

TEEKAY TANKERS LTD.
Form 20-F
April 30, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number 1-33867

TEEKAY TANKERS LTD.

(Exact name of Registrant as specified in its charter)

Republic of The Marshall Islands

(Jurisdiction of incorporation or organization)

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

Telephone: (441) 298-2530

(Address and telephone number of principal executive offices)

Mark Cave

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

Telephone: (441) 298-2530

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered, or to be registered, pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Class A common stock, par value of \$0.01 per share	New York Stock Exchange

Securities registered, or to be registered, pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each issuer's classes of capital or common stock as of the close of the period covered by the annual report.

71,091,030 shares of Class A common stock, par value of \$0.01 per share.

12,500,000 shares of Class B common stock, par value of \$0.01 per share.

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark if the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if the registrant (1) has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued Other

by the International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

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If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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PART I

This Annual Report should be read in conjunction with the consolidated financial statements and accompanying notes included in this report.

Unless otherwise indicated, references in this Annual Report to Teekay Tankers Ltd., we, us and our and similar terms refer to Teekay Tankers Ltd. and/or one or more of its subsidiaries, except that those terms, when used in this Annual Report in connection with the common stock described herein, shall mean specifically Teekay Tankers Ltd. References in this Annual Report to Teekay Corporation refer to Teekay Corporation and/or any one or more of its subsidiaries.

In addition to historical information, this Annual Report contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements relate to future events and our operations, objectives, expectations, performance, financial condition and intentions. When used in this Annual Report, the words expect, intend, plan, believe, anticipate, estimate and variations of such words and similar expressions are intended to identify forward-looking statements. Forward-looking statements in this Annual Report include, in particular, statements regarding:

our future financial condition or results of operations and our future revenues and expenses;

tanker market conditions and fundamentals, including the balance of supply and demand in these markets, expected recovery in the current cyclically-low tanker market, and spot tanker charter rates and oil production;

our compliance with, and the effect on our business and operating results of, covenants under our term loans and credit facilities;

future oil prices, production and refinery capacity;

expansion of our business and additions to our fleet;

our expectations about the availability of vessels to purchase, the expected costs and time it may take to construct and deliver newbuildings, or the useful lives of our vessels;

planned capital expenditures and the ability to fund capital expenditures;

future supply of, and demand for, oil;

the ability to leverage Teekay Corporation's relationships and reputation in the shipping industry;

the expected benefits of participation in vessel pooling arrangements;

the effectiveness of our chartering strategy in capturing upside opportunities and reducing downside risks, including our ability to take advantage of the anticipated tanker market recovery;

the ability to maximize the use of vessels, including the redeployment or disposition of vessels no longer under time charters;

our expectation regarding our vessels' ability to perform to specifications and maintain their hire rates;

operating expenses, availability of crew, number of off-hire days, dry-docking requirements and insurance costs;

the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards applicable to our business;

the anticipated impact of future regulatory changes or environmental liabilities;

expenses under service agreements with other affiliates of Teekay Corporation;

the anticipated taxation of our company and of distributions to our stockholders;

our expectations as to any impairment of our vessels;

the expected lifespan of our vessels;

construction and delivery delays in the tanker industry generally;

customers' increasing emphasis on environmental and safety concerns;

anticipated funds for liquidity needs and the sufficiency of cash flows;

our use of interest rate swaps to reduce interest rate exposure;

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the expected effect of off-balance sheet arrangements;

our hedging activities relating to foreign exchange, interest rate and spot market risks;

the ability of counterparties to our derivative contracts to fulfill their contractual obligations;

the vessel values at the time of sale of two 2010-built VLCCs that we took ownership of in consideration for our investment in term loans, our ability to operate or sell the VLCC tankers, and the cash flow and sale proceeds thereof;

our acquisition of 50% of Teekay's conventional tanker commercial management operations and 100% of Teekay's technical management operations, the expected timing of the transaction, and the related effect on our financial condition and results of operations;

our investment in Tanker Investments Limited (TIL), potential benefits to us from this investment, and TIL's proposed vessel acquisitions;

changes in or additions to applicable industry laws and regulations, including Regulation (EU) No 1257/2013, which imposes rules regarding ship recycling and management of hazardous materials on vessels;

our business strategy and other plans and objectives for future operations; and

our ability to pay dividends on our common stock.

Forward-looking statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to, those factors discussed below in Item 3 – Key Information: Risk Factors and other factors detailed from time to time in other reports we file with or furnish to the U.S. Securities and Exchange Commission (or the *SEC*).

We do not intend to revise any forward-looking statements in order to reflect any change in our expectations or events or circumstances that may subsequently arise. You should carefully review and consider the various disclosures included in this Annual Report and in our other filings made with the SEC that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

Item 1. Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Selected Financial Data

Set forth below is selected consolidated financial and other data of Teekay Tankers Ltd. and its subsidiaries for fiscal years 2009 through 2013, which have been derived from our consolidated financial statements. The following table should be read together with, and is qualified in its entirety by reference to, Item 5 Operating and Financial Review and Prospects included herein, and the historical financial statements and accompanying notes and the Report of Independent Registered Public Accounting Firm thereon (which is included herein), with respect to the fiscal years 2013, 2012 and 2011.

From time to time we have purchased vessels from Teekay Corporation. During fiscal years 2009 through 2013, we acquired from Teekay Corporation a total of 19 conventional oil tankers of varying size. These acquisitions were deemed to be business acquisitions between entities under common control. Accordingly, we have accounted for these transactions in a manner similar to the pooling of interest method whereby our financial statements prior to the date these vessels were acquired by us are retroactively adjusted to include the results of these acquired vessels. The periods retroactively adjusted include all periods that we and the acquired vessels were both under the common control of Teekay Corporation and had begun operations. As a result, our consolidated statements of income (loss) for the years ended December 31, 2012, 2011, 2010 and 2009 reflect the results of operations of these vessels, referred to herein as the Dropdown Predecessor, as if we had acquired them when each respective vessel began operations under the ownership of Teekay Corporation. Please refer to Item 5 Operating and Financial Review and Prospects: Items You Should Consider When Evaluating Our Results of Operations and Item 18 Financial Statements: Note 1 Summary of Significant Accounting Policies.

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles (or *GAAP*).

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	Years Ended December 31,				
	2009	2010	2011	2012	2013
(in thousands, except share, per share, and fleet data)					
Income Statement Data:					
Revenues	\$ 264,309	\$ 240,350	\$ 215,072	\$ 197,429	\$ 170,087
Operating expenses:					
Voyage expenses ⁽¹⁾	7,503	5,301	3,449	4,618	8,337
Vessel operating expenses ⁽²⁾	86,482	89,083	92,543	96,160	91,667
Time-charter hire expense ⁽³⁾			4,046	3,950	6,174
Depreciation and amortization	76,201	77,317	74,482	72,365	47,833
General and administrative expenses ⁽²⁾	12,853	9,187	7,671	7,985	12,594
Vessel impairment and net loss on sale of vessels		1,864	58,034	352,546	71
Goodwill impairment charge			19,294		
Total operating expenses	183,039	182,752	259,519	537,624	166,676
Income (loss) from operations	81,270	57,598	(44,447)	(340,195)	3,411
Interest expense	(36,215)	(51,140)	(40,539)	(20,009)	(10,023)
Interest income	70	100	71	50	158
Realized and unrealized gain (loss) on derivative instruments	11,958	(28,684)	(27,783)	(7,963)	(1,524)
Equity (loss) income				(1)	854
Other expenses	(1,623)	(1,016)	(377)	(2,063)	(1,014)
Net income (loss)	\$ 55,460	\$ (23,142)	\$ (113,075)	\$ (370,181)	\$ (8,138)
Earnings (loss) per share ⁽⁴⁾ - Basic and diluted	\$ 1.28	\$ 0.37	\$ (0.15)	\$ (4.54)	\$ (0.10)
Balance Sheet Data: (at end of year)					
Cash	10,432	14,889	18,566	26,341	25,646
Investment in term loans and interest receivable on term loans		117,825	118,598	119,385	136,061
Vessels and equipment ⁽⁵⁾	1,527,015	1,435,478	1,310,496	885,992	859,308
Total assets	1,810,202	1,678,423	1,641,469	1,105,656	1,097,529
Total debt ⁽⁶⁾	938,215	1,158,801	999,930	739,293	755,957
Common stock and paid in capital	246,753	481,336	588,441	672,560	673,217
Total equity	802,208	440,791	578,164	302,183	284,672
Cash Flow Data:					
Net cash provided by (used in):					
Operating activities	129,197				