TEEKAY TANKERS LTD.
Form 6-K
February 26, 2013

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: February 21, 2013

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

(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 x 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 x

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 x

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 February 21, 2013

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: February 21, 2013	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

FOURTH QUARTER AND ANNUAL RESULTS

Highlights

- Declared a cash dividend of $0.03 per share for the quarter ended December 31, 2012.
- Reported fourth quarter 2012 adjusted net loss attributable to shareholders of Teekay Tankers(1) of $7.8 million, or $0.09 per share (excluding specific items which increased GAAP net loss by $348.8 million, or $4.18 per share, of which includes a $352.5 million non-cash vessel impairment charge).
- Completed sale of a 1998-built Aframax tanker for net proceeds of $9.1 million on January 22, 2013.
- Total liquidity of $327.3 million at December 31, 2012.
- Moved to fixed dividend policy, commencing with the first quarter 2013 dividend, set at an annual amount of $0.12 per share, payable quarterly.

Hamilton, Bermuda, February 21, 2013 Teekay Tankers Ltd. (*Teekay Tankers* or *the Company*) (NYSE: TNK) today reported its results for the three months ended December 31, 2012. During the fourth quarter of 2012, the Company generated $10.8 million, or $0.13 per share, in Cash Available for Distribution(2), compared to $9.7 million, or $0.12 per share, in the third quarter of 2012. On February 20, 2013, Teekay Tankers declared a dividend of $0.03 per share(3) for the fourth quarter of 2012, which will be paid on March 11, 2013 to all shareholders of record on March 4, 2013.

Since the Company s initial public offering in December 2007, it has declared a dividend in 21 consecutive quarters, which now totals $7.185 per share on a cumulative basis (including the dividend to be paid on March 11, 2013).

Stronger spot rates materialized for brief periods later in the fourth quarter; however, the current oversupply of tanker capacity, combined with reduced OPEC oil production, has largely offset any seasonal strengthening of crude tanker rates so far in the first quarter of 2013, commented Bruce Chan, Teekay Tankers Chief Executive Officer. On a positive note, increasing product tanker demand has led to relatively stronger LR2 product tanker rates, a trend that we believe will continue in the medium-term due to the increased refinery capacity east of Suez, and a corresponding increase in long-haul product tanker demand.

As a result of the continuing weak tanker market across most segments, delays to the expected tanker market recovery and a further decline in vessel market values during the course of the year, Teekay Tankers US GAAP financial results for the fourth quarter of 2012 include a non-cash vessel impairment charge of approximately $353 million, Mr. Chan added. Vessel values over the past five years have fallen significantly, and ships recorded on the books at these historically high values have become impaired. The ships which were affected the most are the Suezmaxes acquired by Teekay Corporation in 2007, and recorded on Teekay Tankers balance sheet at the same values due to dropdown accounting rules. It is important to note that for the 13 vessels acquired more recently, in June 2012, had these ships been recorded on our balance sheet at Teekay Tankers actual purchase price, rather than Teekay Corporation s book value, none of these vessels would have been written-down. The vessel impairment charge included in our fourth quarter results is non-cash in nature and does not impact the Company s Cash Available for Distribution or cash dividend, nor does it affect any covenants related to Teekay Tankers debt facilities.

(1) Adjusted net loss 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*) and for information about specific items affecting net loss that are typically excluded by securities analysts in their published estimates of the Company s financial results.

(2) Cash Available for Distribution represents net income (loss), plus depreciation and amortization, unrealized losses from derivatives, non-cash items and any write-offs or 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 and operated by Teekay Corporation.

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

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Despite the weak tanker market outlook for 2013, Teekay Tankers remains financially strong with a manageable debt level and over $325 million of available liquidity as at December 31, 2012, Mr. Chan continued. At the current cyclically low asset values for both secondhand and newbuilding tankers, we believe this market provides favorable opportunities for investment in future growth either through the ordering of new, fuel-efficient vessels or the acquisition of quality on-the-water tonnage.

Mr. Chan continued, In line with our goals of fleet renewal and growth, we have also elected to move Teekay Tankers to a fixed dividend policy. Commencing with the first quarter 2013 dividend, payable in June 2013, the dividend will be fixed at an annual amount of $0.12 per share, payable quarterly. We believe this is a sustainable level based on our existing fleet size and employment mix, and is a prudent policy which will enable us to retain an increasing amount of operating cash flow as the tanker market recovers for investment in Teekay Tankers future growth.

Summary of Recent Transactions

Commencing December 8, 2012, Teekay Tankers time-chartered out the Aframax tanker *Esther Spirit* for a period of 12 months at a rate of $14,250 per day. In January 2013, the Company time-chartered in the Aframax tanker *BM Breeze* for a period of 12 months at a rate of $11,100 per day which includes an option for the Company to extend the time-charter for an additional 12-month period at a rate of $12,600 per day. In addition, the Company exercised its extension option on the time-charter in of the Aframax tanker *Star Lady* at a rate of $12,250 per day until July 2013.

On January 22, 2013, Teekay Tankers completed the sale of an Aframax tanker, the *Nassau Spirit,* for net proceeds of $9.1 million. The sale was completed ahead of the vessel s third special survey to avoid upcoming dry-docking costs as well as to reduce the Company s exposure to older spot-traded vessels that often experience increased discrimination from charterers.

Tanker Market

Crude tanker spot rates improved marginally late in the fourth quarter of 2012 due primarily to seasonal factors. The improvement in rates was particularly noticeable during December when global Suezmax and Aframax spot rates increased to six-month highs. In the Suezmax segment, rates were supported by an increase in cargoes from West Africa as oil production in Nigeria recovered following a series of force majeure related outages. In the Aframax sector, an increase in North Sea oil production and seasonal weather disruptions gave support to Atlantic rates during December. Crude tanker rates have subsequently weakened during the first quarter of 2013 as the start of seasonal refinery maintenance and lower OPEC oil production have weighed on tanker demand.

Long Range 2 (*LR2*) product tanker rates strengthened to the highest level in three years during the fourth quarter of 2012. A decrease in Iranian liquefied petroleum gas exports due to sanctions forced some Asian petrochemical plants to switch over to naphtha during the fourth quarter, leading to an open West-East naphtha arbitrage and a sharp increase in Western naphtha movements into Asia. An increase in product exports from India and reduced competition from crude tanker newbuildings on the East-West gasoil trade also gave support to LR2 rates during the fourth quarter.

The global tanker fleet grew by a net 18.0 million deadweight tonnes (*mdwt*), or 3.8 percent, during 2012. A total of 32.4 mdwt of tankers delivered into the fleet, down from 40.2 mdwt in 2011, while scrapping and removals increased slightly to 14.5 mdwt from 14.0 mdwt in 2011. Looking ahead to 2013, the Company estimates that tanker deliveries will total approximately 30 mdwt while scrapping is forecast to total approximately 13 mdwt. As a result, the Company estimates net tanker fleet growth of approximately 17 mdwt, or 3.5 percent, in 2013, the lowest level of tanker fleet growth in percentage terms since 2003. Fleet growth during 2013 is expected to be weighted towards the Very Large Crude Carrier (*VLCC*) and Suezmax sectors with negligible or declining growth in the Aframax and LR2 sectors.

Global oil demand is expected to grow by 0.9 million barrels per day (*mb/d*) during 2013 according to the average of forecasts from the International Energy Agency (*IEA*), Energy Information Administration (*EIA*) and Organization of Petroleum Exporting Countries (*OPEC*). This represents the same level of oil demand growth as in 2012, with the non-OECD countries, and China in particular, accounting for the majority of the growth. However, the call on OPEC crude is expected to decline by approximately 0.3 mb/d during 2013, which could result in lower tonne-mile demand for crude tankers compared to 2012.

Financial Summary

The Company reported an adjusted net loss attributable to shareholders of Teekay Tankers[1] (as detailed in *Appendix A* to this release) of $7.8 million, or $0.09 per share, for the quarter ended December 31, 2012, compared to adjusted net loss attributable to shareholders of Teekay Tankers of $1.2 million, or $0.02 per share, for the same period in the prior year. The increase in adjusted net loss attributable to shareholders of Teekay Tankers is primarily the result of the change in employment of certain of the Company s vessels from fixed rates to lower spot rates on expiry of their fixed-rate charters and the renewal of certain time-charter out contracts at lower rates, which resulted in lower average realized rates compared to the same period in the prior year. Adjusted net loss attributable to shareholders of Teekay Tankers excludes a number of specific items that had the net effect of increasing net loss attributable to shareholders of Teekay Tankers by $348.8 million, or $4.18 per share, and decreasing net loss attributable to shareholders of Teekay Tankers by $0.7 million, or $0.01 per share, for the three month periods ended December 31, 2012 and December 31, 2011, respectively, as detailed in *Appendix A* to this release. Including these items, the Company reported, on a GAAP basis, a net loss attributable to shareholders of Teekay Tankers of $356.6 million, or $4.27 per share, for the quarter ended December 31, 2012, compared to a net loss attributable to shareholders of Teekay Tankers of $0.5 million, or $0.01 per share, for the quarter ended December 31, 2011. Net revenues[2] were $44.5 million and $47.5 million for the fourth quarters of 2012 and 2011, respectively.

The adjusted net loss attributable to shareholders of Teekay Tankers (as detailed in *Appendix A* to this release) for the year ended December 31, 2012 was $11.4 million, or $0.14 per share, compared to adjusted net income attributable to shareholders of Teekay Tankers of $10.1 million, or $0.17 per share, for the prior year. The reduction in the adjusted net income attributable to shareholders of Teekay Tankers was primarily the result of the drydockings of four Suezmax tankers in 2012, the change in employment of certain of the Company s vessels from fixed rates to lower spot rates on expiry of their fixed-rate charters, and the renewal of certain time-charter out contracts at lower rates, which resulted in lower average realized rates compared to the prior year. Adjusted net income attributable to shareholders of Teekay Tankers excludes a number of specific items that had the net effect of increasing net loss attributable to shareholders of Teekay Tankers by $349.6 million, or $4.40 per share, and decreasing net income attributable to shareholders of Teekay Tankers by $19.1 million, or $0.32 per share, for the year ended December 31, 2012 and December 31, 2011, respectively, as detailed in *Appendix A* to this release. Including these items, the Company reported, on a GAAP basis, net loss attributable to shareholders of Teekay Tankers of $361.0 million, or $4.54 per share, for the year ended December 31, 2012, compared to a net loss attributable to shareholders of Teekay Tankers of $9.1 million, or $0.15 per share, for the year ended December 31, 2011. Net revenues[2] were $192.8 million for the year ended December 31, 2012, compared to $211.6 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. 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.

The Company s financial statements for the prior periods include historical results of the 13 vessels acquired by the Company from Teekay Corporation in June 2012, referred to herein as the *Dropdown Predecessor*, for the periods when these vessels were owned and operated by Teekay Corporation.

Vessel Impairment Charge

Due to the current economic environment for the tanker industry and the Company s current outlook for expected future earnings from the Teekay Tankers conventional tanker fleet, the estimated future cash flows for certain of the Company s tankers were lower than the book values of these vessels at December 31, 2012. As a result, under US GAAP, the Company is required to reduce the book value of the affected vessels on its December 31, 2012 balance sheet to their estimated fair market values, which in total are $352.5 million lower than their prior carrying value. This difference is included in the Company s fourth quarter and fiscal 2012 statements of loss as a write-down of vessels and equipment. The majority of this non-cash impairment charge relates to seven Suezmax tankers that have a similar age (eight to 10 years) and carrying value. The impairment charge is non-cash in nature and thus, has no impact on the Company s cash flows, liquidity, or loan covenants. As at December 31, 2012, the Company was in compliance with all covenants relating to its revolving credit facilities and term loans. Only $109 million, or approximately 15 percent, of the Company s outstanding loan balances as at December 31, 2012, are subject to covenants related to minimum vessel value to loan ratios which are currently above the minimum ratio requirements.

(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 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 for a reconciliation of net revenues to the most directly comparable financial measure under GAAP.

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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:

	Three Months Ended		
	December 31, 2012	September 30, 2012	December 31, 2011(ii)
Time-Charter Fleet			
Suezmax revenue days	362	366	275
Suezmax TCE per revenue day(i)	$ 21,036	$ 20,954	$ 26,336
Aframax revenue days	714	717	571
Aframax TCE per revenue day(i)	$ 17,769	$ 18,255	$ 19,133
MR revenue days	276	271	
MR TCE per revenue day(iii)	$ 25,287	$ 25,960	
Spot Fleet			
Suezmax revenue days	538	487	273
Suezmax TCE per revenue day	$ 11,515	$ 14,081	$ 12,922
Aframax revenue days	424	414	428
Aframax TCE per revenue day	$ 13,384	$ 11,688	$ 8,542
LR2 revenue days	276	276	
LR2 TCE per revenue day	$ 15,889	$ 12,601	
Total Fleet			
Suezmax revenue days	900	853	548
Suezmax TCE per revenue day(i)	$ 15,345	$ 17,031	$ 19,656
Aframax revenue days	1,138	1,131	999
Aframax TCE per revenue day(i)	$ 16,141	$ 15,851	$ 14,595
LR2 revenue days	276	276	
LR2 TCE per revenue day	$ 15,889	$ 12,601	
MR revenue days	276	271	
MR TCE per revenue day(iii)	$ 25,287	$ 25,960	

(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 in June 2012.

(iii) The charter rate on one of the Medium Range (*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 February 1, 2013:

	Owned Vessels	Chartered-in Vessels	Newbuildings	Total
Fixed-rate:				
Suezmax Tankers[i]	2			2
Aframax Tankers[ii]	9			9
MR Product Tankers	3			3
VLCC Tankers			1	1
Total Fixed-Rate Fleet	14		1	15
Spot-rate:				
Suezmax Tankers[i]	8			8
Aframax Tankers[iii][iv][v]	2	2		4
LR2 Product Tankers	3			3
Total Spot Fleet	13	2		15
Total Teekay Tankers Fleet	27	2	1	30

(i) Two Suezmax tankers, the *Narmada Spirit* and the *Godavari Spirit*, delivered to the Gemini Pool in January 2013 after completion of their time-charter out contracts.

(ii) Commencing December 8, 2012, the Aframax tanker *Esther Spirit* was time-chartered out for a 12-month period at rate of $14,250 per day.

(iii) The Aframax tanker *Star Lady w*as extended on time-charter in for an additional six-month period ending in July 2013, with an additional option to extend for a 12-month period at a higher rate.

(iv) The Aframax tanker *BM Breeze* is currently time-chartered in for a 12-month period ending in January 2014 with an option to extend for an additional 12-month period at a higher rate.

(v) The sale of the Aframax tanker *Nassau Spirit* was completed on January 22, 2013.

The fleet list above includes one VLCC newbuilding that Teekay Tankers owns through a 50/50 joint venture with Wah Kwong Maritime Transport Holdings Limited entered into in October 2010. The newbuilding is scheduled to deliver in the second quarter of 2013, at which time it will commence a time-charter out contract 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 2010, the Company made loans secured by first-priority ship mortgages on two VLCCs, 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 coverage of approximately 42 percent for fiscal 2013.

Liquidity

As of December 31, 2012, the Company had total liquidity of $327.3 million (which consisted of $26.3 million of cash and $301.0 million in an undrawn revolving credit facility), compared to total liquidity of $382.9 million as at September 30, 2012. The change in liquidity during the fourth quarter is due to the scheduled amortization of the Company s revolving credit facilities.

Conference Call

The Company plans to host a conference call on February 21, 2013 at 1:00 p.m. (ET) to discuss its results for the fourth quarter of 2012. An accompanying investor presentation will be available on Teekay Tankers website at 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 (800) 711-9538 or (416) 640-5925, if outside of North America, and quoting conference ID code 4846815.

By accessing the webcast, which will be available on Teekay Tankers website at www.teekaytankers.com (the archive will remain on the website for a period of 30 days).

The conference call will be recorded and available until Thursday, February 28, 2013. 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 4846815.

About Teekay Tankers

Teekay Tankers currently owns a fleet of 27 double-hull vessels, including 11 Aframax tankers, 10 Suezmax tankers, three Long Range 2 (*LR2*) product tankers, three Medium-Range (*MR*) product tankers, and has time-chartered in two Aframax tankers, which vessels 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 the second quarter of 2013. Teekay Tankers was formed in December 2007 by Teekay Corporation as part of its strategy to expand its conventional oil tanker business.

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

TEEKAY TANKERS LTD.

SUMMARY CONSOLIDATED STATEMENTS OF LOSS

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

	Three Months Ended			Year Ended	
	December 31, 2012 (unaudited)	**September 30, 2012 (unaudited)**	**December 31, 2011 (unaudited)[1]**	**December 31, 2012 (unaudited)[1]**	**December 31, 2011 (unaudited)[1]**
Time-charter revenues	27,339	28,356	36,088	123,364	155,591
Net pool revenues	15,241	14,638	9,389	62,328	48,158
Voyage charter revenue	28	210		238	
Interest income from investment in term loans	2,885	2,880	2,861	11,499	11,323
REVENUES	45,493	46,084	48,338	197,429	215,072
OPERATING EXPENSES					
Voyage expenses	1,017	2,172	848	4,618	3,449
Vessel operating expenses	23,615	23,529	21,350	89,215	84,089
Time-charter hire expense	841				