

INTERTAPE POLYMER GROUP INC
Form 6-K
November 14, 2006

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 November, 2006

Commission File Number 1-10928

INTERTAPE POLYMER GROUP INC.

9999 Cavendish Blvd., Suite 200, Ville St. Laurent, Quebec, Canada, H4M 2X5

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): _____

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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: November 14, 2006

By: /s/ Andrew M. Archibald _____

Andrew M. Archibald, C.A., Chief Financial Officer

NYSE SYMBOL: ITP

TSX SYMBOL: ITP

Intertape Polymer Group Inc. Announces 2006 Third Quarter Results

- Further measures underway to closely align costs with revenue base

Montreal, Quebec and Bradenton, Florida--November 13, 2006 -- Intertape Polymer Group Inc. (TSX:ITP; NYSE: ITP) ("IPG" or the "Company") today released its results for the three months and nine months ended September 30, 2006. All dollar amounts are in US dollars unless otherwise indicated.

After including the impact of a non-cash impairment charge of \$110.3 million, the Company posted a net loss of \$123.3 million or a net loss of \$3.01 per share for the third quarter ended September 30, 2006, compared to earnings of \$6.6 million or \$0.16 per share for the same period in 2005. The adjusted net loss for the three months ended September 30, 2006 was \$2.5 million or a net loss of \$0.06 per share, compared to adjusted net earnings of \$6.8 million or \$0.17 per share for the same period in 2005. Adjusted net earnings is a non-GAAP financial measure that does not have any standardized meaning prescribed by GAAP in Canada or the United States, and is therefore unlikely to be comparable to similar measures presented by other issuers. A reconciliation of the Company's adjusted net earnings to net earnings, as well as the Company's definition of adjusted net earnings, is included below.

For the first nine months of 2006, the Company is reporting a net loss of \$151.5 million compared to net earnings of \$18.1 million for the first nine months of 2005. Adjusted net earnings are \$1.6 million or \$0.04 per share for the nine months ended September 30, 2006 compared to \$19.4 million or \$0.47 per share for the same period in 2005.

In accordance with the specific requirements of CICA, Section 3062, Goodwill and Other Intangible Assets, the Company performed an impairment test as at September 30, 2006. This analysis has resulted in a non-cash impairment charge to operating expenses of \$120.0 million (\$110.3 million net of tax). This impairment relates to the goodwill recorded at the time of various acquisitions made by the Company during the period from 1996 through 2000, in light of current economic and market conditions.

IPG's sales for the third quarter of 2006 totaled \$200.0 million, 0.6% lower than for the corresponding period in 2005, and 11.2% lower than sales in the second quarter of 2006. Excluding sales for the Flexia operation acquired in October 2005, third quarter 2006 sales were down 11.7% from the same period in 2005, with a 14.1% drop in sales volume offset somewhat by slightly higher selling prices. Approximately 40% of the quarter-over-quarter revenue decline occurred in the markets for the Company's coated products. Sales were impacted by the slowdown in North American housing starts and by declines in production in certain of the Company's agricultural markets. Approximately a third of the decline was in sales of tapes and films, primarily in carton sealing tapes and stretch films. Demand for these resin-based products was down as distributors and end use markets lowered inventories in anticipation of declining resin prices. Approximately 15% of the quarter-over-quarter decline related to customer account rationalization, particularly in the consumer channel, where it was determined that certain accounts were no longer profitable for the Company.

For the nine month period ended September 30, 2006, sales increased 10.3% to \$639.0 million compared to sales for the nine months ended September 30, 2005 of \$579.2 million, attributable to the added sales of the Flexia operation. Excluding Flexia sales, sales for the first nine months of 2006 decreased 1.5%.

The Company's gross margin for the third quarter of 2006 fell to 15.3% from 20.7% for the same period last year due to the substantial decline in sales volume for the quarter, as well as significant unabsorbed manufacturing costs. In order to prevent inventory levels from rising in a declining sales environment, the Company reduced its production, which resulted in unabsorbed fixed manufacturing costs that were expensed instead of being attached to the cost of the produced inventory. For the period ended September 30, 2006, the Company's gross margin was 17.0% compared to 20.8% for the same period in 2005.

"To adjust to current market conditions, the Company is pursuing its cost reduction program designed to better align its cost base with its current revenue level. To date this year the Company has announced annualized cost reductions in excess of \$20.0 million, most of which will begin to take effect in the fourth quarter of 2006. In addition, we continue to make improvements in working capital utilization," stated H. Dale McSween, the Company's Interim Chief Executive Officer.

Cost reduction highlights

The announced annual cost reductions are comprised of \$8.9 million as a result of the Brighton facility closure, \$5.7 million of cost reductions announced on June 12, 2006 and the reduction of \$7.4 million, primarily in selling, general and administrative expenses, announced on October 23, 2006.

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Production at the Company's Brighton, Colorado facility ceased November 4, 2006, rather than the originally scheduled date of January 1, 2007. The Company determined that it did not need to invest in additional capital to relocate certain Brighton equipment because of productivity improvements at its other facilities. This resulted in an \$8.0 million reduction in cash requirements for the closure and an additional non-cash charge of approximately \$10.3 million for the third quarter. The closure is expected to generate \$8.9 million in annual cost reductions, which the Company will begin to realize in the fourth quarter of 2006.

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The Company has terminated its corporate aircraft lease, which will result in estimated annual savings of approximately \$2.0 million, beginning in the fourth quarter of 2006.

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The \$7.4 million in cost reductions announced on October 23, 2006 will result in additional severance costs of approximately \$4.4 million which will be realized in the fourth quarter of 2006 and the first quarter of 2007.

Selling, general and administrative expenses ("SG&A") were up slightly in the third quarter of 2006, at 13.1% of sales compared to 12.9% for the corresponding period in 2005. Included in the third quarter of 2006 were charges for retention bonuses of approximately \$0.4 million which will continue to the end of the second quarter of 2007. SG&A for the nine months ended September 30, 2006 declined to 12.6% of sales from 12.9% for the corresponding period in 2005, but excluding Flexia operations, were up 2.5% from the corresponding period last year. Much of this increase is attributable to the first year cost of the Company's compliance with management's certification of internal controls as required under the Sarbanes-Oxley Act of 2002. Management remains focused on reducing expenses.

For the third quarter of 2006, EBITDA was negative \$124.3 million compared to positive \$20.9 million for the same period in 2005. Adjusted EBITDA for the third quarter of 2006 was \$11.7 million compared to \$21.3 million for the same period last year. For the first nine months of 2006, EBITDA was also negative, at \$137.5 million, compared to a positive \$61.0 million for the first nine months of 2005. Adjusted EBITDA was positive at \$48.5 million for the nine months ended September 30, 2006, compared to \$63.2 million for the same period last year. The terms EBITDA and

Adjusted EBITDA do not have any standardized meanings prescribed by Canadian or U.S. GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. 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.

Improved cash position

"Our ongoing efforts to improve the utilization of working capital continued in the third quarter of 2006," said IPG's Chief Financial Officer, Andrew M. Archibald. "Changes in non-cash working capital items provided \$16.7 million in cash flow for the three months ended September 30, 2006 due to improved collections of past due accounts and shortening of the payment terms for a substantial portion of our customers. We were also successful in further reducing inventory volumes during the quarter."

As announced on November 8, 2006, the Company's credit facilities were amended to accommodate the recent changes in its business results and provide the flexibility needed to implement its restructuring plan. The amendments permit the add back of certain one-time charges related to the Company's cost reduction program, accommodate the goodwill impairment charge and relax certain covenants.

Outlook

"In a difficult economic environment the Company successfully renegotiated the covenants with its lenders and continues to focus on improving the performance of its business," stated Mr. McSween.

On October 2, 2006, the Company announced that its Board of Directors was initiating a process to explore and evaluate various strategic and financial alternatives available to enhance shareholder value. This process is continuing.

Non-GAAP Information

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 by excluding the impact of items not related to the Company's ongoing core business operations, improve the period-to-period comparability of the Company's results from its core business operations, and are used by management and the Company's investors in evaluating the Company's performance. In particular, the Company's covenants contained in the loan agreement with its lenders require certain debt to Adjusted EBITDA ratios be maintained. As required by SEC rules, the Company has provided reconciliations of those measures to the most directly comparable GAAP measures.

"Adjusted net earnings" does not have any standardized meaning prescribed by Canadian or U.S. GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted net earnings is defined by the Company as net earnings (as reported) plus manufacturing facility closure costs, restructuring and other charges and goodwill impairment (on a net of tax basis). A reconciliation of adjusted net earnings to GAAP net earnings is set forth below.

Reconciliation of Net Earnings to

Adjusted Net Earnings

Periods ended September 30,

(in millions of US dollars)

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Three months Nine months

2006 2005 2006 2005

\$ \$ \$ \$

Net earnings (loss) --

as reported	(123.3)	6.6	(151.5)	18.1
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Add back:

Manufacturing facility closures,

restructuring

and other charges	10.5	0.2	42.8	1.3
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Impairment of goodwill

(net of tax)	110.3	-	110.3	-
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Adjusted net earnings (loss)	(2.5)	6.8	1.6	19.4
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(i) Effective income tax rate	37.6%	11.6%	17.5%	15.1%
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(in US dollars per share -- diluted)

Net earnings (loss) -- as reported	(3.01)	0.16	(3.70)	0.44
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Adjusted net earnings (loss)	(0.06)	0.17	0.04	0.47
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The terms EBITDA and Adjusted EBITDA do not have any standardized meanings prescribed by Canadian or U.S. GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, goodwill impairment, and amortization of other intangibles and capitalized software costs, and Adjusted EBITDA as EBITDA plus manufacturing facility closure costs. 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.

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EBITDA and Adjusted EBITDA Reconciliation to Net Earnings

 Periods ended September 30,

(in millions of US dollars)

Three months Nine months

 2006 2005 2006 2005

 \$ \$ \$ \$

Net earnings (loss) -- as reported (123.3) 6.6 (151.5) 18.1

Add back (deduct):

Financial expenses, net of amortization 6.5 5.3 18.9 16.1

Income taxes (recovery) (17.2) 1.5 (32.1) 3.2

Depreciation and amortization 9.7 7.5 27.2 23.6

 EBITDA (124.3) 20.9 (137.5) 61.0

Add back:

Manufacturing facility closures,

restructuring and other charges 16.1 0.4 66.0 2.2

Impairment of goodwill (net of tax) 120.0 - 120.0 -

 Adjusted EBITDA 11.8 21.3 48.5 63.2

Conference Call

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A conference call to discuss IPG's third quarter results will be held Tuesday, November 14, 2006 at 10 A.M. Eastern Time. Participants may dial 1-800-762-7141 (U.S. and Canada) and 1-480-248-5089 (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 848682. The recording will be available from Tuesday, November 14, 2006 at 3:15 P.M. until Tuesday, November 21, 2006 at 11:59 P.M., Eastern 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 2300 employees with operations in 17 locations, including 14 manufacturing facilities in North America and one in Europe.

Safe Harbor Statement

Certain statements and information included in this release constitute forward-looking information within the meaning of applicable Canadian securities legislation and the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements may relate to the Company's future outlook and anticipated events, the Company's business, its operations, its financial condition or its results. Particularly, statements about the Company's objectives and strategies to achieve those objectives, are forward-looking statements. While these statements are based on certain factors and assumptions which management considers to be reasonable based on information currently available to it, they may prove to be incorrect. Forward-looking information 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. These forward looking statements include unknown risks and uncertainties, including the results of the review of strategic alternatives by the Company and whether any transaction will be completed as a result thereof, disruption of normal management and business operations as a result of these activities, reliance on key personnel who may separate from the Company due to general attrition or due to uncertainties created by these activities, whether a new chief executive officer will be identified and appointed, and such other matters as contained in the Company's filings with Canadian securities regulators and the U.S. Securities and Exchange Commission. Therefore, future events and results may vary significantly from what management currently foresees. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, it is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time

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	
	2006	2005	2006	2005
	\$	\$	\$	\$
Sales	199,980	201,177	639,035	579,156
Cost of sales	169,433	159,449	530,089	458,918
Gross profit	30,547	41,728	108,946	120,238
Selling, general and administrative expenses	26,259	25,970	80,294	74,731
Stock based compensation		453	485	1,568
Research and development		1,523	1,233	4,865
Financial expenses	6,762	5,577	19,875	17,144

Manufacturing facility closures,

restructuring

and other charges 16,037 385 65,962 2,191

Impairment of goodwill 120,000 120,000

 171,034 33,650 292,564 98,957

Earnings (loss) before income taxes (140,487) 8,078 (183,618) 21,281

Income taxes (recovery) (17,154) 1,479 (32,113) 3,217

 Net earnings (loss) (123,333) 6,599 (151,505) 18,064

Earnings (loss) per share

Basic (3.01) 0.16 (3.70) 0.44

 Diluted (3.01) 0.16 (3.70) 0.44

Consolidated Retained Earnings (Deficit)

Periods ended September 30,

(In thousands of US dollars)

 Three months Nine months

	2006	2005	2006	2005
	\$	\$	\$	\$
Balance, beginning of period	78,989	91,063	107,161	79,609
Net earnings (loss)	(123,333)	6,599	(151,505)	18,064
	(44,344)	97,662	(44,344)	97,673
Premium on purchase for cancellation of common shares		5		16
Balance, end of period	(44,344)	97,657	(44,344)	97,657

Common shares

Average number of shares

outstanding

Cdn GAAP - Basic	40,986,057	41,214,969	40,978,709	41,226,215
Cdn GAAP - Diluted	40,986,057	41,550,160	40,978,709	41,493,093
US GAAP - Basic	40,986,057	41,214,969	40,978,709	41,226,215
US GAAP - Diluted	40,986,057	41,550,160	40,978,709	41,493,093

Intertape Polymer Group Inc.

Consolidated Balance Sheets

As at

(In thousands of US dollars)

	September 30, December 31,	
	2006	2005
	(Unaudited)	(Audited)
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	15,517	10,134
Trade receivables, net of allowance for doubtful accounts of \$6,796 (\$7,574 in December 2005)	107,056	124,440
Other assets and receivables	10,177	17,125
Inventories	100,685	105,565
Parts and supplies	12,253	14,836
Prepaid expenses	4,897	8,406
Future income taxes	16,142	16,142
	266,727	296,648
Property, plant and equipment	327,311	362,827

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Other assets	23,197	21,071
Future income taxes	59,061	24,014
Goodwill	66,747	184,756

743,043 889,316

LIABILITIES

Current liabilities

Bank indebtedness	10,000	15,000
Accounts payable and accrued liabilities	99,268	104,256
Installments on long-term debt	3,360	2,784

112,628 122,040

Long-term debt	327,106	328,113
Pension and post-retirement benefits	7,582	4,313
Other liabilities	435	435

447,751 454,901

SHAREHOLDERS' EQUITY

Capital stock	287,323	287,187
Contributed surplus	9,332	6,237
Retained earnings (deficit)	(44,344)	107,161
Accumulated currency translation adjustments	42,981	33,830

295,292 434,415

743,043 889,316

Intertape Polymer Group Inc.

Consolidated Cash Flows

Periods ended September 30,

(In thousands of US dollars)

(Unaudited)

	Three months		Nine months	
	2006	2005	2006	2005
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings (loss)	(123,333)	6,599	(151,505)	18,064
Non-cash items				
Depreciation and amortization	9,716	7,496	27,199	23,638
Impairment of goodwill	120,000		120,000	
Loss on disposal of property, plant and equipment	771		936	
Other non-cash charges in connection with facility closures, restructuring and other charges	12,348	73	48,012	200
Future income taxes	(17,833)	1,020	(33,303)	2,392
Stock-based compensation expense	453	485	1,568	1,423
Pension and post-retirement benefits funding in excess				

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of amounts expensed (1,098) (240) (1,572) (360)

Cash flows from operations

before changes in non-cash

working capital items 1,024 15,433 11,335 45,357

Changes in non-cash working

capital items

Trade receivables 19,144 (11,524) 18,548 (20,624)

Other assets and receivables 1,564 1,274 7,028 3,291

Inventories (1,897) 8,544 3,623 (991)

Parts and supplies (227) (190) (674) (599)

Prepaid expenses 466 2,236 3,554 2,368

Accounts payable and accrued

liabilities (2,327) (5,400) (5,371) (8,685)

16,723 (5,060) 26,708 (25,240)

Cash flows from operating

activities 17,747 10,373 38,043 20,117

INVESTING ACTIVITIES

Temporary investment 489 489

Property, plant and equipment (6,727) (6,887) (20,738) (15,945)

Proceeds on sale of property,

plant and equipment 477 2,563

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Other assets (3,504) (1,681) (7,517) (3,282)

Goodwill (15) (469) (300)

Cash flows from investing

activities (9,769) (8,079) (26,161) (19,038)

FINANCING ACTIVITIES

Net change in bank indebtedness 23,529 (5,000) 28,529

Repayment of long-term debt (556) (661) (2,095) (2,364)

Issue of common shares 6 4 136 75

Common shares purchased for

cancellation (340)

Cash flows from financing

activities (550) 22,872 (6,959) 25,900

Net increase in cash position 7,428 25,166 4,923 26,979

Effect of currency translation

adjustments 70 346 460 (102)

Cash and cash equivalents,

beginning of period 8,019 23,247 10,134 21,882

Cash and cash equivalents, end

of period 15,517 48,759 15,517 48,759

For Information Contact:

Dale McSween

Interim Chief Executive Officer

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