INTERTAPE POLYMER GROUP INC
Form 6-K
March 14, 2005

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 month of March, 2005

Commission File Number 1-10928

INTERTAPE POLMER GROUP INC.

110E Montee de Liesse, St. Laurent, Quebec, Canada, H4T 1N4

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F   Form 40-F   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)(1): __________

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): __________

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes   No   X

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

The Information contained in this Report is incorporated by reference into Registration Statement No. 333-109944

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.

INTERTAPE POLYMER GROUP INC.

Date: March 11, 2005   By: /s/Andrew M. Archibald
Chief Financial Officer,
Secretary, Vice President
Administration

NYSE SYMBOL: ITP
TSX SYMBOL: ITP

Intertape Polymer Group Inc. Announces Fourth Quarter and Annual Results for 2004

- Fourth quarter sales were up 14.6% over last year
- Adjusted pretax earnings were up 16.9% over last year

Montreal, Quebec and Bradenton, Florida - March 11, 2005 - Intertape Polymer Group Inc. (NYSE, TSX: ITP) today released results for the fourth quarter and year ended December 31, 2004. "Our sales growth for the fourth quarter was particularly strong, and we exceeded our revenue growth target of 10% for the year," said Intertape Polymer Group Inc. (IPG) Chairman and Chief Executive Officer, Melbourne F. Yull. "We made progress in recovering raw material cost increases through price increases to our customers. Additionally, during the fourth quarter we announced the closure of two facilities, which should have a positive effect on our cost structure going forward. Improvements in our financial and selling, general and administrative cost structures also helped to offset the pressure of raw material cost increases, resulting in a 16.9% increase in our adjusted pretax earnings compared to the same period last year. Net income was up even more significantly, mainly driven by an adjustment for income taxes recoverable in future periods."

Operating Results

Sales for the fourth quarter were $180.7 million, up 14.6% compared to the corresponding quarter last year. The increase was due to unit growth, price increases, and acquisition-related revenues. Sales for the year were $692.4 million, up 11.4% compared to 2003.

Gross margin for the fourth quarter was 19.9% compared to 22.0% for the same quarter last year. The Company was successful in achieving sales price increases during the fourth quarter of 2004. Raw material cost increases contributed to the decline in the gross margin. Nonetheless, gross profit increased by 3.9% compared to the same period in 2003. Gross margin for the year decreased to 20.7% from 22.4% in the prior year.

Selling, general and administrative ("SG&A") expenses were $25.8 million in the fourth quarter of 2004, compared to $24.8 million for the fourth quarter of 2003. The increase relates to higher sales within the retail distribution channel, which carries a more expensive selling structure than other sales channels. "While SG&A expenses increased slightly compared to the same period last year, as a percent of sales, they were down from 15.8% in 2003 to 14.3% in 2004," said IPG's Chief Financial Officer, Andrew M. Archibald, C.A. SG&A expenses were $94.2 million, or 13.6% of sales, for the year, compared to $89.9 million, or 14.5% of sales, for 2003.

Financial expenses in the fourth quarter were $4.3 million, a 23.0% decrease compared to $5.6 million for the fourth quarter last year. "The reduction in financial expenses is the result of the various debt restructuring activities over the past year," commented Mr. Archibald. "Assuming interest rates and our outstanding debt remain constant, we would expect financial expenses for 2005 to be in the range of $17.0 million to $18.0 million." Financial expenses for the year were $24.3 million, excluding the $30.4 million cost of refinancing, compared to $28.5 million for last year. The lower financial expenses for the year were also partly the result of a substantial debt repayment at the end of the third quarter of 2003, which was accomplished with the proceeds of the $40.8 million common stock issuance in late September 2003.

The Company is including adjusted pretax earnings, a non-GAAP financial measure, in this discussion of results because it believes the measure permits more meaningful comparisons of its performance between the periods presented. See the table below for a reconciliation of adjusted pretax earnings to net earnings. Adjusted pretax earnings were $4.6 million for the quarter, up 16.9% from $3.9 million for the same quarter last year. Adjusted pretax earnings were $19.4 million for the year, compared to adjusted pretax earnings of $17.1 million for the previous year.

Reconciliation of Net Earnings to Adjusted Pretax Earnings
Periods ended December 31,
(in millions of US dollars)

	Three months		Twelve months	
	2004	2003	2004	2003
	$	$	$	$
Net earnings - As reported	17.7	5.2	11.4	18.2
Add back:				
Income taxes (recovery)	(20.5)	(4.3)	(29.7)	(4.1)
Pretax earnings	(2.8)	0.9	(18.4)	14.1
Add back:				
Refinancing expense	-	-	30.4	-
Manufacturing facility closure costs	7.4	3.0	7.4	3.0
Adjusted pretax earnings	4.6	3.9	19.4	17.1

For the fourth quarter, the Company recorded an income tax recovery of $20.5 million, of which $19.0 million was due to a reduction in the Company's valuation allowance for future income tax benefits. This adjustment was a result of the Company's periodic assessment of its ability to realize future income tax assets. For the same period in 2003, the Company booked an income tax recovery of $4.2 million. For the year, the Company recorded an income tax recovery of $29.7 million, compared to an income tax recovery of $4.1 million for the year 2003, reflecting primarily the impact of the valuation allowance adjustment in the fourth quarter of 2004 and the tax effect of the $30.4 million of refinancing expenses incurred in the third quarter of 2004. For 2005, the Company expects its effective tax rate to be in the range of 20.0% to 23.0% and cash taxes to be less than $2.0 million for the year.

Net earnings for the fourth quarter of 2004 were $17.7 million, or $0.43 per share (basic and diluted), compared to net earnings of $5.2 million or $0.13 per share (basic and diluted) for the fourth quarter of 2003. Net earnings were $11.4 million for the year, or $0.27 per share (diluted), compared to net income of $18.2 million, or $0.50 per share (diluted), for the year 2003.

The Company is including earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA, non-GAAP financial measures, in this discussion of results because it believes these measures permit more meaningful comparisons of its performance between the periods presented. In addition, the Company's covenants contained in the loan agreement with its lenders require certain debt to Adjusted EBITDA ratios be maintained, thus EBITDA and Adjusted EBITDA are used by management and the Company's lenders in evaluating the Company's performance. A reconciliation of the Company's EBITDA and Adjusted EBITDA, non-GAAP financial measures, to GAAP net earnings (loss) is set out in the EBITDA and Adjusted EBITDA reconciliation table below. The Company's EBITDA for the fourth quarter of 2004 was $9.1 million compared to $13.9 million for the fourth quarter of 2003. The adjusted EBITDA was $16.5 million in the fourth quarter of 2004 as compared to $16.9 million in the fourth quarter of 2003. EBITDA was $65.0 million for 2004 compared to $70.2 million for 2003. The adjusted EBITDA was $72.4 million for 2004 compared to $73.2 million in 2003.

EBITDA and Adjusted EBITDA Reconciliation to Net Earnings
Periods ended December 31,
(in millions of US dollars)

	Three months		Twelve months	
	2004	2003	2004	2003
	$	$	$	$
Net earnings - As reported	17.7	5.2	11.4	18.2
Add back:				
Financial expenses, net of amortization	4.1	5.1	23.0	26.7
Refinancing expense	-	-	30.4	-
Income taxes	(20.5)	(4.2)	(29.7)	(4.1)
Depreciation and amortization	7.8	7.8	29.9	29.4
EBITDA	9.1	13.9	65.0	70.2
Add back:				
Manufacturing facility closure costs	7.4	3.0	7.4	3.0
Adjusted EBITDA	16.5	16.9	72.4	73.2

Cash Flows
Cash flows from operating activities were a net $1.7 million for the fourth quarter of 2004, compared to $9.2 million for the fourth quarter 2003. While cash from operating activities before non-cash working capital items was up significantly in 2004, non-cash working capital items used more cash in 2004 because of higher raw material costs included in inventories and the planned build-up of inventories to facilitate the closing of the Montreal, Quebec and Cumming, Georgia plants at year-end. Cash flows used by operating activities in 2004 were $4.1 million compared to cash flows from operating activities for 2003 of $40.4 million. The decline in cash flow on an annual basis was also partly attributable to the make-whole payment of $21.9 million made in the third quarter of 2004.

Cash used in operating and investing activities totaled $5.0 million in the fourth quarter of 2004 and was funded by cash on hand at the beginning of the period. Cash used in operating and investing activities for the year totaled $41.6 million and was funded by a net increase in debt.

Balance Sheet
While total debt, net of cash, was increased by 17.4% over the course of 2004, the Company expects the benefits of the debt restructuring undertaken in the third quarter of 2004 to be reflected in lower annual financial expenses in future years and an improved repayment schedule which should provide greater financial flexibility to the Company over the next few years. As of December 31, 2004, the Company had cash and a temporary investment of $22.4 million, as well as a committed revolving credit facility of $75.0 million that remained undrawn. Mr. Archibald also noted that the Company recently completed a registered exchange offer for its senior subordinated notes.

Outlook

"We continue to target 10% sales growth for 2005 and are pleased with our sales so far this year," said Mr. Yull. "Our ability to make significant bottom line improvement is dependent on our ability to improve our gross margin. This should occur if we are able to achieve product price increases, as well as planned cost reductions."

Capital expenditures are expected to be between $23.0 million and $27.0 million for 2005 as the Company continues to invest in equipment to improve its productivity and expand certain operations vertically, which at the same time will create new product capabilities.

(All figures in U.S. dollars, unless otherwise stated; December 31, 2004, exchange rate: Cdn $1.2062 = U.S.$1.00)

Conference Call

A conference call to discuss IPG's fourth quarter results will be held Monday, March 14, 2005 at 10:00 A.M. Eastern Standard Time. Participants may dial 1-877-209-0397 (U.S. and Canada) and 1-612-332-1025 (International). The conference call will also be simultaneously webcast on the Company's website at http://www.intertapepolymer.com.

You may access a replay of the call by dialing 1-800-475-6701 (U.S. and Canada), or 1-320-365-3844 (International), and entering the passcode 771687. The recording will be available from Monday, March 14, 2005 at 5:00 P.M. until Monday, March 21, 2005 at 11:59 P.M, Eastern Standard Time.

About Intertape Polymer Group

Intertape Polymer Group is a recognized leader in the development and manufacture of specialized polyolefin plastic and paper based packaging products and complementary packaging systems for industrial and retail use. Headquartered in Montreal, Quebec and Sarasota/Bradenton, Florida, the Company employs approximately 2,600 employees with operations in 15 locations, including 10 manufacturing facilities in North America and one in Europe.

Safe Harbor Statement

Certain statements and information included in this release constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied in such forward-looking statements. Additional discussion of factors that could cause actual results to differ materially from management's projections, estimates and expectations is contained in the Company's SEC filings. The Company undertakes no duty to update its forward-looking statements, including its earnings outlook. This release contains certain non-GAAP financial measures as defined under SEC rules, including adjusted net earnings, EBITDA, and adjusted EBITDA. The Company believes such non-GAAP financial measures improve the transparency of the Company's disclosure, provide a meaningful presentation of the Company's results from its core business operations, excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations. As required by SEC rules, the Company has provided reconciliations of those measures to the most directly comparable GAAP measures.

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Selected Financial Information

Intertape Polymer Group Inc.
Consolidated Earnings
Periods ended December 31,
(In thousands of US dollars, except per share amounts)

	Three months		Twelve months	
	2004	2003	2004	2003
	$	$	$	$
Sales	180,744	157,682	692,449	621,321
Cost of sales	144,689	122,975	549,252	482,423
Gross profit	36,055	34,707	143,197	138,898
Selling, general and administrative expenses	25,799	24,841	94,226	89,917
Stock-based compensation	355	130	1,046	130
Research and development	997	212	4,233	3,272
Financial expenses	4,302	5,587	24,253	28,521
Refinancing expense			30,444	
Manufacturing facility closure costs	7,386	3,005	7,386	3,005
	38,839	33,775	161,588	124,845
Earnings (loss) before income taxes	(2,874)	932	(18,391)	14,053
Income taxes (recovery)	(20,455)	(4,243)	(29,749)	(4,125)
Net earnings	17,671	5,175	11,358	18,178
Earnings per share				
Basic	0.43	0.13	0.28	0.51
Diluted	0.43	0.13	0.27	0.50

Consolidated Retained Earnings
Periods ended December 31,

(In thousands of US dollars)

	Three months 2004	Three months 2003	Twelve months 2004	Twelve months 2003
	$	$	$	$
Balance, beginning of period	61,978	63,116	68,291	50,113
Net earnings	17,671	5,175	11,358	18,178
	79,649	68,291	79,649	68,291
Premium on purchase for cancellation of common shares	40		40	
Balance, end of period	79,609	68,291	79,609	68,291

Common shares
Average number of shares outstanding

CDN GAAP - Basic	41,273,840	40,870,426	41,186,143	35,956,550
CDN GAAP - Diluted	41,468,992	41,225,776	41,445,864	36,052,320
U.S. GAAP - Basic	41,273,840	40,870,426	41,186,143	35,956,550
U.S. GAAP - Diluted	41,468,992	41,225,776	41,455,864	36,052,320

Intertape Polymer Group Inc.
Consolidated Balance Sheets
As at December 31,
(In thousands of US dollars)

	2004	2003
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	21,882	
Temporary Investment	497	
Trade receivables (net of allowance for doubtful accounts of $4,065; $3,911 in 2003)	101,628	89,297
Other receivables	13,381	11,852
Inventories	90,677	69,956
Parts and supplies	13,618	13,153
Prepaid expenses	7,788	7,924
Future income tax	1,509	2,682
	250,980	194,864
Property, plant and equipment	352,610	354,627
Other assets	16,474	12,886
Future income taxes	36,689	3,812

Goodwill	179,958	173,056
	836,711	739,245
LIABILITIES		
Current liabilities		
Bank indebtedness		13,944
Accounts payable and accrued liabilities	97,849	95,270
Instalments on long-term debt	3,032	16,925
	100,881	126,139
Long-term debt	331,095	235,066
Other liabilities	435	530
	432,411	361,735
SHAREHOLDERS' EQUITY		
Capital stock	289,180	286,841
Contributed surplus	4,326	3,150
Retained earnings	79,609	68,291
Accumulated currency translation adjustments	31,185	19,228
	404,300	377,510
	836,711	739,245

Intertape Polymer Group Inc.
Consolidated Cash Flows
Periods ended December 31,
(In thousands of US dollars)

	Three months		Twelve months	
	2004	2003	2004	2003
	$	$	$	$
OPERATING ACTIVITIES				
Net earnings	17,671	5,175	11,358	18,178
Non-cash items				
Depreciation and amortization	7,770	7,786	29,889	29,375
Property, plant and equipment impairment and other non-cash charges in connection with facility closures	5,848	732	5,848	73
Future income taxes	(21,341)	(5,982)	(28,806)	(7,148)
Write-off of debt issue expenses			8,482	
Stock-based compensation expense	355		1,046	
Other non-cash items	(95)	(3,000)	(95)	(3,000)

Cash flows from operations before changes in non-cash working capital items	10,208	4,711	27,722	38,137
Changes in non-cash working capital items				
Trade receivables	5,502	8,616	(11,345)	(741)
Other receivables	(444)	(1,693)	(1,308)	(1,647)
Inventories	(12,112)	(2,021)	(20,115)	(5,139)
Parts and supplies	222	(107)	(266)	(776)
Prepaid expenses	(3,710)	(1,957)	202	100
Accounts payable and accrued liabilities	2,041	1,606	1,051	10,465
	(8,501)	4,444	(31,781)	2,262
Cash flows from operating activities	1,707	9,155	(4,059)	40,399
INVESTING ACTIVITIES				
Temporary investment	(497)		(497)	
Property, plant and equipment	(4,869)	(3,280)	(18,408)	(12,980)
Business acquisition			(5,500)	
Goodwill				(6,217)
Other assets	(1,328)	(752)	(13,178)	(1,435)
Cash flows from investing activities	(6,694)	(4,032)	(37,583)	(20,632)
FINANCING ACTIVITIES				
Net change in bank indebtedness	(298)	(4,503)	(13,967)	4,910
Issue of long-term debt			325,787	
Repayment of long-term debt	(408)		(250,936)	(64,329)
Issue of common shares	20	552	2,717	43,009
Common shares purchased for cancellation	(418)		(418)	
Cash flows from financing activities	(1,104)	(3,951)	63,183	(16,410)
Net increase (decrease) in cash and cash equivalents	(6,091)	1,172	21,541	3,357
Effect of foreign currency translation adjustments	105	(1,172)	341	(3,357)
Cash, beginning of period	27,868			
Cash and cash equivalents, end of period	21,882		21,882	

Supplementary Financial Information

Intertape Polymer Group Inc.

(in thousands of US dollars)

1. Other receivables

	2004	2003
	$	$
Income and other taxes	8,914	7,009
Rebates receivable	1,193	861
Sales taxes	1,316	863
Other	1,958	3,119
	13,381	11,852

2. Inventories

	2004	2003
	$	$
Raw materials	30,908	18,910
Work in process	14,255	12,583
Finished goods	45,514	38,463
	90,677	69,956

3. Other assets

	2004	2003
	$	$
Debt issue expenses and other deferred charges, at amortized cost	14,446	10,460
Loans without interest, various repayment terms	914	877
Other receivables	301	271
Other, at cost	813	1,278
	16,474	12,886

4. Long-term debt

Long-term debt consists of the following:

	2004	2003
	$	$
a) US$125,000,000 Senior Subordinated Notes	125,000	
b) US$200,000,000 Term Loan	199,500	
c) US$137,000,000 Series A and B Senior Notes		123,804
d) US$137,000,000 Senior Notes		123,330
e) Obligation under capital lease	7,166	
f) Other debt	2,461	4,857
	334,127	251,991
Less: current portion of long-term debt	3,032	16,925

	331,095	235,066

5. Income taxes
The provision for income taxes consists of the following:

	2004	2003
	$	$
Current	(943)	3,023
Future	(28,806)	(7,148)
	(29,749)	(4,125)

The net future income tax assets are detailed as follows:

	2004	2003
	$	$
Future income tax assets		
Trade and other receivables	1,112	1,104
Accounts payable and accrued liabilities		765
Tax credits and loss carry-forwards	104,350	94,719
Other	14,658	5,901
Valuation allowance	(16,508)	(31,145)
	103,612	71,344
Future income tax liabilities		
Inventories	214	311
Property, plant and equipment	64,134	64,539
Accounts payable and accrued liabilities	1,066	
	65,414	64,850
Net future income tax assets	38,198	6,494
Net current future income tax assets	1,509	2,682
Net long-term future income tax assets	36,689	3,812
Total net future income tax assets	38,198	6,494

As at December 31, 2004, the Company has $55.7 million of Canadian operating loss carry-forwards expiring 2007 through 2014 and $175.5 million of US federal and state operating losses expiring 2010 through 2024.

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will not be realized. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The Company expects the future income tax assets, net of the valuation allowance, as at December 31, 2004, to be realized as a result of the reversal of existing taxable temporary differences.

As part of the above analysis, the valuation allowance was decreased by

$14.6 million for the twelve months ended December 31, 2004 and increased $4.5 million for the twelve months ended December 31, 2003. For the three months ended December 31, 2004, the valuation allowance was decreased by $19.0 million and for the three months ended December 31, 2003, it was increased by $1.4 million. The remaining valuation allowance as of December 31, 2004 was $16.5 million.