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INTERTAPE POLYMER GROUP INC  
Form 6-K  
November 01, 2004

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 October, 2004

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: October 29, 2004

By: /s/Andrew M. Archibald  
Andrew M. Archibald, C.A., CFO,  
Secretary, Vice President  
Administration

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NYSE SYMBOL: ITP

TSX SYMBOL: ITP

## Intertape Polymer Group Inc. Announces Continued Sales Growth in Third Quarter

- Third quarter sales were up 11.2% over last year
- Excluding refinancing charges, earnings before taxes up 17.4% over last year
- Major debt refinancing completed
- Further cost reductions announced

Montreal, Quebec and Bradenton, Florida - October 29, 2004 - Intertape Polymer Group Inc. (NYSE, TSX: ITP) today released results for the third quarter ended September 30, 2004. "This is our third consecutive quarter of sales growth," said Intertape Polymer Group Inc. (IPG) Chairman and Chief Executive Officer, Melbourne F. Yull. "We also completed a major refinancing of the debt portion of our capital structure, which will have significant future benefits for the Company. Excluding the one-time costs we incurred as part of the refinancing, our earnings before taxes were up 17.4% compared to the same period last year despite increased raw material costs. We were able to implement a number of price increases during the quarter and this process is ongoing. At the same time, we are focused on reducing operating costs and optimizing asset usage to improve profitability. As part of this ongoing program to evaluate our operations, we announced, following the end of the quarter, the closing of our Cumming, Georgia facility that should result in about \$2.0 million of annualized operating cost savings for the Company."

### Third Quarter 2004

Sales for the third quarter were \$177.7 million, up 11.2% compared to the corresponding quarter last year. The increase was due to revenues associated with the February 2004 acquisition of certain operations of tesa tape, inc., a 3.5% increase in average selling prices in the third quarter of 2004 compared to the third quarter of 2003, and volume growth. Sales were also up by 3.3% compared to the second quarter of 2004 due to selling price increases and volume growth.

Gross margin for the third quarter was 20.9% compared to 22.7% for the same quarter last year. Sales price increases for the third quarter of 2004 slightly exceeded new raw material cost increases for the third quarter, resulting in a relatively small incremental contribution to gross margin. Gross profit, nonetheless, increased by 2.4% compared to the same period in 2003.

Selling, general and administrative ("SG&A") expenses were \$23.3 million in the third quarter of 2004, compared to \$22.3 million for the third quarter of 2003. The increase in expense reflects the increase in selling expenses attributable to the accounts acquired in the tesa tape acquisition. As a percent of sales, SG&A expenses were 13.1% this past quarter compared to 13.9% for the same quarter last year.

Financial expenses in the third quarter were \$5.9 million excluding the cost of the refinancing, compared to \$7.4 million for the third quarter last year. The lower financial expenses reflect primarily the impact of the equity issue and resulting debt reduction at the end of the third quarter of 2003, and lower interest rates due to the debt refinancing that was completed in early August of 2004. The third quarter financial expenses were also down \$1.3 million compared to the second quarter of 2004. The decrease was principally the result of

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interest rate savings attributable to the recently completed refinancing, which were in place about mid-quarter. The cost of the refinancing totaled \$30.4 million, which covered make-whole premiums and the write-off of deferred financing costs. "With the cost savings that we will derive from this refinancing, the payback on the premium costs is expected to be about three years," said IPG's Chief Financial Officer, Andrew M. Archibald, C.A.

Earnings before taxes, excluding refinancing charges, were \$6.5 million for the quarter, up 17.4% compared to the same quarter last year.

For the third quarter, the Company recorded an income tax recovery of \$9.7 million, mainly as a result of the \$10.6 million tax benefit arising from the \$30.4 million of refinancing expenses. Excluding the impact of the refinancing expenses, the Company recorded income taxes of \$0.9 million, for an effective tax rate of 14.1%. For the same period last year, the Company recorded income tax recovery of \$0.6 million.

For the third quarter of 2004, the Company recorded a net loss of \$14.3 million, or \$0.35 per share (basic and diluted), compared to net earnings of \$6.2 million or \$0.18 per share (basic and diluted) for the third quarter of 2003. The third quarter 2004 earnings included a \$19.9 million after-tax expense relating to the refinancing of the Company's debt that was undertaken in July 2004. Excluding this amount, earnings for the third quarter of 2004 would have been \$0.14 per share (basic and diluted), as compared to earnings of \$0.18 per share (basic and diluted) for the same period in 2003 and \$0.14 per share (basic and diluted) for the second quarter 2004. Earnings per share were also impacted by the increase in the number of common shares outstanding as a result of the equity issue completed at the end of September 2003.

Cash used in operating activities before changes in non-cash working capital items was \$4.9 million for the third quarter 2004, compared to cash generated in the third quarter 2003 of \$12.5 million.

Included in the 2004 cash flows from operations before changes in non-cash working capital items was the payment of a \$21.9 million make-whole payment to the holders of the notes that were refinanced in the third quarter. Excluding the make-whole payment and related current tax benefit of approximately \$3.9 million, cash flows from operations before changes in non-cash working capital items for the quarter would have been \$13.1 million.

Cash used for investing activities was \$14.4 million for the third quarter 2004, compared to \$10.9 million for the third quarter 2003, the difference being attributable primarily to debt issuance costs associated with the third quarter refinancing. Cash used in operating and investing activities totaled \$25.9 million in the quarter.

### Nine months of 2004

Sales for the first nine months were \$511.7 million, up 10.4% compared to the corresponding period last year. The increase was attributable to the tesa tape acquisition, the incremental sales associated with acquiring the remaining 50% interest in the Company's Portuguese joint venture in late June 2003, as well as higher overall selling prices and sales volumes in 2004 compared to 2003.

Gross margin for the first nine months decreased to 20.9% from 22.5% in the corresponding period last year. The margin decline in the first nine months of 2004 as compared to the first nine months of 2003 was

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due to several factors including timing differences in passing along raw material cost increases throughout the first three quarters of 2004, first quarter of 2004 production interruptions at the Truro, Nova Scotia manufacturing facility and unanticipated integration costs at the Columbia facility related to the acquired duct and masking tape operations of tesa tape.

Selling, general and administrative expenses were \$68.4 million, or 13.4% of sales, in the first nine months of 2004, compared to \$65.1 million, or 14.0% of sales, for the first nine months of 2003.

Financial expenses in the first nine months were \$20.0 million, excluding the cost of refinancing, compared to \$22.9 million for the first nine months last year. The lower financial expenses are primarily the result of substantial debt repayments in the second and third quarters of 2003 as well as the interest savings attributable to the refinancing. The common stock issuance in late September 2003 allowed the Company to repay \$40.8 million in debt at the end of the third quarter of 2003.

Earnings before taxes, excluding refinancing charges, were \$14.8 million for the nine months of 2004, up 13.1% compared to the same period last year.

For the first nine months the Company recorded income tax recovery of \$9.3 million, compared to income tax expense of \$0.1 million for the first nine months of 2003. Excluding the impact of the refinancing expenses, the Company recorded income taxes of \$1.3 million, for an effective tax rate of 8.7%.

For the first nine months of the year, the Company recorded a net loss of \$6.3 million, or \$0.15 per share (basic and diluted), compared to net income of \$13.0 million, or \$0.38 per share (basic and diluted), for the nine months of 2003. Excluding the after-tax refinancing expense amount of \$19.9 million, net earnings for the nine months would have been \$13.6 million, or \$0.33 per share (basic and diluted).

Cash flows from operating activities before changes in non-cash working capital items were \$17.5 million for the first nine months of 2004, compared to \$33.4 million for the first nine months of 2003. Excluding the make-whole payment of \$21.9 million and related current tax benefit of approximately \$3.9 million, cash flows from operations before changes in working capital items for the first nine months would have been \$35.5 million.

Cash used for investing activities was \$30.9 million for the first nine months of 2004, compared to \$16.6 million for the first nine months of 2003, the difference being attributable primarily to increased capital spending, the debt issuance costs associated with the third quarter refinancing and the \$5.5 million used to acquire the duct and masking tape operations of tesa tape.

### Balance Sheet

As part of the refinancing that took place early in the third quarter, virtually all of the previously existing debt was replaced with a combination of \$125.0 million in senior subordinated notes due 2014 and a \$200.0 million 7 year term loan. The Company also arranged for a \$75.0 million revolving credit facility, which was undrawn as of September 30, 2004. This, along with the \$27.9 million cash balance of September 30, 2004, gives the Company approximately \$100.0 million of liquidity for future requirements. As well as a new source of funds,

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these new financing arrangements provide for substantial interest cost savings, a significant reduction in near-term repayment obligations freeing up additional cash resources in the near term, and increased flexibility because of improved covenants.

### Outlook

"Our annual sales growth objective has been 10%, and we expect to meet it," said Mr. Yull. "For the first nine months of the year, sales growth was 10.4%. We also expect to see improved profitability with the cost savings from our debt refinancing and recently-announced plant closure, as well as over time, the price increases will help restore our margins as they become effective.

(All figures in U.S. dollars, unless otherwise stated; September 30, 2004, exchange rate: Cdn \$1.2725 =U.S.\$1.00)

### Conference Call

A conference call to discuss IPG's third quarter results will be held Monday, November 1, 2004 at 10:00 A.M. Eastern Standard Time. Participants may dial 1-800-762-4717 (U.S. and Canada) and 1-480-629-9024 (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); 1-320-365-3844 (International) and entering the passcode 751034. The recording will be available from Monday, November 1, 2004 at 1:30 P.M. until Monday, November 8, 2004 at 11:59 P.M, Eastern Standard Time.

### About Intertape Polymer Group Inc.

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 2600 employees with operations in 16 locations, including 12 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.

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Web: [www.intertapepolymer.com](http://www.intertapepolymer.com)

## Selected Financial Information

Intertape Polymer Group Inc.

Consolidated Earnings

Periods ended September 30,

(In thousands of US dollars, except per share amounts)

(Unaudited)

	Three months		Nine months	
	2004	2003	2004	2003
	\$	\$	\$	\$
Sales	177,671	159,798	511,705	463,639
Cost of sales	140,480	123,489	404,563	359,448
Gross profit	37,191	36,309	107,142	104,191
Selling, general and administrative expenses	23,327	22,264	68,427	65,076
Stock-based compensation expense	270		691	
Research and development	1,121	1,080	3,236	3,060
Financial expenses	5,948	7,409	19,951	22,934
Refinancing expense	30,444		30,444	
	61,110	30,753	122,749	91,070
Earnings (loss) before income taxes	(23,919)	5,556	(15,607)	13,121
Income taxes (recovery)	(9,664)	(643)	(9,294)	118
Net earnings (loss)	(14,255)	6,199	(6,313)	13,003
Earnings (loss) per share				
Basic	(0.35)	0.18	(0.15)	0.38
Diluted	(0.35)	0.18	(0.15)	0.38

Consolidated Retained Earnings

Periods ended September 30,

(In thousands of US dollars)

(Unaudited)

-----  
Three months

-----  
Nine months

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	2004	2003	2004	2003
	\$	\$	\$	\$
Balance, beginning of period	76,233	56,918	68,291	50,114
Net earnings (loss)	(14,255)	6,199	(6,313)	13,003
Balance, end of period	61,978	63,117	61,978	63,117

Common Shares

Average number of shares outstanding

CDN GAAP - Basic	41,285,161	35,302,174	41,156,911	34,318,592
CDN GAAP - Diluted	41,285,161	35,397,800	41,156,911	34,409,403
U.S. GAAP - Basic	41,285,161	35,302,174	41,156,911	34,318,592
U.S. GAAP - Diluted	41,285,161	35,397,800	41,156,911	34,409,403

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

	September 30, 2004 (Unaudited)	September 30, 2003 (Unaudited)	December 31, 2003 (Audited)
	\$	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	27,868		
Trade receivables, net of allowance for doubtful accounts of \$3,959 (\$3,274 in September 2003, \$3,911 in December 2003)	106,436	97,034	89,297
Other receivables	12,764	10,155	11,852
Inventories	78,451	67,128	69,956
Parts and supplies	13,641	13,046	13,153
Prepaid expenses	4,013	5,917	7,924
Future income tax	2,682	2,397	2,682
	245,855	195,677	194,864
Property, plant and equipment	356,680	355,297	354,627
Other assets	15,341	12,137	12,886
Future income taxes	11,593		3,812
Goodwill	177,780	172,007	173,056

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	807,249	735,118	739,245
LIABILITIES			
Current liabilities			
Bank indebtedness	179	18,376	13,944
Accounts payable and accrued liabilities	94,591	92,739	95,270
Instalments on long-term debt	2,700	16,886	16,925
	97,470	128,001	126,139
Long-term debt	332,539	234,353	235,066
Other liabilities	530	3,530	530
Future income taxes		2,623	
	430,539	368,507	361,735
SHAREHOLDERS' EQUITY			
Capital stock and share purchase warrants	289,538	289,367	286,841
Contributed surplus	3,971		3,150
Retained earnings	61,978	63,117	68,291
Accumulated currency translation adjustments	21,223	14,127	19,228
	376,710	366,611	377,510
	807,249	735,118	739,245

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

	Three months		Nine months	
	2004	2003	2004	2003
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings (loss)	(14,255)	6,199	(6,313)	13,003
Non-cash items				
Depreciation and amortization	7,482	8,226	22,119	21,589
Write-off of deferred debt issue expenses	8,482		8,482	
Stock-based compensation expense	270		691	
Future income taxes	(6,879)	(1,926)	(7,465)	(1,166)



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Cash flow from operations before changes in non-cash working capital items	(4,900)	12,499	17,514	33,426
Changes in non-cash working capital items				
Trade receivables	(4,599)	(6,635)	(16,847)	(9,357)
Other receivables	(1,351)	(70)	(864)	46
Inventories	(4,125)	5,029	(8,003)	(3,118)
Parts and supplies	(340)	(545)	(488)	(669)
Prepaid expenses	1,772	212	3,912	2,057
Accounts payable and accrued liabilities	2,007	9,667	(990)	8,859
	(6,636)	7,658	(23,280)	(2,182)
Cash flows from operating activities	(11,536)	20,157	(5,766)	31,244
INVESTING ACTIVITIES				
Property, plant and equipment	(3,664)	(4,620)	(13,539)	(9,700)
Business acquisition			(5,500)	
Goodwill	58	(6,217)	-	(6,217)
Other assets	(10,786)	(75)	(11,850)	(683)
Cash flows from investing activities	(14,392)	(10,912)	(30,889)	(16,600)
FINANCING ACTIVITIES				
Net change in bank indebtedness	(34,509)	(5,762)	(13,669)	9,413
Issue of long-term debt	325,000		325,787	
Repayment of long-term debt	(248,051)	(43,212)	(250,528)	(64,329)
Issue of common shares	319	42,457	2,697	42,457
Cash flows from financing activities	42,759	(6,517)	64,287	(12,459)
Net increase in cash position	16,831	2,728	27,632	2,185
Effect of currency translation adjustments	1,549	(2,728)	236	(2,185)
Cash position, beginning of period	9,488			
Cash position, end of period	27,868		27,868	