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INTERTAPE POLYMER GROUP INC

Form 6-K

July 29, 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 July, 2005

Commission File Number 1-10928

INTERTAPE POLYMER 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

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

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: July 28, 2005

By: /s/Andrew M. Archibald
Andrew M. Archibald, C.A.,
CFO and Secretary

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NYSE SYMBOL: ITP

TSX SYMBOL: ITP

Intertape Polymer Group Inc. Announces Second Quarter Results

- Sales up 10.7% compared to last year
- Adjusted net earnings up 7.0% compared to last year
- Free cash flow of \$7.6 million

Montreal, Quebec and Bradenton, Florida - July 28, 2005 - Intertape Polymer Group Inc. (NYSE, TSX: ITP) today released results for its second quarter ended June 30, 2005.

Sales for the second quarter were \$190.3 million, up 10.7% from \$171.9 million for the same quarter of 2004, while the Company reported net earnings of \$5.4 million or \$0.13 per share (basic and diluted) compared to \$5.7 million or \$0.14 per share (basic and diluted) for the same period last year. The quarter's results included total charges of \$1.1 million for costs associated with manufacturing facility closures and an industrial accident. Excluding the manufacturing facility closure and industrial accident costs and related tax benefits, adjusted net earnings for the second quarter of 2005 were \$6.1 million or \$0.15 per share (basic and diluted) compared to \$5.7 million or \$0.14 per share (basic and diluted) for the same quarter last year. The Company is including adjusted net earnings, a non-GAAP financial measure, because it believes the measure permits more meaningful comparisons of its core business performance between the periods presented. A reconciliation of adjusted net earnings to GAAP net earnings is set forth at the end of this press release.

"We were able to achieve double-digit sales growth again this quarter, despite a softening of the market for film products and an industry-wide shortage of synthetic rubber, a key raw material for certain of our tape adhesives," said Intertape Polymer Group Inc. ("IPG) Chairman and Chief Executive Officer, Melbourne F. Yull. "While we were able to satisfy some of our customers' demand with alternative products, we were not able to meet all of their demands, which resulted in lower sales volumes compared to last year. This shortage in synthetic rubber is expected to be rectified by the end of 2005, but it could take longer. Higher sales were the result of price increases implemented over the past few quarters to recover increased raw material costs."

"Our net earnings, however, did not grow proportionately as they were impacted negatively by higher raw material costs, including that of synthetic rubber, costs related to an industrial accident and increased staffing as a result of the organizational realignment that we began at the end of 2004," said Mr. Yull. "The sales price increases that have been implemented over the past while have allowed us to recover raw material cost increases, as well as some gross margin, but we have not yet been able to get back to historical gross margin levels. The additional staffing costs this quarter are an investment in our new organizational structure which we believe will begin to reap benefits in the second half of this year."

With completion of the preliminary investigation of the accident at its Columbia, South Carolina facility, the Company has established a loss provision totaling approximately \$1.1 million, almost all of which was recorded in the second quarter. Most of the loss provision relates to applicable insurance policy deductibles.

"Decreased financial expenses continue to have a positive impact on our net earnings as they were down 18.2% in the second quarter of 2005 compared to the second quarter last year, reflecting the benefits of the refinancing undertaken in the third quarter of last year," said IPG's Chief Financial

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Officer, Andrew M. Archibald, C.A. "From a cash perspective, we were able to generate \$7.6 million of free cash flow in the quarter. This was in part due to improved collection of trade receivables and the receipt of a tax refund during the quarter. The Company's target for free cash flow in 2005 remains \$25.0 million to \$30.0 million." Free cash flow is defined as cash flows from operating activities less expenditures for plant, property and equipment (capital expenditures). The Company is including free cash flow, a non-GAAP financial measure, because it is used by management and the Company's investors in evaluating the Company's performance. A reconciliation of free cash flow to cash flows from operating activities, the most directly comparable GAAP measure, is set forth at the end of this press release.

The Company is also including earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA, both non-GAAP financial measures, because these measures 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, both non-GAAP financial measures, to GAAP net earnings is set forth in the EBITDA reconciliation table at the end of this press release. The Company's EBITDA for the second quarter of 2005 was \$19.6 million compared to \$20.9 million for the second quarter of 2004. The adjusted EBITDA was \$20.7 million in the second quarter of 2005 as compared to \$20.9 million in the second quarter of 2004.

Sales for the first six months of 2005 were \$378.0 million, up 13.2% from \$334.0 million for the same period in 2004. Net earnings for the first six months of 2005 were \$11.5 million or \$0.28 per share (basic and diluted) compared to \$7.9 million or \$0.19 per share (basic and diluted) for the same period of the preceding year. Adjusted net earnings for the first six months of 2005 were \$12.6 million or \$0.31 per share (basic) and \$0.30 per share (diluted) compared to \$7.9 million or \$0.19 per share (basic and diluted) for the same period of the preceding year.

"While sales growth for the first half of the year has been good, our outlook for full year 2005 sales has been adjusted downwards from the range of \$775 million to \$790 million to a range of \$755 million to \$775 million, which would represent annual sales growth in the range of 9% to 12%," said Mr. Yull. "The impact of the synthetic rubber shortage, which had an impact on both sales and gross margins this past quarter, is expected to continue through the summer and possibly into next year."

Reconciliation of Net Earnings to Adjusted Net Earnings

(in millions of US dollars)

| | For the three months ended June 30 | | For the six months ended June 30 | |
|--|--|------|--|------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$ | \$ | \$ | \$ |
| Net earnings - as reported | 5.4 | 5.7 | 11.5 | 7.9 |
| Add back: | | | | |
| Manufacturing facility closure and industrial accident costs (after-tax) | 0.7 | | 1.1 | |
| Adjusted net earnings | 6.1 | 5.7 | 12.6 | 7.9 |

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Reconciliation of Net Earnings to EBITDA and Adjusted EBITDA

(in millions of US dollars)

| | For the three months ended June 30 | | For the six months ended June 30 | |
|--|--|------|--|------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$ | \$ | \$ | \$ |
| Net earnings - as reported | 5.4 | 5.7 | 11.5 | 7.9 |
| Add back: | | | | |
| Financial expenses, net of amortization | 5.6 | 7.0 | 10.9 | 13.3 |
| Income taxes | 0.4 | 0.7 | 1.7 | 0.4 |
| Depreciation and amortization | 8.2 | 7.5 | 16.1 | 14.6 |
| EBITDA | 19.6 | 20.9 | 40.2 | 36.2 |
| Add back: | | | | |
| Manufacturing facility closure and industrial accident costs (after-tax) | 1.1 | | 1.8 | |
| Adjusted EBITDA | 20.7 | 20.9 | 42.0 | 36.2 |

Reconciliation of Cash Flows from Operating Activities to Free Cash Flow

(in millions of US dollars)

| | For the three months ended June 30 | | For the six months ended June 30 | |
|---|--|-------|--|-------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$ | \$ | \$ | \$ |
| Cash flows from (used in) | | | | |
| operating activities - as reported | 11.7 | (0.6) | 9.9 | 5.8 |
| Subtract: | | | | |
| Property, plant and equipment expenditures | 4.1 | 4.1 | 9.1 | 9.9 |
| Free cash flow | 7.6 | (4.7) | 0.8 | (4.1) |

(All figures in U.S. dollars, unless otherwise stated; June 30, 2005, exchange rate: Cdn \$1.2263 = U.S.\$1.00)

Conference Call

A conference call to discuss IPG's 2005 second quarter results will be held Friday, July 29, 2005 at 10:00 A.M. Eastern Standard Time. Participants may dial 1-800-553-0358 (U.S. and Canada) and 1-612-332-0636 (International).

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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 788816. The recording will be available from Friday, July 29, 2005 at 3:15 P.M. until Friday, August 5, 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 non-GAAP measures to the most directly comparable GAAP measures.

FOR INFORMATION CONTACT:

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Chairman and Chief Executive Officer
Intertape Polymer Group Inc.
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Web: www.intertapepolymer.com

Selected Financial Information

Intertape Polymer Group Inc.
Consolidated Earnings
Periods ended June 30,
(In thousands of US dollars, except per share amounts)

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| | Three months | | Six months | |
|---|--------------|---------|------------|---------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$ | \$ | \$ | \$ |
| Sales | 190,282 | 171,934 | 377,979 | 334,034 |
| Cost of sales | 150,895 | 134,097 | 299,469 | 264,083 |
| Gross profit | 39,387 | 37,837 | 78,510 | 69,951 |
| Selling, general and administrative expenses | 24,844 | 22,793 | 48,761 | 45,100 |
| Stock-based compensation | 483 | 351 | 938 | 421 |
| Research and development | 1,224 | 1,153 | 2,235 | 2,115 |
| Financial expenses | 5,918 | 7,235 | 11,567 | 14,003 |
| Manufacturing facility closure and industrial accident costs | 1,087 | | 1,806 | |
| | 33,556 | 31,532 | 65,307 | 61,639 |
| Earnings before income taxes | 5,831 | 6,305 | 13,203 | 8,312 |
| Income taxes | 399 | 654 | 1,738 | 370 |
| Net earnings | 5,432 | 5,651 | 11,465 | 7,942 |
| Earnings per share | | | | |
| Basic | 0.13 | 0.14 | 0.28 | 0.19 |
| Diluted | 0.13 | 0.14 | 0.28 | 0.19 |

Consolidated Retained Earnings
Periods ended June 30,
(In thousands of US dollars)

| | Three months | | Six months | |
|------------------------------|--------------|--------|------------|--------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$ | \$ | \$ | \$ |
| Balance, beginning of period | 85,642 | 70,582 | 79,609 | 68,291 |
| Net earnings | 5,432 | 5,651 | 11,465 | 7,942 |
| | 91,074 | 76,233 | 91,074 | 76,233 |

Premium on purchase for

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| | | | | |
|-------------------------------|--------|--------|--------|--------|
| cancellation of common shares | 11 | | 11 | |
| | ----- | ----- | ----- | ----- |
| Balance, end of period | 91,063 | 76,233 | 91,063 | 76,233 |
| | ----- | ----- | ----- | ----- |

Common shares
Average number of shares outstanding

| | | | | |
|---------------------|------------|------------|------------|------------|
| CDN GAAP - Basic | 41,214,969 | 41,215,111 | 41,226,215 | 41,092,785 |
| CDN GAAP - Diluted | 41,550,160 | 41,396,403 | 41,493,093 | 41,429,232 |
| U.S. GAAP - Basic | 41,214,969 | 41,215,111 | 41,226,215 | 41,092,785 |
| U.S. GAAP - Diluted | 41,550,160 | 41,396,403 | 41,493,093 | 41,429,232 |

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

| | June 30, 2005 | June 30, 2004 | December 31, 2004 |
|---|------------------|------------------|----------------------|
| | \$ | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 23,247 | 9,488 | 21,882 |
| Temporary investment | 489 | | 497 |
| Trade receivables, net of allowance for doubtful accounts of \$4,463 (\$4,037 in June 2004, \$4,065 in December 2004) | 110,167 | 101,201 | 101,628 |
| Other receivables | 11,283 | 11,353 | 13,381 |
| Inventories | 99,632 | 73,213 | 90,677 |
| Parts and supplies | 13,979 | 13,301 | 13,618 |
| Prepaid expenses | 7,642 | 5,761 | 7,788 |
| Future income tax | 1,509 | 2,682 | 1,509 |
| | ----- | ----- | ----- |
| Property, plant and equipment | 343,839 | 357,227 | 352,610 |
| Other assets | 17,397 | 13,181 | 16,474 |
| Future income taxes | 34,731 | 4,457 | 36,689 |
| Goodwill | 179,767 | 176,231 | 179,958 |
| | ----- | ----- | ----- |
| | 843,682 | 768,095 | 836,711 |
| | ----- | ----- | ----- |
| LIABILITIES | | | |
| Current liabilities | | | |

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| | | | |
|---|----------------|----------------|----------------|
| Bank indebtedness | 5,000 | | |
| Accounts payable and accrued liabilities | 94,059 | 91,834 | 97,849 |
| Installments on long-term debt | 2,802 | 1,958 | 3,032 |
| | <u>101,861</u> | <u>93,792</u> | <u>100,881</u> |
| Long-term debt | 329,539 | 290,240 | 331,095 |
| Other liabilities | 435 | 530 | 435 |
| | <u>431,835</u> | <u>384,562</u> | <u>432,411</u> |
| SHAREHOLDERS' EQUITY | | | |
| Capital stock | 288,911 | 289,219 | 289,180 |
| Contributed surplus | 5,264 | 3,701 | 4,326 |
| Retained earnings | 91,063 | 76,233 | 79,609 |
| Accumulated currency translation adjustments | 26,609 | 14,380 | 31,185 |
| | <u>411,847</u> | <u>383,533</u> | <u>404,300</u> |
| | <u>843,682</u> | <u>768,095</u> | <u>836,711</u> |

Intertape Polymer Group Inc.
Consolidated Cash Flows
Periods ended June 30,
(In thousands of US dollars)

| | Three months | | Six months | |
|--|---------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | \$ | \$ | \$ | \$ |
| OPERATING ACTIVITIES | | | | |
| Net earnings | 5,432 | 5,651 | 11,465 | 7,942 |
| Non-cash items | | | | |
| Depreciation and amortization | 8,234 | 7,514 | 16,142 | 14,637 |
| Other non-cash charges in connection with facility closures | 81 | | 127 | |
| Future income taxes | 203 | 310 | 1,372 | (586) |
| Stock-based compensation expense | 483 | 351 | 938 | 421 |
| Cash flow from operations before changes in non-cash working capital items | <u>14,433</u> | <u>13,826</u> | <u>30,044</u> | <u>22,414</u> |
| Changes in non-cash working capital items | | | | |
| Trade receivables | 2,801 | (2,163) | (9,100) | (12,248) |
| Other receivables | 2,082 | | 2,017 | 487 |

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| | | | | |
|--|---------|----------|----------|----------|
| Inventories | (6,338) | (3,366) | (9,535) | (3,878) |
| Parts and supplies | (96) | 43 | (409) | (148) |
| Prepaid expenses | 449 | 1,039 | 132 | 2,140 |
| Accounts payable and accrued liabilities | (1,616) | (9,935) | (3,285) | (2,997) |
| | (2,718) | (14,382) | (20,180) | (16,644) |
| Cash flows from operating activities | 11,715 | (556) | 9,864 | 5,770 |
| INVESTING ACTIVITIES | | | | |
| Property, plant and equipment | (4,069) | (4,055) | (9,058) | (9,875) |
| Business acquisition | | | | (5,500) |
| Other assets | (800) | (501) | (1,721) | (1,064) |
| Goodwill | | (58) | (300) | (58) |
| Cash flows from investing activities | (4,869) | (4,614) | (11,079) | (16,497) |
| FINANCING ACTIVITIES | | | | |
| Net change in bank indebtedness | | 15,907 | 5,000 | 20,840 |
| Issue of long-term debt | | | | 787 |
| Repayment of long-term debt | (1,164) | (2,477) | (1,703) | (2,477) |
| Issue of common shares | 68 | 1,408 | 71 | 2,378 |
| Common shares purchased for cancellation | (340) | | (340) | |
| Cash flows from financing activities | (1,436) | 14,838 | 3,028 | 21,528 |
| Net increase (decrease) in cash position | 5,410 | 9,668 | 1,813 | 10,801 |
| Effect of currency translation adjustments | (246) | (180) | (448) | (1,313) |
| Cash position, beginning of period | 18,083 | | 21,882 | |
| Cash position, end of period | 23,247 | 9,488 | 23,247 | 9,488 |