to its Cash Available for Distribution, subject to any reserves its board of directors may from time to time determine are required. Since the Company's initial public offering in December 2007, it has declared a dividend in 19 consecutive quarters, which now totals \$7.135 per share on a cumulative basis (including the \$0.11 per share dividend to be paid on August 27, 2012).

**Summary of Recent Transactions**

In June 2012, Teekay Tankers completed the previously announced acquisition from Teekay Corporation of 13 double hull conventional tankers, including seven crude oil tankers and six product tankers. The acquisition of 10 of the 13 vessels was completed on June 15, 2012 and the remaining three vessels (LR2 product tankers) were acquired on June 26, 2012. The total purchase price of all 13 vessels, including related time-charter out contracts, assumption of certain debt facilities and an interest rate swap, was \$454.2 million.

In addition to nine vessels acquired from Teekay Corporation with existing fixed-rate time-charters, during the second quarter of 2012, Teekay Tankers time-chartered out two of its owned Aframax tankers and concurrently time-chartered in one Aframax tanker, as described below:

- (1) Adjusted net income attributable to shareholders of Teekay Tankers is a non-GAAP financial measure. Please refer to *Appendix A* to this release for a reconciliation of this non-GAAP measure as used in this release to the most directly comparable financial measure under United States generally accepted accounting principles (GAAP).
- (2) Cash Available for Distribution represents net income (loss), plus depreciation and amortization, unrealized losses from derivatives, non-cash items and any write-offs of other non-recurring items, less unrealized gains from derivatives and net income attributable to the historical results of vessels acquired by the Company from Teekay Corporation, for the period when these vessels were owned

Edgar Filing: TEEKAY TANKERS LTD. - Form 6-K

and operated by Teekay Corporation.

- (3) Please refer to *Appendix B* to this release for the calculation of the cash dividend amount.

1

- more -

Time-charter Out of Existing Owned Aframaxes

*Erik Spirit* time-chartered out for a period of 12 months at a time-charter rate of \$13,900 per day, which commenced on July 12, 2012.

*Kanata Spirit* time-chartered out for a period of 12 months at a time-charter rate of \$14,000 per day, which commenced on July 1, 2012.

Time-charter In of Aframax from Third Party

*Star Lady* chartered-in for a period of six months at a charter-in rate of \$11,750 per day with options to extend up to an additional 18 months at escalating rates, which commenced on July 25, 2012.

After the completion of our 13-vessel acquisition from Teekay Corporation in June, we continue to focus on managing employment of our significantly expanded fleet to achieve the right balance of downside protection through fixed-rate coverage and upside through spot market exposure, commented Bruce Chan, Chief Executive Officer of Teekay Tankers. With energy agencies such as the Energy Information Administration recently downgrading their oil demand forecasts for 2013 due to a softening global economic outlook, our ability to leverage Teekay Corporation's chartering relationships to secure favorable time-charter out contracts has become an even greater competitive advantage. In addition to the nine vessels acquired from Teekay Corporation with existing time-charters, we recently time-chartered out two additional Aframaxes for respective 12 month periods. One of these out-charters, when paired with an additional recently chartered-in Aframax, will effectively lock-in approximately \$2,000 per day of cash flows for the initial six-month time-charter in period, and when combined with the 13-vessel acquisition from Teekay Corporation, will increase our total fixed-cover for the 12 months commencing July 1, 2012 from 29 percent to 47 percent. In addition, our spot-traded Aframax, Suezmax and LR2 vessels continue to trade in Teekay's commercial tonnage pools, which provide the scale benefits of a significantly larger fleet and have historically out-performed the market.

Mr. Chan added, "Through this period of seasonal and cyclical spot tanker market weakness, Teekay Tankers remains financially well-positioned with over \$386 million of available liquidity and no significant debt maturities until 2017."

Estimated Third Quarter 2012 Dividend

The table below presents the estimated cash dividend per share for the quarter ending September 30, 2012 at various average rates earned by the Company's spot tanker fleet and reflects the estimated contribution from its existing fixed-rate, time-charter contracts and estimated reserves for scheduled vessel dry dockings and debt principal repayments. These estimates are based on current assumptions and actual dividends may differ materially from those included in the following table. In addition, the Company's Aframax and Suezmax spot rates earned during the third quarter of 2012 may not necessarily equal industry averages:

Q3 2012 Dividend Estimate Dividend Per Share (i)	Suezmax Spot Rate Assumption (TCE per day)							
	\$ 10,000	\$ 15,000	\$ 20,000	\$ 25,000	\$ 30,000	\$ 35,000	\$ 40,000	
Aframax/LR2 Spot Rate Assumption (TCE per day)	\$ 10,000	0.00	0.03	0.05	0.09	0.12	0.15	0.19
	\$ 15,000	0.04	0.07	0.10	0.13	0.16	0.19	0.23
	\$ 20,000	0.08	0.11	0.14	0.17	0.20	0.23	0.27
	\$ 25,000	0.12	0.15	0.18	0.21	0.24	0.27	0.31
	\$ 30,000	0.16	0.19	0.22	0.25	0.28	0.32	0.35
	\$ 35,000	0.20	0.23	0.26	0.29	0.32	0.36	0.39

- (i) Estimated dividend per share is based on estimated Cash Available for Distribution, less \$5.0 million for scheduled principal payments related to the Company's debt facilities and less a \$3.5 million reserve for estimated drydocking costs. Based on the estimated weighted-average number of shares outstanding for the third quarter of 83.6 million shares.

- more -

**Tanker Market**

Crude tanker rates softened during the second quarter of 2012 due to a combination of tanker supply growth, reduced tanker demand and seasonal factors. According to the International Energy Agency, global oil demand declined by 0.6 million barrels per day (*mb/d*) during the second quarter due to refinery turnarounds in both the Atlantic and Pacific basins. A decline in non-OECD oil stockpiling following heavy build ups during the first quarter also reduced demand for crude tankers. The onset of oilfield maintenance in the North Sea and a strike by Norwegian oil workers also negatively impacted crude tanker rates during the second quarter.

Long Range 2 (*LR2*) product tanker rates strengthened considerably during the second quarter of 2012 and as of July had risen to their highest level since the third quarter of 2010. The recovery in LR2 rates was driven by an increase in Asian naphtha imports from the Middle East and Europe coupled with reduced competition from uncoated Aframax newbuildings for gasoil cargoes loading in the Far East.

The global tanker fleet grew by a net 11.0 million deadweight (*mdwt*), or 2.3 percent, through the first half of 2012 compared to fleet growth of 15.6 mdwt, or 3.5 percent, for the same period of 2011. Fleet growth accelerated during the second quarter due to an increase in vessel deliveries and a decrease in scrapping compared to the first quarter. The decline in scrapping partially reflects the reduction in scrap prices, which as of end-of-July 2012 averaged \$380 per lightweight tonne (*ldt*) compared to \$480 per ldt at the beginning of the year.

The outlook for the global economy has weakened in recent weeks due to ongoing stress in the Euro zone and slower growth in the US and China. The International Monetary Fund (*IMF*) recently downgraded its outlook for global economic growth in 2012 and 2013 to 3.5 percent and 3.9 percent, respectively (from 3.6 percent and 4.1 percent in their previous forecast). As a result, the Energy Information Administration downgraded its global oil demand growth forecast for 2013 to 0.9 mb/d from 1.5 mb/d forecasted at the start of the year. This is expected to translate into slower tanker demand growth during 2013 than was previously expected, although a simultaneous slowdown in tanker supply growth could help offset this weaker demand outlook.

3

- more -



**Financial Summary**

The Company reported adjusted net income attributable to shareholders of Teekay Tankers<sup>(1)</sup> (as detailed in *Appendix A* to this release) of \$0.9 million, or \$0.01 per share, for the quarter ended June 30, 2012, compared to \$4.3 million, or \$0.07 per share, for the same period in the prior year. The reduction in adjusted net income attributable to the shareholders of Teekay Tankers is primarily the result of lower average realized tanker rates for our spot and time-charter Aframax fleets during the second quarter of 2012, compared to the same period in the prior year, partially offset by higher average realized tanker rates for our spot Suezmax fleet during the second quarter of 2012, compared to the same period in the prior year. Moreover, in the quarter ended June 30, 2012, two Suezmax vessels which were on time-charter out contracts at \$30,500 per day, expired and commenced trading in the spot Suezmax pool. Adjusted net income attributable to the shareholders of Teekay Tankers excludes a number of specific items which had the net effect of increasing net income attributable to shareholders of Teekay Tankers by \$0.2 million, or \$nil per share, and decreasing net income attributable to the shareholders of Teekay Tankers by \$2.9 million, or \$0.05 per share, for the three month periods ended June 30, 2012 and 2011, respectively, as detailed in *Appendix A* to this release. Including these items, the Company reported, on a GAAP basis, net income attributable to the shareholders of Teekay Tankers of \$1.1 million, or \$0.01 per share, for the quarter ended June 30, 2012, compared to \$1.4 million, or \$0.02 per share, for the quarter ended June 30, 2011. Net revenues<sup>(2)</sup> were \$50.9 million and \$56.6 million for the second quarters of 2012 and 2011, respectively.

Adjusted net income attributable to the shareholders of Teekay Tankers (as detailed in *Appendix A* to this release) for the six months ended June 30, 2012 was \$4.0 million, or \$0.05 per share, compared to \$9.9 million, or \$0.17 per share, for the same period last year. The reduction in the adjusted net income attributable to the shareholders of Teekay Tankers was primarily due to lower average realized tanker rates for our spot and time-charter Aframax fleets during the first half of 2012, compared to the same period in the prior year, which was partially offset by higher average realized tanker rates for our spot Suezmax fleet during the first half of 2012, compared to the same period in the prior year. Adjusted net income attributable to the shareholders of Teekay Tankers excludes a number of specific items which had the net effect of increasing net income attributable to shareholders of Teekay Tankers by \$1.2 million, or \$0.02 per share, and decreasing net income attributable to the shareholders of Teekay Tankers by \$1.4 million, or \$0.03 per share, for the six month periods ended June 30, 2012 and 2011, respectively, as detailed in *Appendix A* to this release. Including these items, the Company reported, on a GAAP basis, net income attributable to the shareholders of Teekay Tankers of \$5.2 million, or \$0.07 per share, for the six months ended June 30, 2012, compared to \$8.5 million, or \$0.14 per share, for the six months ended June 30, 2011. Net revenues<sup>(2)</sup> were \$104.4 million for the six months ended June 30, 2012, compared to \$112.7 million for same period last year.

For accounting purposes, the Company is required to recognize the changes in the fair value of its derivative instruments in the statements of (loss) income. This method of accounting does not affect the Company's cash flows or the calculation of Cash Available for Distribution, but results in the recognition of unrealized gains or losses in the statements of (loss) income.

The Company's financial statements for the current and prior periods include historical results of the 13 vessels acquired by the Company from Teekay Corporation, referred to herein as the Dropdown Predecessor, for the periods when these vessels were owned and operated by Teekay Corporation.

- (1) Adjusted net income attributable to shareholders of Teekay Tankers is a non-GAAP financial measure. Please refer to *Appendix A* included in this release for a reconciliation of this non-GAAP measure to the most directly comparable financial measure under United States generally accepted accounting principles (*GAAP*) and information about specific items affecting net income that are typically excluded by securities analysts in their published estimates of the Company's financial results.
- (2) Net revenues represents revenues less voyage expenses. Net revenues is a non-GAAP financial measure used by certain investors to measure the financial performance of shipping companies. Please see the Company's website at [www.teekaytankers.com](http://www.teekaytankers.com) for a reconciliation of net revenues to the most directly comparable financial measure under GAAP.

**Operating Results**

The following table highlights the operating performance of the Company's time-charter and spot vessels measured in net voyage revenue per revenue day, or time-charter equivalent (*TCE*) rates, before related-party pool management fees, related-party commissions and off-hire bunker expenses:

	June 30, 2012 <sup>(ii)</sup>	Three Months Ended March 31, 2012 <sup>(ii)</sup>	June 30, 2011 <sup>(ii)</sup>
<b>Time-Charter Fleet</b>			
Suezmax revenue days	196	273	273
Suezmax TCE per revenue day <sup>(i)</sup>	\$ 24,482	\$ 27,484	\$ 27,222
Aframax revenue days	569	543	450
Aframax TCE per revenue day <sup>(i)</sup>	\$ 18,467	\$ 17,782	\$ 23,557
MR revenue days	45		
MR TCE per revenue day <sup>(iii)</sup>	\$ 26,658		
<b>Spot Fleet</b>			
Suezmax revenue days	401	272	273
Suezmax TCE per revenue day	\$ 22,795	\$ 25,236	\$ 17,544
Aframax revenue days	341	404	361
Aframax TCE per revenue day	\$ 10,610	\$ 12,715	\$ 16,411
LR2 revenue days	12		
LR2 TCE per revenue day	\$ 11,126		
<b>Total Fleet</b>			
Suezmax revenue days	597	545	546
Suezmax TCE per revenue day <sup>(i)</sup>	\$ 23,348	\$ 26,361	\$ 22,386
Aframax revenue days	910	947	811
Aframax TCE per revenue day <sup>(i)</sup>	\$ 15,521	\$ 15,620	\$ 20,378
LR2 revenue days	12		
LR2 TCE per revenue day	\$ 11,126		
MR revenue days	45		
MR TCE per revenue day	\$ 26,658		

- (i) Excludes profit share amounts relating to certain vessels which are employed on fixed-rate time-charter contracts that include a profit-sharing component.
- (ii) The TCE rates in the table above exclude the results of the acquisition of the 13 conventional tankers from Teekay Corporation prior to their acquisition by the Company during the second quarter of 2012.
- (iii) The charter rate on one of the MR tankers includes approximately \$14,000 per day for the additional costs relating to Australian crew versus international crew.

**Teekay Tankers Fleet**

The following table summarizes the Company's fleet as of August 1, 2012:

	Owned Vessels	Chartered-in Vessels	Newbuildings	Total
<b>Fixed-rate:</b>				
Aframax Tankers	8			8
Suezmax Tankers	4			4
MR Product Tankers	3			3
VLCC Tankers			1	1
Total Fixed-Rate Fleet	15		1	16
<b>Spot-rate:</b>				
Aframax Tankers <sup>(i)</sup>	4	1		5
Suezmax Tankers	6			6
LR2 Product Tankers	3			3
Total Spot Fleet	13	1		14
Total Teekay Tankers Fleet	28	1	1	30

(i) One chartered-in Aframax, the *Star Lady*, is currently time-chartered in for a six-month period ending in December 2012, with options to extend the time-charter in period for additional periods of six and 12 months, respectively, at escalating rates.

The fleet list above includes a very large crude carrier (VLCC) newbuilding that Teekay Tankers owns through a 50/50 joint venture it entered into with Wah Kwong Maritime Transport Holdings Limited in October 2010. The newbuilding is scheduled to deliver in April 2013, at which time it will commence a time-charter out to a major Chinese shipping company for a period of five years. The time-charter includes a fixed floor rate, coupled with a profit-sharing component.

In July 2012, the Company time-chartered out the Aframax tankers, *Erik Spirit* and *Kanata Spirit*, and concurrently time-chartered in the Aframax tanker, *Star Lady*, as described above under Summary of Recent Transactions.

In July 2010, the Company made loans secured by first-priority ship mortgages on two VLCC newbuildings, the income of which the Company believes approximates that of two vessels trading on fixed-rate bareboat charters. Including the income earned from these loans, the Company expects to have fixed-rate coverage of approximately 48 percent for the 12 months commencing July 1, 2012.

**Liquidity**

As of June 30, 2012, the Company had total liquidity of \$386.1 million (which consisted of \$18.6 million of cash and \$367.5 million in an undrawn revolving credit facility), compared to total liquidity of \$357.0 million as at March 31, 2012.

**Conference Call**

The Company plans to host a conference call on August 9, 2012 at 1:00 p.m. (ET) to discuss its results for the second quarter of 2012. An accompanying investor presentation will be available on Teekay Tankers' website at [www.teekaytankers.com](http://www.teekaytankers.com) prior to the start of the call. All shareholders and interested parties are invited to listen to the live conference call by choosing from the following options:

By dialing (866) 321-6651 or (416) 642-5212, if outside North America, and quoting conference ID code 6175784.

By accessing the webcast, which will be available on Teekay Tankers' website at [www.teekaytankers.com](http://www.teekaytankers.com) (the archive will remain on the Web site for a period of 30 days).

The conference call will be recorded and available until Thursday, August 16, 2012. This recording can be accessed following the live call by dialing (888) 203-1112 or (647) 436-0148, if outside North America, and entering access code 6175784.

**About Teekay Tankers**

Teekay Tankers currently owns a fleet 12 double-hull Aframax tankers, 10 double-hull Suezmax tankers, three double-hull Long Range 2 (LR2) product tankers, three double-hull Medium-Range (MR) product tankers and has one time-chartered in Aframax tanker, which an affiliate of Teekay Corporation (NYSE: TK) manages through a mix of short- or medium-term fixed-rate time-charter contracts and spot tanker market trading. The Company also owns a VLCC newbuilding through a 50 percent joint venture, which is scheduled to deliver in April 2013. Teekay Tankers Ltd. was formed in December 2007 by Teekay Corporation as part of its strategy to expand its conventional oil tanker business. Since inception, Teekay Tankers has distributed on a quarterly basis all of its Cash Available for Distribution, less reserves established by its board of directors.

Teekay Tankers' common stock trades on the New York Stock Exchange under the symbol **TNK**.

**For Investor Relations enquiries contact:**

Kent Alekson

Tel: +1 (604) 844-6654

Web site: [www.teekaytankers.com](http://www.teekaytankers.com)

**TEEKAY TANKERS LTD.**

**SUMMARY CONSOLIDATED STATEMENTS OF (LOSS) INCOME <sup>(1)</sup>**

(in thousands of U.S. dollars, except share data)

	<b>June 30, 2012</b>	<b>Three Months Ended March 31, 2012</b>	<b>June 30, 2011</b>	<b>Six Months Ended June 30, 2012</b>	<b>June 30, 2011</b>
	<b>(unaudited)<sup>(1)</sup></b>	<b>(unaudited)<sup>(1)</sup></b>	<b>(unaudited)<sup>(1)</sup></b>	<b>(unaudited)<sup>(1)</sup></b>	<b>(unaudited)<sup>(1)</sup></b>
Time-charter revenues	32,032	35,637	38,771	67,669	77,605
Net pool revenues	16,136	1			