

TEEKAY SHIPPING CORP
Form 6-K
February 21, 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: February 20, 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 February 19, 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: February 20, 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-59212, Nassau, Bahamas

EARNINGS RELEASE

**TEEKAY SHIPPING CORPORATION
REPORTS FOURTH QUARTER PROFIT OF \$33.1 MILLION**

4th Quarter Highlights

- Net income of \$33.1 million, or \$0.82 per share
- International Fleet TCE earnings of \$20,562 per day
- EBITDA of \$90.3 million, of which \$32.6 million was from long-term fixed-rate contracts
- Announced \$800 million acquisition of Navion ASA

Nassau, The Bahamas February 19, 2003 Teekay Shipping Corporation today reported net income of \$33.1 million, or \$0.82 per share, for the quarter ended December 31, 2002, compared to net income of \$31.2 million, or \$0.78 per share, for the quarter ended December 31, 2001. Net voyage revenues for the quarter were \$155.1 million, compared to \$152.2 million recorded in the same period in 2001, while income from vessel operations increased to \$48.6 million from \$46.1 million.

Net income for the year ended December 31, 2002 was \$53.4 million, or \$1.33 per share, compared to \$336.5 million, or \$8.31 per share, for the year ended December 31, 2001. The results for the year ended December 31, 2001 included a \$10.2 million, or \$0.25 per share, gain on the sale of three 50%-owned vessels. There were no vessel sales during the year ended December 31, 2002. Net voyage revenues for the year ended December 31, 2002 were \$543.9 million, compared to \$789.5 million in the prior year, while income from vessel operations decreased to \$119.3 million from \$383.5 million.

The following key indicators serve to highlight changes in operating performance:

| | Three Months Ended December 31, 2002 | Three Months Ended September 30, 2002 | Three Months Ended December 31 2001 |
|--|--|---|---|
| International Tanker Fleet: | | | |
| Revenue-generating ship-days | 5,186 | 4,881 | 5,093 |
| TCE per revenue-generating ship-day | \$20,562 | \$16,175 | \$21,203 |
| TCE per calendar-ship-day | \$18,689 | \$13,772 | \$18,790 |
| Vessel operating expense per calendar-ship-day | \$5,213 | \$5,616 | \$5,529 |
| Operating cash flow per calendar-ship-day | \$10,659 | \$5,528 | \$11,029 |
| Oil/Bulk/Ore (OBO) Fleet: | | | |
| Revenue-generating ship-days | 658 | 650 | 611 |

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| | | | |
|--|----------|----------|----------|
| TCE per revenue-generating ship-day | \$14,704 | \$11,455 | \$11,041 |
| TCE per calendar-ship-day | \$12,500 | \$9,565 | \$8,605 |
| Vessel operating expense per calendar-ship-day | \$6,678 | \$6,221 | \$6,378 |
| Operating cash flow per calendar-ship-day | \$2,196 | \$24 | -\$378 |
| UNS Fleet: | | | |
| Calendar-ship-days | 1,148 | 1,104 | 1,104 |
| Operating cash flow per calendar-ship-day | \$16,624 | \$13,544 | \$14,928 |
| Australian Fleet: | | | |
| Calendar-ship-days | 460 | 460 | 460 |
| Operating cash flow per calendar-ship-day | \$14,821 | \$14,656 | \$16,643 |

Tanker Market

The tanker market improved during the fourth quarter of 2002 due to an increase in tanker demand combined with continued tight tanker supply following the sinking of the tanker Prestige in November 2002. Global oil demand, an underlying driver of tanker demand, rose by 2.0 million barrels per day (mb/d) to 78.7 mb/d in the fourth quarter of 2002, compared to third quarter levels, primarily due to seasonal factors and the shutdown of nuclear power plants in Japan. Global oil production increased by 1.3 mb/d to 77.9 mb/d in the fourth quarter of 2002, compared to third quarter levels. The general strike in Venezuela disrupted oil exports and reduced Venezuela's output from 3.4 mb/d in November 2002 to 0.9 mb/d in December 2002. This resulted in the replacement of short-haul crude supplies with long-haul supplies to meet the production shortfall, increasing tanker tonne-mile demand in the fourth quarter. The sinking of the Prestige, a 26-year-old vessel, contributed to increased charterer discrimination against older vessels, resulting in an increased demand for more modern vessels.

The International Energy Agency (IEA) reported annual global oil demand growth of 0.5% during 2002 and, as of February 12, 2003, 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 307.5 million deadweight tonnes (mdwt) as of December 31, 2002, up 1.1% from the end of the previous quarter. A total of 3.2 mdwt was sold for demolition in the fourth quarter, compared to 4.0 mdwt in the previous quarter, while deliveries of tanker newbuildings during the fourth quarter totalled 6.9 mdwt, up from 5.6 mdwt in the previous quarter. Overall for 2002, the world tanker fleet grew by 2.8 mdwt, or 0.9%, compared to the end of 2001.

As of December 31, 2002, the world tanker orderbook was 60.5 mdwt, representing 19.7% of the of the total world tanker fleet, compared to 60.4 mdwt, or 19.8%, at the end of the previous quarter and down from 63.1 mdwt, or 20.7%, as of December 31, 2001. The Aframax tanker orderbook as of December 31, 2002 remained unchanged from the previous quarter, consisting of 131 ships, or 20.4% of the world Aframax fleet, compared to 121 ships, or 19.2%, as of December 31, 2001.

Teekay Fleet

As of December 31, 2002, the Teekay fleet (excluding vessels managed for third parties) consisted of 102 vessels, including five time-chartered-in Aframax tankers and twelve newbuilding tankers on order. On November 19, 2002, Teekay took delivery of an Aframax shuttle tanker newbuilding, which commenced a long-term charter for eight years. In addition, during the fourth quarter, Teekay entered into a long-term bareboat in-charter for an Aframax newbuilding expected to deliver in the fourth quarter of 2003.

The following is a summary of the Teekay fleet as of December 31, 2002:

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| Type | Number | |
|--------------------------------------|------------|-------------|
| International Tanker Fleet: | | |
| 100%-owned Aframaxes | 53 | 5, |
| Time-chartered-in Aframaxes | 5 | |
| Newbuilding Aframaxes on order | 7 | |
| Newbuilding Suezmaxes on order | 3 | |
| Suezmax (1) | 2 | |
| VLCC | 1 | |
| OBO Fleet (2) | 8 | |
| Australian Fleet | 5 | |
| UNS Fleet: | | |
| Shuttle Tankers (3) | 16 | 1, |
| Newbuilding Shuttle Tankers on order | 2 | |
| Total: | 102 | 10,4 |

(1) Includes one 50%-owned Suezmax tanker.

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

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

Other Highlights

On December 16, 2002, Teekay and Statoil ASA announced a definitive agreement under which Teekay will acquire Statoil's wholly-owned shipping company, Navion ASA, on a debt free basis, for approximately US \$800 million in cash. As previously announced, this transaction is expected to close in the second quarter of 2003.

On February 18, 2003, Teekay announced that it had completed the sale of its 7.25% Premium Equity Participating Security Units (PEPS Units) pursuant to its currently effective universal shelf registration statement. The sale consisted of 5,750,000 PEPS Units, including 750,000 PEPS Units issued in connection with the exercise by the underwriters' of their over-allotment option. Teekay received gross proceeds of \$143.75 million from the sale. Proceeds from the offering may be used to finance potential acquisitions and for general corporate purposes, including capital expenditures, working capital, and the repayment of debt.

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. Headquartered in Nassau, Bahamas, with offices in 11 other countries, Teekay employs more than 4,100 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 February 20, 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 February 27, 2003 by dialing (719) 457-0825, access code 463361, or via the Company's Web site until March 20, 2003.

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</u> | <u>Three Months</u> | <u>Three Months</u> <u>Ended</u> <u>December 31,</u> <u>2002</u> <u>(unaudited)</u> | <u>Ended</u> <u>September 30,</u> <u>2002</u> <u>(unaudited)</u> | <u>Ended</u> <u>December 31,</u> <u>2001</u> <u>(unaudited)</u> | |
|--|---------------------|---|---|--|-----|
| NET VOYAGE REVENUES | | | | | |
| Voyage revenues | | 222,835 | 184,927 | 213,146 | |
| Voyage expenses | | 67,691 | 62,166 | 60,925 | |
| ----- | | | | | |
| Net voyage revenues | | 155,144 | 122,761 | 152,221 | |
| ----- | | | | | |
| OPERATING EXPENSES | | | | | |
| Vessel operating expenses | | 40,620 | 44,365 | 41,427 | |
| Time-charter hire expense | | 12,309 | 11,430 | 14,542 | |
| Depreciation and amortization | | 39,160 | 37,295 | 36,810 | |
| General and administrative | | 14,422 | 14,330 | 13,326 | |
| ----- | | | | | |
| | | 106,511 | 107,420 | 106,105 | |
| ----- | | | | | |
| Income from vessel operations | | 48,633 | 15,341 | 46,116 | |
| ----- | | | | | |
| OTHER ITEMS | | | | | |
| Interest expense | | (14,120) | (14,675) | (15,305) | |
| Interest income | | 803 | 898 | 1,329 | |
| Other (loss) income | | (2,210) | (921) | (943) | |
| ----- | | | | | |
| | | (15,527) | (14,698) | (14,919) | |
| ----- | | | | | |
| Net income | | 33,106 | 643 | 31,197 | |
| ----- | | | | | |
| Earnings per common share | | | | | |
| - Basic | | \$0.83 | \$0.02 | \$0.79 | |
| - Diluted | | \$0.82 | \$0.02 | \$0.78 | |
| ----- | | | | | |
| Weighted-average number of common shares outstanding | | | | | |
| - Basic | | 39,668,835 | 39,667,088 | 39,732,985 | 39, |
| - Diluted | | 40,273,565 | 40,229,966 | 40,244,186 | 40, |
| ----- | | | | | |

SUMMARY CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars)

| <u>As at December 31,</u> | <u>As at December 31,</u> | <u>2002</u> |
|--|---------------------------|-------------|
| ASSETS | | |
| Cash and cash equivalents | | 284,625 |
| Other current assets | | 178,933 |
| Marketable securities long-term | | 13,630 |
| Vessels and equipment | | 1,928,488 |
| Advances on newbuilding contracts | | 138,169 |
| Other assets | | 90,472 |
| Goodwill | | 89,189 |
| Total Assets | | 2,723,506 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Accounts payable and accrued liabilities | | 105,950 |
| Current portion of long-term debt | | 83,605 |
| Long-term debt | | 1,047,217 |
| Other long-term liabilities | | 44,512 |
| Minority interest | | 20,324 |
| Stockholders equity | | 1,421,898 |
| Total Liabilities and Stockholders Equity | | 2,723,506 |

SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

| | <u>2002</u> | <u>Years Ende</u> <u>December 3</u> |
|--|-------------|--|
| Cash and cash equivalents provided by (used for) | | |
| OPERATING ACTIVITIES | | |
| Net cash flow from operating activities | 214,444 | |
| FINANCING ACTIVITIES | | |
| Net proceeds from long-term debt | 255,185 | |
| Scheduled repayments of long-term debt | (51,830) | |
| Prepayments of long-term debt | (8,000) | |
| Other | (32,351) | |
| Net cash flow from financing activities | 163,004 | |
| INVESTING ACTIVITIES | | |
| Expenditures for vessels and equipment | (135,650) | |

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| | |
|---|------------------|
| Expenditures for drydocking | (34,913) |
| Deposit for the purchase of Navion ASA | (76,000) |
| Expenditure for the purchase of Ugland Nordic Shipping AS | - |
| Investment in joint venture | (26,000) |
| Other | 4,790 |
| Net cash flow from investing activities | (267,773) |
| Increase (decrease) in cash and cash equivalents | 109,675 |
| Cash and cash equivalents, beginning of the period | 174,950 |
| Cash and cash equivalents, end of the period | 284,625 |

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

Three Months Ended December 31, 2002
(unaudited)

| | <u>International</u> <u>Tanker Fleet</u> | <u>OBO</u> <u>Fleet*</u> | <u>UNS</u> <u>Fleet</u> | <u>Australia</u> <u>Fleet</u> |
|-------------------------------|---|---|--|--|
| Net voyage revenues | 103,087 | 13,642 | 26,366 | 12,049 |
| Vessel operating expenses | 26,367 | 4,915 | 5,229 | 4,109 |
| Time-charter hire expense | 7,867 | 4,442 | - | - |
| Depreciation and amortization | 25,664 | 2,187 | 8,694 | 2,615 |

Three Months Ended September 30, 2002
(unaudited)

| | <u>International</u> <u>Tanker Fleet</u> | <u>OBO</u> <u>Fleet*</u> | <u>UNS</u> <u>Fleet</u> | <u>Australia</u> <u>Fleet</u> |
|-------------------------------|---|---|--|--|
| Net voyage revenues | 76,064 | 10,627 | 24,388 | 11,682 |
| Vessel operating expenses | 28,435 | 4,579 | 7,469 | 3,882 |
| Time-charter hire expense | 7,843 | 3,587 | - | - |
| Depreciation and amortization | 24,467 | 1,987 | 8,279 | 2,562 |

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

Three Months Ended December 31, 2001
(unaudited)

| | <u>International</u> <u>Tanker Fleet</u> | <u>OBO</u> <u>Fleet*</u> | <u>UNS</u> <u>Fleet</u> | <u>Australia</u> <u>Fleet</u> |
|--|---|---|--|--|
|--|---|---|--|--|

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| | | | | |
|-------------------------------|---------|--------|--------|--------|
| Net voyage revenues | 104,396 | 10,829 | 24,712 | 12,284 |
| Vessel operating expenses | 27,475 | 4,694 | 5,568 | 3,690 |
| Time-charter hire expense | 10,046 | 4,496 | - | - |
| Depreciation and amortization | 23,515 | 1,642 | 9,504 | 2,149 |

Year Ended December 31, 2002

| | <u>International Tanker Fleet</u> | <u>OBO Fleet*</u> | <u>UNS Fleet</u> | <u>Australia Fleet</u> |
|-------------------------------|---------------------------------------|-----------------------|----------------------|----------------------------|
| Net voyage revenues | 346,900 | 51,005 | 98,377 | 47,590 |
| Vessel operating expenses | 109,386 | 18,567 | 24,310 | 15,772 |
| Time-charter hire expense | 31,693 | 18,256 | - | - |
| Depreciation and amortization | 97,640 | 7,767 | 33,618 | 10,271 |

Year Ended December 31, 2001

| | <u>International Tanker Fleet</u> | <u>OBO Fleet*</u> | <u>UNS Fleet**</u> | <u>Australia Fleet</u> |
|-------------------------------|---------------------------------------|-----------------------|------------------------|----------------------------|
| Net voyage revenues | 598,538 | 67,395 | 80,053 | 43,508 |
| Vessel operating expenses | 105,519 | 18,239 | 17,815 | 13,258 |
| Time-charter hire expense | 38,430 | 27,589 | - | - |
| Depreciation and amortization | 92,737 | 5,384 | 30,161 | 8,001 |

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

** Represents results for the period from March 6, 2001 to December 31, 2001.

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, and the expected closing of Teekay's acquisition of Navion ASA. 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; the potential inability to close the Navion transaction; and other factors discussed in Teekay's Report on Form 20-F for the fiscal year ended December 31, 2001 and subsequent SEC filings, including the Rule 424(B) prospectus supplement filed with the SEC on February 14, 2003.