

TEEKAY TANKERS LTD.
Form 6-K
December 12, 2012
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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
For the quarterly period ended September 30, 2012
Commission file number 1-33867

TEEKAY TANKERS LTD.

(Exact name of Registrant as specified in its charter)

4th Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08, Bermuda

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(Address of principle executive offices)

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

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TEEKAY TANKERS LTD.

REPORT ON FORM 6-K FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2012

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Table of Contents**TEEKAY TANKERS LTD.****UNAUDITED CONSOLIDATED STATEMENTS OF LOSS**

(in thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended September 30, 2012 \$	Three Months Ended September 30, 2011 \$ <i>(note 3)</i>	Nine Months Ended September 30, 2012 \$ <i>(note 3)</i>	Nine Months Ended September 30, 2011 \$ <i>(note 3)</i>
REVENUES				
Time charter revenues <i>(note 11a)</i>	28,356	41,898	96,025	119,503
Net pool revenues from affiliates <i>(note 11a)</i>	14,638	7,810	47,087	38,769
Voyage charter revenue	210		210	
Interest income from investment in term loans	2,880	2,855	8,614	8,462
Total revenues	46,084	52,563	151,936	166,734
OPERATING EXPENSES				
Voyage expenses <i>(note 11a)</i>	2,172	1,108	3,601	2,601
Vessel operating expenses <i>(note 11a)</i>	23,529	21,813	65,600	62,739
Time-charter hire expenses	804	1,610	3,109	1,610
Depreciation and amortization	17,896	18,801	53,934	56,327
General and administrative <i>(note 11a)</i>	3,327	3,524	11,139	12,901
Goodwill impairment <i>(note 9)</i>		19,294		19,294
Asset impairments <i>(note 10)</i>		58,034		58,034
Total operating expenses	47,728	124,184	137,383	213,506
(Loss) income from operations	(1,644)	(71,621)	14,553	(46,772)
OTHER ITEMS				
Interest expense <i>(note 11a)</i>	(2,954)	(8,330)	(17,169)	(33,122)
Interest income	15	17	36	62
Realized and unrealized loss on derivative instruments <i>(note 6)</i>	(4,252)	(14,675)	(9,226)	(25,950)
Other expenses	(826)	15	(1,806)	(357)
Total other items	(8,017)	(22,973)	(28,165)	(59,367)
Net loss	(9,661)	(94,594)	(13,612)	(106,139)
Add: Net loss attributable to the Dropdown Predecessor <i>(note 3)</i>		77,461	9,163	97,539
Net loss attributable to common stockholders	(9,661)	(17,133)	(4,449)	(8,600)
Per common share amounts:				
Basic and diluted loss per share <i>(note 12)</i>	(0.12)	(0.28)	(0.06)	(0.14)
Cash dividends declared	0.02	0.21	0.29	0.68
Weighted-average number of				
Class A and Class B common shares outstanding				
Basic and diluted <i>(note 12)</i>	83,591,030	61,876,744	78,159,449	60,397,333

Related party transactions (*note 11*)

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Table of Contents**TEEKAY TANKERS LTD.****UNAUDITED CONSOLIDATED BALANCE SHEETS**

(in thousands of U.S. dollars)

	As at September 30, 2012 \$	As at December 31, 2011 \$ (note 3)
ASSETS		
Current		
Cash and cash equivalents	26,298	18,566
Pool receivables from affiliates, net (note 11c)	8,611	4,360
Accounts receivable	2,546	2,185
Interest receivable on investment in term loans	1,754	1,754
Due from affiliates (note 11c)	22,619	166,346
Prepaid expenses	6,932	6,259
Investment in term loans	117,581	
Other current assets		308
Total current assets	186,341	199,778
Vessels and equipment		
At cost, less accumulated depreciation of \$445.2 million (2011 - \$391.6 million)	1,266,594	1,310,496
Investment in term loans		116,844
Loan to joint venture (note 4)	9,830	9,830
Other non-current assets	6,881	4,521
Total assets	1,469,646	1,641,469
LIABILITIES AND EQUITY		
Current		
Accounts payable	2,413	4,364
Accrued liabilities	14,489	14,527
Current portion of long-term debt (note 5)	25,246	26,268
Current portion of derivative instruments (note 6)	6,228	6,652
Deferred revenue	2,121	3,709
Due to affiliates (note 11c)	16,154	91,200
Other current liabilities		115
Total current liabilities	66,651	146,835
Long-term debt (note 5)	706,896	882,462
Derivative instruments (note 6)	31,137	28,559
Other long-term liabilities	4,578	5,449
Total liabilities	809,262	1,063,305
Commitments and contingencies (note 4 and 6)		
Equity		
Common stock and additional paid-in capital (300 million shares authorized, 71.1 million)	672,560	588,441

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Class A and 12.5 million Class B shares issued and outstanding as of September 30, 2012, and 39.5 million Class A and 12.5 million Class B issued and outstanding as of December 31, 2011) (note 8)

Dropdown predecessor equity (note 3)		88,793
Accumulated deficit	(12,176)	(99,070)
Total equity	660,384	578,164
Total liabilities and equity	1,469,646	1,641,469

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Table of Contents**TEEKAY TANKERS LTD.****UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands of U.S. dollars)

	Nine Months Ended September 30, 2012 \$ (note 3)	Nine Months Ended September 30, 2011 \$ (note 3)
Cash and cash equivalents provided by (used for)		
OPERATING ACTIVITIES		
Net loss	(13,612)	(106,139)
Non-cash items:		
Depreciation and amortization	53,934	56,327
Unrealized loss (gain) on derivative instruments	2,154	(10,566)
Goodwill impairment (note 9)		19,294
Asset impairments (note 10)		58,034
Other	895	271
Change in non-cash working capital items related to operating activities	(13,868)	(4,346)
Expenditures for drydocking	(7,933)	(1,585)
Net operating cash flow	21,570	11,290
FINANCING ACTIVITIES		
Proceeds from long-term debt	15,000	15,000
Repayments of long-term debt	(4,855)	(1,350)
Prepayment of long-term debt	(55,000)	(118,328)
Proceeds from long-term debt of Dropdown Predecessor	2,312	268,696
Repayment of long-term debt of Dropdown Predecessor	(10,372)	(13,925)
Prepayment of long-term debt of Dropdown Predecessor	(15,000)	
Acquisition of 13 vessels from Teekay Corporation (note 3)	(2,306)	
Due to / from affiliates	16,913	(284,081)
Equity contribution from Teekay Corporation	9,467	62,562
Proceeds from issuance of Class A common stock	69,000	112,055
Share issuance costs	(3,229)	(4,949)
Cash dividends paid	(30,559)	(42,076)
Net financing cash flow	(8,629)	(6,396)
INVESTING ACTIVITIES (note 4)		
Expenditures for vessels and equipment	(2,099)	(3,147)
Investment in joint venture	(3,110)	
Net investing cash flow	(5,209)	(3,147)
Increase in cash and cash equivalents	7,732	1,747
Cash and cash equivalents, beginning of the period	18,566	14,889
Cash and cash equivalents, end of the period	26,298	16,636

Supplemental cash flow information (note 3).

The accompanying notes are an integral part of the consolidated financial statements.

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TEEKAY TANKERS LTD.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	STOCKHOLDERS' EQUITY					Total \$
	Owner's Equity (Dropdown Predecessor) \$ (note 3)	Thousands of Common Shares #	Class A \$	Class B \$	Retained Earnings / (Accumulated Deficit) \$	
Balance as at December 31, 2011	88,793	61,877	588,316	125	(99,070)	578,164
Net loss	(9,163)				(4,449)	(13,612)
Net change in parent's equity in Dropdown Predecessor	70,404					70,404
Proceeds from public offering of Class A common shares, net of offering costs of \$3.3 million (note 8)		17,250	65,771			65,771
Acquisition of interest in 13 vessels from Teekay Corporation	(150,034)	4,464	18,348		121,902	(9,784)
Dividends declared to Teekay Corporation					(6,657)	(6,657)
Dividends declared to other parties					(23,902)	(23,902)
Balance as at September 30, 2012		83,591	672,435	125	(12,176)	660,384

The accompanying notes are an integral part of the consolidated financial statements.

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TEEKAY TANKERS LTD.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

1. Basis of Presentation

The unaudited interim consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles (or *GAAP*). These financial statements include the accounts of Teekay Tankers Ltd. and its wholly owned subsidiaries (collectively the *Company*). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Certain information and footnote disclosures required by GAAP for complete annual financial statements have been omitted and, therefore, these interim financial statements should be read in conjunction with the Company's audited consolidated financial statements filed on Form 20-F for the year ended December 31, 2011. In the opinion of management, these interim unaudited consolidated financial statements reflect all adjustments, consisting solely of a normal recurring nature, necessary to present fairly, in all material respects, the Company's consolidated financial position, results of operations, and cash flows for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of those for a full fiscal year. Significant intercompany balances and transactions have been eliminated upon consolidation. Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current period.

2. Adoption of New Accounting Pronouncements

In January 2012, the Financial Accounting Standards Board (or *FASB*) issued amendments to FASB ASC 820, *Fair Value Measurement*, which clarify or change the application of existing fair value measurements, including that the highest and best use and valuation premise in a fair value measurement are relevant only when measuring the fair value of nonfinancial assets; that a reporting entity should measure the fair value of its own equity instrument from the perspective of a market participant that holds that instrument as an asset; to permit an entity to measure the fair value of certain financial instruments on a net basis rather than based on its gross exposure when the reporting entity manages its financial instruments on the basis of such net exposure; that in the absence of a Level 1 input, a reporting entity should apply premiums and discounts when market participants would do so when pricing the asset or liability consistent with the unit of account; and that premiums and discounts related to size as a characteristic of the reporting entity's holding are not permitted in a fair value measurement. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

Table of Contents**TEEKAY TANKERS LTD.****NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS****(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)****3. Acquisitions**

During June 2012, the Company acquired from Teekay Corporation (or *Teekay*) seven conventional oil tankers and six product tankers and related time-charter contracts, and an interest rate swap, for an aggregate price of approximately \$454.2 million, including the assumption of outstanding debt of approximately \$428.1 million (or the *2012 Acquired Business*). Ten of the vessels were acquired on June 15, 2012 and the remaining three were acquired on June 26, 2012. As consideration for this acquisition, the Company issued to Teekay 4.5 million Class A common shares and made a cash payment of \$1.1 million to Teekay. The 4.5 million Class A common shares had an approximate value of \$25.0 million, or \$5.60 per share, when the purchase price was agreed to between the parties and a value of \$18.3 million, or \$4.11 per share, on the acquisition closing date. The purchase price, for accounting purposes, is based upon the value of the Class A common shares on the acquisition closing date. Consequently, common stock and additional paid in capital and accumulated deficit are both \$6.7 million lower than if the value of the shares had remained unchanged from when the purchase price was agreed to between the parties. In addition, the Company reimbursed Teekay for \$8.4 million of working capital it assumed from Teekay in connection with the 2012 Acquired Business. Teekay has granted the Company a right of first refusal on any conventional tanker opportunities developed by Teekay for a period of three years from the closing date of the acquisition.

Immediately preceding the acquisition of the 2012 Acquired Business, the 2012 Acquired Business settled a net amount due from Teekay of \$50.4 million by it declaring a dividend to Teekay. In addition, debt facilities of Teekay allocated to the 2012 Acquired Business, with an aggregate outstanding balance of \$109.6 million on June 15, 2012, were retained by Teekay and have been reflected in these financial statements as a non-cash debt extinguishment through a return of capital on June 15, 2012. The excess of the acquisition purchase price over Teekay's carrying amount of net assets acquired by the Company is accounted for as a return of capital to Teekay.

The Company has accounted for the acquisition of interests in vessels from Teekay as a transfer of a business between entities under common control. Under this method, the carrying amount of net assets recognized in the balance sheets of each combining entity are carried forward to the balance sheet of the Company at Teekay's historical cost is accounted for as an equity distribution to Teekay. In addition, transfers of net assets between entities under common control are accounted for as if the transfer occurred from the date that the Company and the acquired vessels were both under the common control of Teekay and had begun operations. As a result, the Company's financial statements prior to the date the interests in these vessels were actually acquired by the Company are retroactively adjusted to include the results of these vessels and their related operations and cash flows (referred to herein collectively as the *Dropdown Predecessor*) during the periods they were under common control of Teekay and had begun operations.

The Company's consolidated financial statements include the financial position, results of operations and cash flows of the 2012 Acquired Business. In the preparation of these consolidated financial statements, general and administrative expenses and interest expense were not identifiable as relating solely to the acquired vessels. General and administrative expenses (consisting primarily of salaries and other employee related costs, office rent, legal and professional fees, and travel expenses) were allocated based on the 2012 Acquired Business's proportionate share of Teekay's total ship-operating (calendar) days for the period presented during which the vessels were owned by Teekay. In addition, the 2012 Acquired Business was capitalized in part with non-interest bearing loans or equity from Teekay and its subsidiaries. These intercompany loans and equity were generally used to finance the acquisition of the vessels. Interest expense includes the allocation of interest to the 2012 Acquired Business from Teekay and its subsidiaries based upon the weighted-average outstanding balance of these intercompany loans and equity and the weighted-average interest rate outstanding on Teekay's loan facilities that were used to finance these intercompany loans and equity. Management believes these allocations reasonably present the general and administrative expenses and interest expense of the 2012 Acquired Business.

The acquisition of the 2012 Acquired Business was accounted for as reorganization between entities under common control. As a result, the Company's consolidated financial statements reflect the 2012 Acquired Business as if the Company had acquired the 2012 Acquired Business when the 13 vessels began their respective operations under the ownership of Teekay. All of these vessels began operations prior to the periods covered by these consolidated financial statements and consequently are reflected in all periods presented. The effect of adjusting the Company's financial statements to account for the 2012 Acquired Business is reflected in the following tables:

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(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

Teekay Tankers Ltd.**Condensed Combined Statement of Loss**

	Historical Teekay Tankers \$	Three Months Ended September 30, 2011 2012 Acquired Business \$	Total \$
REVENUES			
Time charter revenues	22,632	19,266	41,898
Net pool revenues	4,208	3,602	7,810
Interest income from investment in term loans	2,855		2,855
Total revenues	29,695	22,868	52,563
OPERATING EXPENSES			
Voyage expenses	729	379	1,108
Vessel operating expenses	10,908	10,905	21,813
Time-charter hire expense	1,610		1,610
Depreciation and amortization	10,797	8,004	18,801
General and administrative	1,927	1,597	3,524
Goodwill impairment	13,310	5,984	19,294
Asset impairments		58,034	58,034
Total operating expenses	39,281	84,903	124,184
Loss from operations	(9,586)	(62,035)	(71,621)
OTHER ITEMS			
Interest expense	(740)	(7,590)	(8,330)
Interest income	12	5	17
Realized and unrealized loss on derivative instruments	(6,703)	(7,972)	(14,675)
Other (expense) / income	(116)	131	15
Total other items	(7,547)	(15,426)	(22,973)
Net loss	(17,133)	(77,461)	(94,594)

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(all tabular amounts stated in thousands of U.S. dollars, other than share or per share data)

Teekay Tankers Ltd.**Condensed Combined Statement of Loss**

	Nine Months Ended September 30, 2012			Nine Months Ended September 30, 2011		
	Historical Teekay Tankers \$	2012 Acquired Business \$	Total \$	Historical Teekay Tankers \$	2012 Acquired Business \$	Total \$
REVENUES						
Time charter revenues	62,508	33,517	96,025	60,180	59,323	119,503
Net pool revenues	38,376	8,711	47,087	24,224	14,545	38,769
Voyage charter revenues	210		210			
Interest income from investment in term loans	8,614		8,614	8,462		8,462
Total revenues	109,708	42,228	151,936	92,866	73,868	166,734
OPERATING EXPENSES						
Voyage expenses	3,352	249	3,601	1,888	713	2,601
Vessel operating expenses	46,196	19,404	65,600	31,362	31,377	62,739
Time-charter hire expense	3,109		3,109	1,610		1,610
Depreciation and amortization	40,437	13,497	53,934	32,374	23,953	56,327
General and administrative	8,573	2,566	11,139	6,727	6,174	12,901
Goodwill impairment				13,310	5,984	19,294
Asset impairments					58,034	58,034
Total operating expenses	101,667	35,716	137,383	87,271	126,235	213,506