

TEEKAY SHIPPING CORP
Form 6-K
April 25, 2003

**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: April 25, 2003

TEEKAY SHIPPING CORPORATION

(Exact name of Registrant as specified in its charter)

TK House
Bayside Executive Park
West Bay Street & Blake Road
P.O. Box AP-59213, Nassau, Bahamas
(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 whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.]

Yes ☐ No ☒

[If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-_____]

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

Attached as Exhibit I is a copy of an announcement of Teekay Shipping Corporation (the Company), dated April 23, 2003.

THIS REPORT ON FORM 6-K IS HEREBY INCORPORATED BY REFERENCE INTO THE REGISTRATION STATEMENT OF THE COMPANY ON FORM F-3 FILED WITH THE COMMISSION ON OCTOBER 4, 1995.

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 SHIPPING CORPORATION

Date: April 25, 2003

By: /s/ Peter S. Antturi
Peter S. Antturi
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT I

TEEKAY SHIPPING CORPORATION

TK House, Bayside Executive Park, West Bay Street & Blake Road
P.O. Box AP-59213, Nassau, Bahamas

EARNINGS RELEASE

TEEKAY SHIPPING CORPORATION
REPORTS FIRST QUARTER RESULTS

1st Quarter Highlights

- Net income of \$53.6 million, or \$1.32 per share (net of \$31.7 million or \$0.78 per share in non-cash write-downs)
- International Fleet TCE earnings of \$33,873 per day
- Income from vessel operations of \$103.5 million
- Completed acquisition of Navion ASA on April 7, 2003

Nassau, The Bahamas, April 23, 2003 - Teekay Shipping Corporation today reported net income of \$53.6 million, or \$1.32 per share, for the quarter ended March 31, 2003, compared to net income of \$15.7 million, or \$0.39 per share, for the quarter ended March 31, 2002. The results for the quarter ended March 31, 2003 included a \$26.8 million, or \$0.66 per share, write-down in the carrying value of certain older vessels, including three vessels sold in April 2003, and a \$4.9 million, or \$0.12 per share, write-down in the carrying value of certain marketable securities. Excluding these non-cash charges, the Company would have had net income of \$85.3 million, or \$2.10 per share, for the quarter ended March 31, 2003. Net voyage revenues for the quarter were \$212.9 million, compared to \$136.2 million recorded in the same period in 2002, while income from vessel operations increased to \$103.5 million from \$32.8 million. The following key indicators serve to highlight changes in operating performance:

	Three Months Ended March 31, 2003	Three Months Ended December 31, 2002
International Tanker Fleet:		
Revenue-generating ship-days	4,731	5,186
TCE per revenue-generating ship-day	\$33,873	\$20,562
TCE per calendar-ship-day	\$29,609	\$18,689
Vessel operating expense per calendar-ship-day	\$5,645	\$5,213
Operating cash flow per calendar-ship-day	\$21,010	\$10,659
Oil/Bulk/Ore (OBO) Fleet:		
Revenue-generating ship-days	684	658
TCE per revenue-generating ship-day	\$19,620	\$14,704
TCE per calendar-ship-day	\$17,775	\$12,500
Vessel operating expense per calendar-ship-day	\$6,258	\$6,678
Operating cash flow per calendar-ship-day	\$8,116	\$2,196
UNS Fleet:		
Calendar-ship-days	1,249	1,148
Operating cash flow per calendar-ship-day	\$14,697	\$16,624
Australian Fleet:		
Calendar-ship-days	450	460
Operating cash flow per calendar-ship-day	\$14,446	\$14,821

Tanker Market

Tanker rates continued to strengthen during the first quarter of 2003, primarily driven by increased oil production, shifts in oil production sources, and heightened charterer discrimination against older tonnage. Global oil supply rose to 79.0 million barrels per day (mb/d) in the first quarter of 2003 compared to 77.9 mb/d in the previous quarter and 76.1 mb/d in the first quarter of 2002. In addition, tanker ton-mile demand increased as long-haul oil transportation from the Middle East replaced disrupted oil supplies from Venezuela, Nigeria and Iraq.

Global oil demand, an underlying driver of tanker demand, was estimated by the International Energy Agency (IEA) to be 78.4 mb/d in the first quarter of 2003, a decline of 0.3 mb/d compared to the previous quarter but 1.8 mb/d higher than in the first quarter of 2002. As of April 10, 2003, the IEA was forecasting oil demand of 78.0 mb/d for 2003, a 1.5% increase over 2002. The size of the world tanker fleet increased to 313.3 million deadweight tons (mdwt) as of March 31, 2003, up 1.9% from the end of the previous quarter. A total of 3.0 mdwt was sold for demolition or otherwise removed from the fleet in the first quarter, compared to 3.9 mdwt in the previous quarter, while deliveries of tanker newbuildings during the first quarter totalled 8.4 mdwt, up from 7.3 mdwt in the previous quarter.

As of March 31, 2003, the world tanker orderbook was 64.9 mdwt, representing 20.7% of the total world tanker fleet, compared to 59.1 mdwt, or 19.2%, at the end of the previous quarter. The Aframax tanker orderbook as of March 31, 2003 was at 125 ships or 18.9% of the existing fleet, down from 130 ships or 20.3% as of December 31, 2002.

On March 27, 2003, the EU Transport Council approved proposed regulations that would immediately ban the carriage of heavy oil on single hull vessels in European waters and accelerate the phase out of single hull tonnage. The proposed regulations are scheduled for review in early June 2003 by the EU Parliament, and if approved as proposed, it is expected that the regulations would come into effect on July 1, 2003. In addition, the EU has put forward these regulations to the International Maritime Organization for review at the Marine Environment Protection Committee meeting in July 2003.

Teekay Fleet

As of March 31, 2003, the Teekay fleet (excluding Navion's fleet and vessels managed for third parties) consisted of 105 vessels, including five time-chartered-in Aframax tankers and 15 newbuilding tankers on order. During the first quarter, Teekay exercised options to order four additional high-specification Aframax newbuildings for an aggregate cost of approximately \$155 million, including construction supervision costs and capitalized interest. The new vessels will be 115,000 dwt each and are scheduled to be delivered in 2005. On March 10, 2003, Teekay took delivery of an Aframax shuttle tanker newbuilding, which commenced a long-term charter for seven years.

The ALLIANCE SPIRIT, a 1989-built Aframax tanker, was declared a constructive total loss for insurance purposes following its grounding on February 1, 2003 off the coast of Algeria during severe weather conditions. There were no injuries to any crew members nor was there any pollution as the vessel was not carrying cargo at the time of the incident.

The following is a summary of the Teekay fleet as of March 31, 2003:

Type	Number
International Tanker Fleet: 100%-owned Aframax	52

Edgar Filing: TEEKAY SHIPPING CORP - Form 6-K

Time-chartered-in Aframaxes	5
Newbuilding Aframaxes on order	11
Newbuilding Suezmaxes on order	3
VLCC	1
OBO Fleet (1)	8
Australian Fleet	5
UNS Fleet:	
Shuttle Tankers (2)	19
Newbuilding Shuttle Tankers on order	1
Total:	105

(1) Includes one 67%-owned OBO carrier and one 52%-owned OBO carrier.

(2) Includes seven shuttle tankers of which Teekay's ownership interest ranges from 50% to 89%.

In April 2003, Teekay sold the TEEKAY FULMAR, a 1983-built Aframax OBO carrier, the CLARE SPIRIT, a 1986-built Aframax tanker, and the SHANNON SPIRIT a 1987-built Aframax tanker. Of the total vessel write-down of \$26.8 million included in the results for the quarter ended March 31, 2003, \$13.9 million related to these three vessels.

Other Highlights

On April 7, 2003, Teekay successfully completed its acquisition of Navion ASA, the wholly-owned shipping subsidiary of Statoil ASA (NYSE: STO, OSE: STL), on a debt free basis, for approximately \$800 million in cash. In accordance with accounting principles generally accepted in the United States, Navion's results will be consolidated with Teekay's commencing from April 7, 2003 (the closing date); however, the effective date of the transaction (i.e. the date economic benefit was transferred) was January 1, 2003.

About Teekay

Teekay Shipping Corporation is a leading provider of international crude oil and petroleum product transportation services through the world's largest fleet of medium-sized oil tankers. With offices in 12 countries, Teekay employs more than 4,200 seagoing and shore-based staff around the world. The Company's fleet has earned a reputation for safety and excellence in providing transportation services to major oil companies, oil traders and government agencies worldwide.

Teekay's common stock is listed on the New York Stock Exchange where it trades under the symbol "TK".

The Company plans to host a conference call at 11:00 a.m. EDT (8:00 a.m. PDT) on April 24, 2003, to discuss the results for the quarter. All shareholders and interested parties are invited to listen to the live conference call through www.teekay.com. A recording of the call will be available until May 1, 2003 by dialing (719) 457-0820, access code 410005, or via the Company's Web site until May 24, 2003.

Use of Non-GAAP Financial Information

Teekay provides certain non-GAAP financial measures as additional information relating to its operating results. Teekay's management believes that the presentation of these measures provides useful information to investors regarding certain additional financial and business trends relating to its financial condition and results of operations. These measures are not in accordance with, or an alternative to, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition to GAAP financial measures, Teekay has presented in this earnings release net income and diluted earnings per share on an adjusted basis, excluding write-downs in the carrying value of certain vessels and marketable securities (see attached reconciliation schedule).

Contact: Investor Relations
 Attn: Jerome Holland
 (604) 844-6654
 Web site: www.teekay.com

SUMMARY CONSOLIDATED STATEMENTS OF INCOME
 (in thousands of U.S. dollars, except share and per share data)

	<u>Three Months Ended</u> <u>March 31,</u> <u>2003</u> <u>(unaudited)</u>	<u>Three Months Ended</u> <u>December 31,</u> <u>2002</u> <u>(unaudited)</u>
NET VOYAGE REVENUES		
Voyage revenues	282,232	222,835
Voyage expenses	69,334	67,691
Net voyage revenues	212,898	155,144
OPERATING EXPENSES		
Vessel operating expenses	42,646	40,620
Time-charter hire expense	12,911	12,309
Depreciation and amortization	39,130	39,160
General and administrative	14,727	14,422
	109,414	106,511
Income from vessel operations	103,484	48,633
OTHER ITEMS		
Interest expense	(14,386)	(14,120)
Interest income	846	803
Write-down of vessels	(26,792)	-
Other loss	(9,573)	(2,210)
	(49,905)	(15,527)
Net income	53,579	33,106

Edgar Filing: TEEKAY SHIPPING CORP - Form 6-K

Earnings per common share		
- Basic	\$1.35	\$0.83
- Diluted	\$1.32	\$0.82

Weighted-average number of common shares outstanding		
- Basic	39,740,399	39,668,835
- Diluted	40,451,189	40,273,565
=====		

SUMMARY CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars)

	<u>As at March 31,</u> <u>2003</u> <u>(unaudited)</u>
ASSETS	
Cash and cash equivalents	247,639
Other current assets	119,940
Marketable securities - long-term	14,141
Vessels and equipment	1,909,681
Advances on newbuilding contracts	139,915
Other assets	182,146
Goodwill	90,257

Total Assets	2,703,719
=====	
LIABILITIES AND STOCKHOLDERS EQUITY	
Accounts payable and accrued liabilities	86,839
Current portion of long-term debt	92,695
Long-term debt	979,192
Other long-term liabilities	64,565
Minority interest	21,095
Stockholders equity	1,459,333

Total Liabilities and Stockholders Equity	2,703,719
=====	

SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	<u>2003</u> <u>(unaudited)</u>	<u>Three Months E</u>
Cash and cash equivalents provided by (used for)		
OPERATING ACTIVITIES		

Net cash flow from operating activities	89,090	

Edgar Filing: TEEKAY SHIPPING CORP - Form 6-K

FINANCING ACTIVITIES

Net proceeds from long-term debt	155,733
Scheduled repayments of long-term debt	(19,258)
Prepayments of long-term debt	(200,000)
Other	(6,796)

Net cash flow from financing activities	(70,321)
--	-----------------

INVESTING ACTIVITIES

Expenditures for vessels and equipment	(62,891)
Expenditures for drydocking	(5,019)
Proceeds from disposition of assets	18,000
Other	(5,845)

Net cash flow from investing activities	(55,755)
--	-----------------

(Decrease) increase in cash and cash equivalents	(36,986)
---	-----------------

Cash and cash equivalents, beginning of the period	284,625
--	---------

Cash and cash equivalents, end of the period	247,639
---	----------------

TEEKAY SHIPPING CORPORATION
SUPPLEMENTAL INFORMATION
(in thousands of U.S. dollars)

Three Months Ended March 31, 2003
(unaudited)

	<u>International Tanker Fleet</u>	<u>OBO Fleet*</u>	<u>UNS Fleet</u>	<u>Austral Fleet</u>
Net voyage revenues	155,445	18,023	27,334	12,09
Vessel operating expenses	27,107	4,506	6,560	4,47
Time-charter hire expense	7,686	5,225	-	
Depreciation and amortization	24,931	1,936	9,704	2,55

Three Months Ended December 31, 2002
(unaudited)

	<u>International Tanker Fleet</u>	<u>OBO Fleet*</u>	<u>UNS Fleet</u>	<u>Austral Fleet</u>
Net voyage revenues	103,087	13,642	26,366	12,04
Vessel operating expenses	26,367	4,915	5,229	4,10
Time-charter hire expense	7,867	4,442	-	
Depreciation and amortization	25,664	2,187	8,694	2,61

TEEKAY SHIPPING CORPORATION
SUPPLEMENTAL INFORMATION - CONTINUED
(in thousands of U.S. dollars)

Three Months Ended March 31, 2002
(unaudited)

	<u>International</u> <u>Tanker Fleet</u>	<u>OBO</u> <u>Fleet*</u>	<u>UNS</u> <u>Fleet</u>	<u>Austral</u> <u>Fleet</u>
Net voyage revenues	88,918	11,353	24,105	11,78
Vessel operating expenses	26,784	4,249	5,717	3,63
Time-charter hire expense	8,165	4,549	-	
Depreciation and amortization	23,569	1,614	8,354	2,54

* Time-charter hire expense for the OBO Fleet represents the minority pool participants' share of the OBO pool's net voyage revenues.

TEEKAY SHIPPING CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(in thousands of U.S. dollars, except per share data)

GAAP Net income, as reported
Write-down in carrying value of vessels
Write-down in carrying value of marketable securities

Net income, as adjusted

GAAP diluted earnings per share, as reported
Write-down in carrying value of vessels
Write-down in carrying value of marketable securities

Diluted earnings per share, as adjusted

FORWARD LOOKING STATEMENTS

This release contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended), which reflect management's current views with respect to certain future events and performance, including statements regarding tanker charter rates, the balance of supply and demand in the crude tanker market, newbuilding deliveries; and applicable industry regulations. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: changes in production of or demand for oil and petroleum products, either generally or in particular regions; greater or less than anticipated levels of tanker newbuilding orders or greater or less than anticipated rates of tanker scrapping; changes in trading patterns significantly impacting overall tanker tonnage requirements; changes in applicable industry regulations; changes in the typical seasonal variations in tanker charter rates; changes in the offshore production of oil; and other factors discussed in Teekay's Report on Form 20-F for the fiscal year ended December 31, 2002 and subsequent SEC filings, including the Rule 424(B) prospectus supplement filed with the SEC on February 14, 2003.