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INTERTAPE POLYMER GROUP INC

Form 6-K

July 28, 2003

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer  
Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934

For the month of July, 2003

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 X

[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 X

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

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 25, 2003 By: /s/Andrew M. Archibald  
Chief Financial Officer,  
Secretary, Vice President,  
Administration

July 25, 2003 NYSE SYMBOL: ITP  
TSX SYMBOL: ITP

Intertape Polymer Group Inc. Reports Continued  
Earnings Growth for Second Quarter 2003

- Company successfully manages raw material price hikes
- Maintains 5% sales growth target for year

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- 2003 excess free cash flow expectations maintained
- Company remains comfortable with 2003 consensus earnings estimates

Montreal, Quebec - July 25, 2003 - Intertape Polymer Group Inc. (NYSE, TSX: ITP) today released results for the second quarter ended June 30, 2003. Results remained on target despite the continuing challenging business environment. Intertape Polymer Group Inc. (IPG) Chairman and Chief Executive Officer, Melbourne F. Yull said: "We have accomplished what we set out to do, notwithstanding the realities of today's difficult economy. We have effectively managed dramatic raw material price increases through a combination of initiatives, including a new pricing structure, improved product mix and continuing cost reductions. This was a good quarter in light of the circumstances. We remain confident that we will meet our targets for the fiscal year provided the current level of the economy and a stable raw material pricing environment continue."

### SECOND QUARTER 2003

Sales for the second quarter were \$150.2 million compared to \$153.7 million for the corresponding quarter last year. "Despite downward pressure due to significant pre-buying during the first quarter as a number of customers attempted to avoid anticipated volatility in raw material prices and a weak month of May for the industrial markets in which we compete, sales were close to the target set in our business plan," said Mr. Yull.

Second quarter net income was \$3.9 million, or \$0.12 per share (basic and diluted), compared to net income of \$4.3 million, or \$0.13 per share (basic and diluted) a year ago. "Although earnings are down slightly from last year, they are up 34% compared to the first quarter of 2003, reflecting to a large extent the benefits from the cost reduction initiatives that we undertook to address current market conditions," remarked Mr. Yull.

The Company successfully managed significant raw material cost increases during the second quarter. Gross margin increased to 22.7% from 22.1% on a year-over-year basis and from 22.0% in the first quarter as a result of productivity gains, selling price increases and waste reduction programs. "Our people did a remarkable job of keeping ahead of formidable issues and brought in a very solid quarter," commented Mr. Yull.

Selling, general and administrative expenses were \$20.8 million in the second quarter of 2003 compared to \$20.5 million in the second quarter of 2002. IPG's Chief Financial Officer, Andrew M. Archibald, C.A. pointed out that the Company was able to reduce SG&A expenses by \$1.2 million or 5.5% during the quarter compared to the first quarter of 2003.

Financial expenses in the second quarter were \$7.8 million compared to \$7.9 million in the second quarter last year.

Spending on property, plant and equipment was reduced to \$2.6 million in the second quarter of 2003, compared to \$3.6 for the same quarter in 2002.

Cash flows from operating activities less cash used for investing activities was \$9.7 million for the second quarter 2003, compared to \$11.3 million for the second quarter 2002, and up significantly from the first quarter 2003 shortfall of \$4.3 million.

### FIRST HALF 2003

Sales for the first half of 2003 were \$303.8 million compared to \$300.4 million for the first half last year, an increase of 1.1%. First half net income was \$6.8 million, or \$0.20 per share (basic and diluted), compared to net income of \$7.1 million, or \$0.22 per share (basic and diluted) a year

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ago.

The weighted average number average number of basic shares outstanding was 33,826,800 for the first half of 2003 compared to 31,889,274 for the first half of 2002, under both Canadian and US GAAP.

Gross margin for the first half of 2003 was 22.3% compared to 22.4% for the first half of 2002.

Selling, general and administrative expenses for the six months were \$42.8 million compared to \$40.8 million a year ago. Mr. Archibald noted that the Company expects to achieve further SG&A cost reductions during the remainder of the year.

Financial expenses in the first half were \$15.5 million compared to \$16.9 million in the first half of last year. The lower financial expenses reflect primarily the impact of the \$25.4 million reduction of debt since the end of the second quarter of 2002.

Spending on property, plant and equipment was \$5.1 million in the first half of 2003, down from \$6.5 million for the corresponding period last year.

Cash flows from operating activities less cash used for investing activities was \$5.4 million for the first half 2003, compared to \$1.5 million for the same period last year.

### BALANCE SHEET IMPROVEMENTS

Total debt decreased by \$5.1 million in the second quarter, bringing total debt outstanding to \$319.8 million as at June 30, 2003, compared to \$321.3 million as at December 31, 2002 and \$345.2 million a year ago. Long-term debt of \$15.9 million was repaid during the quarter, bringing the first-half total to \$21.1 million, which reflects more than two-thirds of IPG's commitment to reduce long-term debt by \$29.3 million for the year.

### FIBOPE ACQUISITION

Just following the end of the second quarter, IPG announced that it had completed the acquisition of its partner's 50% interest in Fibope, a manufacturer and distributor of shrink film based in Portugal that was established seven years ago. Mr. Yull said the European acquisition would enable the Company to maximize its advanced technology in shrink films. "By consolidating ownership in the Portuguese operation under IPG, we now have control of manufacturing and distribution, which we expect will lead to better and faster growth in Europe. This acquisition also provides a solid platform to manufacture and distribute our pressure-sensitive performance products in the European market which is similar to that of North America's."

### CONCLUSION

Mr. Yull said he is encouraged by IPG's second quarter accomplishments, given the level of pre-buying demand experienced during the first quarter and the sluggish economy. "We will continue to examine every aspect of our business to achieve further cost reductions throughout the Company. Initiatives such as the consolidation of our regional distribution centers in Danville, Virginia and our water-activated tape plants in Wisconsin are expected to yield significant savings in addition to those benefits already realized from past programs. In addition, we believe that the Fibope acquisition offers additional, interesting opportunities for growth. As such, we remain committed to our target of 5% revenue growth for 2003."

(All figures in U.S. dollars; June 30, 2003, exchange rate:

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Cdn \$1.3489 = U.S.\$1.00)

### CONFERENCE CALL

A conference call to discuss IPG's second quarter results will be held Monday, July 28, 2003 at 10:00 A.M. Eastern Standard Time. Participants may dial 1-800-230-1766 (U.S. and Canada) and 1-612-332-0335 (International). The conference call will also be simultaneously webcast on the Company's website at <http://www.intertapepolymer.com>. (Go to Financial Information, Conference Call Access for live Webcast).

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 691487. The recording will be available from Monday, July 28, 2003 at 5:00 P.M. until Monday, August 4, 2003 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 19 locations, including 15 manufacturing facilities in North America and one in Europe.

### SAFE HARBOR PROVISION

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.

### FOR INFORMATION CONTACT:

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Intertape Polymer Group Inc.

Consolidated Earnings

Periods ended

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

	Three months		Six months	
	June 30, 2003	June 30, 2002	June 30, 2003	Ju
	\$	\$	\$	

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Sales	150,249	153,657	303,841
Cost of sales	116,166	119,713	235,959
Gross profit	<u>34,083</u>	<u>33,944</u>	<u>67,882</u>
Selling, general and administrative expenses	20,830	20,454	42,812
Research and development	1,086	796	1,980
Financial expenses	7,825	7,872	15,525
	<u>29,741</u>	<u>29,122</u>	<u>60,317</u>
Earnings before income taxes	<u>4,342</u>	<u>4,822</u>	<u>7,565</u>
Income taxes	439	534	761
Net earnings	<u>3,903</u>	<u>4,288</u>	<u>6,804</u>
Earnings per share			
Basic	0.12	0.13	0.20
Diluted	0.12	0.13	0.20

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

	Three months		Six months	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
	\$	\$	\$	\$
Balance, beginning of period	53,015	107,386	50,114	107,386
Net earnings	3,903	4,288	6,804	10,574
Balance, end of period	<u>56,918</u>	<u>111,674</u>	<u>56,918</u>	<u>117,960</u>

Common shares  
Average number of shares outstanding

CDN GAAP - Basic	33,832,527	33,622,896	33,826,800
CDN GAAP - Diluted	33,912,232	34,249,454	33,885,377
U.S. GAAP - Basic	33,832,527	33,622,896	33,826,800
U.S. GAAP - Diluted	33,912,232	34,249,454	33,885,377

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

	June 30, 2003	June 30, 2002	December 31, 2001
	\$	\$	\$
ASSETS			
Current assets			

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Trade receivables (net of allowance for doubtful accounts of \$3,640 (\$4,804 in June 2002, \$3,844 in December 2002))	91,514	93,104
Other receivables	10,357	12,152
Inventories	71,896	76,919
Parts and supplies	12,837	12,221
Prepaid expenses	6,139	6,154
Future income tax assets	2,397	4,025
	<u>195,140</u>	<u>204,575</u>
Property, plant and equipment	357,447	363,665
Other assets	14,014	12,214
Goodwill	165,633	229,299
	<u>732,234</u>	<u>809,753</u>
LIABILITIES		
Current liabilities		
Bank indebtedness	25,391	19,936
Accounts payable and accrued liabilities	83,799	85,880
Installments on long-term debt	20,300	13,429
	<u>129,490</u>	<u>119,245</u>
Long-term debt	274,152	311,859
Other liabilities	3,530	3,785
Future income taxes	5,164	22,506
	<u>412,336</u>	<u>457,395</u>
SHAREHOLDERS' EQUITY		
Capital stock and share purchase warrants	246,362	236,822
Retained earnings	56,918	111,674
Accumulated currency translation adjustments	16,618	3,862
	<u>319,898</u>	<u>352,358</u>
	<u>732,234</u>	<u>809,753</u>

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

	Three months		Six months	
	June 30, 2003	June 30, 2002	June 30, 2003	Ju
	\$	\$	\$	
OPERATING ACTIVITIES				
Net earnings	3,903	4,288	6,804	
Non-cash items				
Depreciation and amortization	6,724	7,046	13,363	
Future income taxes (recovery)	439	534	760	
	<u>11,066</u>	<u>11,868</u>	<u>20,927</u>	
Cash from operations before changes in non-cash working capital items				
Changes in non-cash working capital items				
Trade receivables	3,649	(586)	(2,722)	
Other receivables	334	(2,309)	116	

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Inventories	(4,300)	(6,481)	(8,147)
Parts and supplies	(224)	(218)	(124)
Prepaid expenses	698	2,270	1,845
Accounts payable and accrued liabilities	(286)	10,123	(808)
	(129)	2,799	(9,840)
Cash flows from operating activities	10,937	14,667	11,087
INVESTING ACTIVITIES			
Property, plant and equipment	(2,629)	(3,625)	(5,080)
Other assets	1,345	243	(608)
Cash flows from investing activities	(1,284)	(3,382)	(5,688)
FINANCING ACTIVITIES			
Net change in bank indebtedness	6,343	(3,658)	15,175
Repayment of long-term debt	(15,852)	(4,962)	(21,117)
Issue of common shares		(50)	
Cash flows from financing activities	(9,509)	(8,670)	(5,942)
Net increase (decrease) in cash position	144	2,615	(543)
Effect of foreign currency translation adjustments	(144)	(2,615)	543
Cash position, beginning and end of year	-	-	-