

INTERTAPE POLYMER GROUP INC
Form 6-K
May 15, 2013

UNITED STATES
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 May, 2013

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 ☐

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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): "

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: May 15, 2013

By: /s/ Bernard J. Pitz
Bernard J. Pitz, Chief Financial Officer

INTERTAPE POLYMER GROUP INC.

CONSOLIDATED QUARTERLY STATEMENTS OF EARNINGS (LOSS) ⁽¹⁾

Three month periods ended

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

(Unaudited)

	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
	\$	\$	\$	\$
Revenue	196,695	189,291	198,476	197,751
Cost of sales	158,389	154,048	163,499	161,629
Gross profit	38,306	35,243	34,977	36,122
Selling, general and administrative expenses	22,959	20,849	19,260	20,653
Research expenses	1,602	1,528	1,530	1,650
	24,561	22,377	20,790	22,303
Operating profit before manufacturing facility closures, restructuring, and other related charges	13,745	12,866	14,187	13,819
Manufacturing facility closures, restructuring, and other related charges	27,201	3,172	387	14,152
Operating profit (loss)	(13,456)	9,694	13,800	(333)
Finance Costs				
Interest	1,753	3,147	3,347	3,384
Other (income) expense	160	355	(192)	667
Earnings (loss) before income tax expense (benefit)	(15,369)	6,192	10,645	(4,384)
Income tax expense (benefit)				
Current	751	969	(888)	353
Deferred	(312)	(464)	659	(848)
	439	505	(229)	(495)
Net earnings (loss)	(15,808)	5,687	10,874	(3,889)
Earnings (loss) per share				
Basic	(0.26)	0.10	0.18	(0.07)
Diluted	(0.26)	0.09	0.18	(0.07)
Weighted average number of common shares outstanding				
Basic	59,692,751	59,316,858	59,028,088	58,981,435
Diluted	59,692,751	61,036,145	61,054,123	58,981,435

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- (1) On January 1, 2013 Amended IAS 19-*Employee Benefits* became effective and required retrospective application to operating results for fiscal years 2012 and 2011. See the Section entitled "Pension and Other Post-Retirement Benefit Plans" of this Management's Discussion and Analysis and Note 3 "Pension and Other Post-Retirement Benefit Plans" of the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2013 for a summary of the impact of the adoption of this guidance on the Company's financial results.

INTERTAPE POLYMER GROUP INC.**CONSOLIDATED QUARTERLY STATEMENTS OF EARNINGS (LOSS) ⁽¹⁾**

Three month periods ended

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

(Unaudited)

	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
	\$	\$	\$	\$
Revenue	198,912	183,016	201,360	209,741
Cost of sales	166,505	155,833	171,466	177,442
Gross profit	32,407	27,183	29,894	32,299
Selling, general and administrative expenses	18,373	18,416	18,589	21,558
Research expenses	1,519	1,622	1,737	1,468
	19,892	20,038	20,326	23,026
Operating profit before manufacturing facility closures, restructuring, and other related charges	12,515	7,145	9,568	9,273
Manufacturing facility closures, restructuring, and other related charges	546	378	967	1,543
Operating profit (loss)	11,969	6,767	8,601	7,730
Finance Costs				
Interest	3,355	3,659	3,901	4,010
Other (income) expense	473	447	1,610	121
Earnings (loss) before income tax expense (benefit)	8,141	2,661	3,090	3,599
Income tax expense (benefit)				
Current	493	122	176	308
Deferred	(61)	595	459	(126)
	432	717	635	182
Net earnings (loss)	7,709	1,944	2,455	3,417
Earnings (loss) per share				
Basic	0.13	0.03	0.04	0.06
Diluted	0.13	0.03	0.04	0.06
Weighted average number of common shares outstanding				
Basic	58,961,050	58,961,050	58,961,050	58,961,050
Diluted	60,156,176	59,526,474	59,267,987	58,989,394

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- (1) On January 1, 2013 Amended IAS 19-*Employee Benefits* became effective and required retrospective application to operating results for fiscal years 2012 and 2011. See the Section entitled "Pension and Other Post-Retirement Benefit Plans" of this Management's Discussion and Analysis and Note 3 "Pension and Other Post-Retirement Benefit Plans" of the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2013 for a summary of the impact of the adoption of this guidance on the Company's financial results.

This Management's Discussion and Analysis (MD&A) is intended to provide the reader with a better understanding of the business, business strategy and performance of Intertape Polymer Group Inc. (the Company), as well as how it manages risk and capital resources. This MD&A, which has been prepared as of May 14, 2013, should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and notes thereto for the three months ended March 31, 2013 and 2012. It should also be read together with the text below on forward-looking statements in the Section entitled Forward-Looking Statements .

For the purposes of preparing this MD&A, the Company considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the shares of the Company; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. The Company evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to the Company, including its Form 20-F filed in lieu of an Annual Information Form for 2012, is available on the Company's website (www.intertapepolymer.com) as well as on SEDAR at www.sedar.com, the system used for electronically filing most securities-related information with the Canadian securities regulatory authorities and on EDGAR at www.sec.gov.

On January 1, 2013, the amendments to IAS 19-*Employee Benefits* became effective and required the retrospective application of operating results for fiscal years 2012 and 2011. See the Section entitled Pension and Other Post-Retirement Benefit Plans of this MD&A and Note 3 Pension and Other Post-Retirement Benefit Plans of the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2013 for a summary of the impact of the adoption of this guidance on the Company's financial results.

Except where otherwise indicated, all financial information presented in this MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards (IFRS or GAAP) and is expressed in US dollars.

Overview

The Company reported revenue for the first quarter of 2013 of \$196.7 million, a decrease of 1.1% compared to \$198.9 million for the first quarter of 2012 and an increase of 3.9% sequentially compared to \$189.3 million for the fourth quarter of 2012. Gross profit totalled \$38.3 million for the first quarter of 2013 as compared to \$32.4 million and \$35.2 million, respectively, for the first quarter of 2012 and the fourth quarter of 2012. Revenue was lower in the first quarter of 2013 compared to the first quarter of 2012 due to a shift in the mix of products sold. Revenue was higher in the first quarter of 2013 compared to the fourth quarter of 2012 primarily due to a shift in the mix of products sold, as well as an increase in sales volume.

Net loss for the first quarter of 2013 was \$15.8 million (\$0.26 loss per share, both basic and diluted) as compared to net earnings of \$7.7 million (\$0.13 earnings per share, both basic and diluted) for the first quarter of 2012 and net earnings of \$5.7 million (\$0.10 earnings per share basic and \$0.09 earnings per share diluted) for the fourth quarter of 2012. The net loss for the first quarter of 2013 includes a \$26.0 million manufacturing facility closure charge related to the relocation and modernization of the Columbia, South Carolina operation announced on February 26, 2013.

On April 10, 2013, the Company paid a dividend of USD\$0.08 per common share, under its semi-annual dividend policy, to shareholders of record at the close of business on March 25, 2013. The aggregate amount of the dividend paid was USD\$4.8 million.

On May 14, 2013, the Company issued a Notice of Redemption for an additional \$20.0 million aggregate principal amount of its outstanding Senior Subordinated Notes (Notes), at par value, to occur on June 27, 2013.

Outlook

The Company intends to continue to focus on developing and selling higher margin products, reducing variable manufacturing costs, executing on the previously announced manufacturing plant initiatives and optimizing its debt structure. As a result, the Company anticipates the following:

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Revenue for the second quarter of 2013 is expected to be slightly lower than the first quarter of 2013;
Gross margin for the second quarter of 2013 is expected to be slightly higher than the first quarter of 2013;
Adjusted EBITDA for the second quarter of 2013 is expected to be slightly higher than the first quarter of 2013;

Capital expenditures are expected to be \$19 to \$22 million for the second quarter of 2013, \$48 to \$54 million for total 2013 and \$21 to \$26 million in 2014. These amount include capital expenditures for the manufacturing rationalization projects set forth in the table below;

Total debt at June 30, 2013 is expected to be higher than at March 31, 2013 due to an increase in capital expenditures and payment of a dividend. However, the announced \$20.0 million redemption of Notes on June 27, 2013 is expected to result in a lower average cost of debt as of June 30, 2013 as compared to prior periods. The remaining Notes are expected to be redeemed later in 2013; and The Company recently ceased production at its Richmond, Kentucky manufacturing facility as well as shrink film production at its Truro, Nova Scotia facility. Cash savings related to these projects are expected to total \$5 million in 2013 and approximately \$6 million annually in future years. The Company plans to relocate and modernize its Columbia, South Carolina manufacturing operation with state-of-the-art equipment in a new facility. The Company anticipates total annual cash savings in excess of \$13 million starting in the first half of 2015 with the first full year effects in 2016. Estimated restructuring expenses and cash flows for these projects are summarized below.

Manufacturing Rationalization Projects

(in millions of US dollars)
(Unaudited)

(in millions of US dollars) (Unaudited)			South Carolina Project			Total
	2012 Q4 Actual	Q1 Actual	2013 Q2 Est.	2nd Half Est. Range	After 2013 Est. Range	
Impact on statement of earnings (loss):						
Non-cash charges	-	23.5	-	-	-	23.5
Charges related to equipment moves, severance and environmental	-	2.5	0.3	1-2	5-7	8.8-11.8
Total	-	26.0	0.3	1-2	5-7	32.3-35.3
Timing of cash outflows:						
Capital expenditures (including real estate \$14.5 to \$16.0)	2.7	-	14.8	10-13	12-14	39.5-44.5