CORPORATE PARTICIPANTS

Greg Yull
Chief Executive Officer

Jeff Crystal
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Damir Gunja
TD Securities

Michael Dumais
Scotiabank

Ben Holton
RBC Capital Markets

Ben Jekic
GMP Securities

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to Intertape Polymer Group's First Quarter 2016 Results Shareholder's Conference call. During the call, all participants will be in a listen-only mode. Afterwards, we will conduct a question and answer session. In order to maximize the efficiency of this event, the question period will be open to financial professionals only. At that time, those with questions should press star followed by the number one on their telephone keypad. If at any time during the conference you need to reach an operator, please press star followed by zero.

Your speakers for today are Greg Yull, CEO, and Jeff Crystal, CFO.

I would like to caution all participants that in response to your questions and in our prepared remarks today we will be making forward-looking statements which reflect management's beliefs and assumptions regarding future events based on information available today. The company undertakes no duty to update this information, including its earnings outlook, even though its situation may change in the future. You are therefore cautioned to not place undue reliance on these forward-looking statements as they are not a guarantee of future performance and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those expected. I encourage you to review the discussion of the risks factors and uncertainties contained in the company's security filings in Canada and with the Securities and Exchange Commission.

During this call, we will also be referring to certain non-GAAP financial measures as defined under the SEC rules, including adjusted EBITDA, adjusted net earnings, and adjusted net earnings per share. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available at our website at www.intertapepolymer.com and are included in its filings, including the MD&A filed today.

I would like to remind everyone that this conference is being recorded today, Tuesday, May 10, 2016, at 10:00 a.m. Eastern Time and will now turn the call over to Greg Yull. Mr. Yull, please go ahead, sir.

Greg Yull, Chief Executive Officer

Thank you, operator, and good morning, everyone. Welcome to Intertape's 2016 first quarter results conference call. Joining me is Jeff Crystal, our CFO. After our comments, Jeff and I will be happy to answer any questions you may have.

During the call we will make reference to our quarterly earnings presentation that you can download from the Investor Relations section of our website.

I will begin with a brief review of the highlights for the quarter starting on pages three and four of our presentation.

Overall, our results were in line with our guidance announced on the Q4 2015 earnings call. At a high level we continue to benefit from lower raw material costs, especially in our tapes and films products lines. We have been pleased with the performance of our manufacturing plants, including the progress that we've been making at our new plant in Blythewood, South Carolina, as well as the integration of our acquisitions.

From a sales volume perspective, we saw a healthy 2.9 percent volume growth year over year, which came mainly from certain tapes and films; however, we continue to face headwinds and product mix due to areas such as weakness in international sales due mainly to the strong U.S. dollar as well as the oil and gas industry and associated industries. Lastly, the negative effect of the South Carolina flood remains a drag on our revenue and earnings.

When compared with Q1 2015 revenue increased by 1 percent to $190.8 million. The increase was in large part related to the TaraTape and Better Packages acquisitions and increased sales volume, partially offset by a decrease in average selling price and the South Carolina commissioning revenue reduction.

Gross margin increased to 21.5 percent from 19.6 percent when compared to Q1 2015. This increase was driven in large part by an increase in the spread between selling prices and lower raw material cost. I'm pleased to report the cost savings related to the South Carolina project net of production ramp up inefficiencies resulted in a $1.3 million net positive impact on gross profit and adjusted EBITDA for the first quarter of 2016. This was the first quarter this project resulted in a positive contribution to profit and we continue to make improvements to the production process to increase our efficiencies.

SG&A increased $5.3 million in Q1 2016, primarily due to increases in stock based compensation expense, variable compensation expense, additional SG&A in 2016 derived from business acquisitions, and employee-related cost to support business growth initiatives.

Net earnings decreased $2.2 million to $9.5 million in Q1 2016 primarily due to increases in SG&A and manufacturing facility closure charges related to the South Carolina flood, partially offset by an increase in gross profit and a decrease in income tax expense.

Adjusted EBITDA increased 2.1 percent to $24 million and was in line with our guidance.

As we expected, the South Carolina flood continued to have a negative impact on our Q1 2016 results. We estimate that we lost approximately $5 million of sales as well as reductions in gross profit, net earnings, and adjusted EBITDA of approximately $3 million.

The company remained opportunistic under its normal course issuer bid during Q1 with 147,000 shares repurchased at an average price of C$15.77. Finally, the Board declared a dividend yesterday of $0.13 per share that will be paid on June 30th.

Turning to page five, capital expenditures in Q1 2016 were $9.5 million, of which $2.2 million were commission -related cost for the South Carolina project. For 2016, in line with our previous guidance, we expect CapEx to be in the range of $55 million to $65 million, of which $8 million to $12 million is expected to be used to support maintenance needs. We have been making good progress with the strategic project outlined in our Q4 2015 announcement. Off note, we recently committed the building shelf for our shrink film expansion project in Portugal and the project remains on track to be completed by the end of the first half of 2017.

Turning to page six, we outline our manufacturing costs reductions for Q1 2016 and provide a forecast for 2016. The total was $3 million in Q1 2016 and we expect total cost reductions for 2016 of between $8 million to $11 million, excluding any costs savings related to the South Carolina project.

At this point, I'll turn the call over to Jeff, who will provide you with additional insights into the financials. Jeff?

Jeff Crystal, Chief Financial Officer

Thank you, Greg.

I would now like to refer you to page seven of the presentation where we present a summary of our results for the first quarter 2016.

Gross profit totalled $41.1 million in the first quarter of 2016, an increase of 11 percent from $37 million a year ago and a decrease of $4.7 million or 10.3 percent from the fourth quarter. Gross margin was 21.5 percent in the first quarter of 2016 and 19.6 percent in the first quarter of 2015. Gross margin increased in the first quarter of 2016 primarily due to an increase in the spread between selling prices and lower raw material costs and a favourable impact of the company's manufacturing cost reduction programs partially offset by an unfavourable product mix variance and the impact of the South Carolina flood.

On a sequential basis, gross margin decreased to 21.5 percent in Q1 2016 from 23.4 percent in Q4 2015, primarily due to unfavourable product mix variance and the non-recurrence of $2.7 million impairment reversal in the fourth quarter, partially offset by the favourable impact of the company's manufacturing cost reduction programs and an increase in the spread between selling prices and lower raw material costs.

SG&A was $23.4 million for the first quarter of 2016, an increase of 29 percent from $18.1 million a year ago, primarily due to increases in stock based compensation expense, variable compensation expense, additional SG&A derived from the Better Packages and TaraTape acquisitions, and employee-related cost to support growth in the business. The increase in stock based compensation expense was primarily due to an increase in stock appreciation rights expense in 2016 resulting from a larger decrease in the company's share price in the third quarter of 2015 and an increase in PSU awards outstanding in the first quarter of 2016 compared to the first quarter of 2015.

As indicated on page 10 of the presentation, adjusted EBITDA totalled $24 million for the first quarter of 2016, a 2 percent increase from $23.5 million in the first quarter of 2015, primarily due to an increase in gross profit, additional adjusted EBITDA in 2016 derived from the Better Packages and TaraTape acquisitions, partially offset by an increase in SG&A relating mainly to an increase in variable compensation expense, the business acquisitions, and employee-related costs to support business growth initiatives.

On page 12, adjusted EBITDA decreased sequentially by 2.2 percent from $24.6 million in the fourth quarter of 2015, primarily due to a decrease in gross profit partially offset by a decrease in SG&A mainly relating to variable compensation expense.

Adjusted net earnings increased to $14 million for the first quarter of 2016 from $12.6 million in the first quarter of 2015. The $1.4 million increase was primarily due to an increase in gross profit, adjusted net earnings derived from the Better Packages and TaraTape acquisitions, and a decrease in income tax expense, partially offset by an increase in SG&A relating to variable compensation expense, the business acquisitions, and employee-related cost to support business growth initiatives, and finally an increase in finance costs.

For the first quarter of 2016 the effective tax rate was 24 percent versus 27.2 percent in the first quarter of 2015. The decrease in the effective tax rate is primarily due to a change in the mix of earnings between jurisdictions.

As you will note on page 13, cash flow from operations decreased in the first quarter of 2016 by $2.2 million to an outflow of $1.3 million from an inflow of $900,000 in the first quarter of 2015, primarily due to a larger increase in working capital in the first quarter of 2016. The increase in working capital was mainly the result of a decrease in accounts payable and accrued liabilities primarily due to the timing of payments for inventory and SG&A, the non-recurrence of certain tax refunds within other current assets that occurred in the first quarter of 2015, as well as an increase in trade receivables consistent with the increase in sales during the first quarter of 2016. This was partially offset by a larger inventory build during 2015 to prepare for the transfer of production related to the South Carolina project.

Free cash flows decreased in the first quarter of 2016 by $2.7 million to an outflow of $10.8 million from an outflow of $8.1 million in the first of 2015, primarily due to larger increase in working capital and an increase in capital expenditures.

Net debt at March 31, 2016 was $156.6 million, an increase of $21.4 million compared to December 31, 2015, primarily to fund our seasonal working capital requirements, CapEx, and the dividend payment, partially offset by cash flows from operating activities before changes in working capital.

As of March 31, 2016 the company had cash and loan availability under its revolving credit facility of $161.2 million. This compared with cash and loan availability of $182.3 million as of December 31, 2015.

Days' inventory increased by 65 in the first quarter of 2016 compared to 61 in the first quarter of 2015. Inventories increased $11.9 million to $112.5 million as of March 31, 2016 from $100.6 million as of December 31, 2015. The increase was primarily due to a seasonal planned inventory build as well as increase in raw material pre-buy purchases in the first quarter of 2016.

Days' sales outstanding was stable at 41 in the first quarter of 2016 compared to the first quarter of 2015. Trade receivables increased $7.3 million to $85.8 million as of March 31, 2016 from $78.5 million as of December 31, 2015 primarily due to an increase in the amount of revenue invoiced later in the first quarter of 2016 compared to later in the fourth quarter of 2015.

Greg will now provide further details on the Columbia facility, the South Carolina project, and our outlook. Greg?

Greg Yull, Chief Executive Officer

Thanks, Jeff.

On page 14 we provide an update on the Columbia, South Carolina flood. To review the situation briefly, in Q1 2016 we recorded $1.5 million of manufacturing facility closures, restructuring, and other related charges related to the Columbia facility for a total of $8 million since the incident. Partially offsetting the charges were $5 million in initial insurance settlement claim proceeds recorded in Q4 2015. We estimate that our results for the first quarter of 2016 were negatively impacted by the flood closure of the facility by approximately $5 million of lost sales of masking tapes and stencil products, as well as reductions in gross profit, net earnings, and adjusted EBITDA of approximately $3 million. As I have mentioned on previous calls, I believe our team has done a great job ensuring the supply of our products to the majority of our customers. We continue to work hard on the masking tape production process at our Blythewood facility and to replace our lost stencil production line. We hope these advancements will result in us recapturing a good part, if not all, of the business we believe we have lost in the near term. Lastly, our team continues to work on compiling of a filing of our property and business interruption insurance claims. We are aiming to resolve most of the insurance claims in 2016 but there could be some carry over into 2017.

On page 15 we present an update on the South Carolina project. We are very pleased to announce that we have completed the full transfer of masking tape production to the Blythewood facility in April of 2016, which is in line with our guidance of the transfer completed by the end of Q2 2016. As previously announced, we were able to transfer certain masking tape products to Blythewood in Q4 of 2015 but the April transfer represented the transfer of the remaining Columbia masking tape products from our facility in Marysville, Michigan. At this point we are able to satisfy the volume requirements of our customers from the Blythewood facility and we continue to focus on the ramp up in production and the minimization of production inefficiencies. In the first quarter of 2016 we reported a $4.3 million South Carolina commissioning revenue reduction attributed to masking tape commissioning efforts, which was a drag on our revenues as compared to year over year and sequentially. As of March 31, 2016 capital expenditures for the South Carolina project since inception totalled $59.1 million and were $2.2 million for Q1 of 2016. Total capital expenditures for this project from inception to completion are still expected to be approximately $60 million. The company's expectations to costs savings from the South Carolina project remains unchanged as management expects that all ramp up inefficiencies will be resolved by the beginning of 2017, thereby resulting in the expected annual savings of approximately $13 million.

Moving on to page 16, we have our outlook for the remainder of 2016. Our annual guidance for 2016 remains unchanged from our last announcement. We reiterate that the company expects gross margin for 2016 to be between 22 percent and 24 percent and to reach the upper end of this range by the fourth quarter. Adjusted EBITDA is still expected to be in the $117 million to $123 million range excluding the impact of the South Carolina flood. As mentioned before, manufacturing cost reductions for 2016 are expected to be between $8 million and $11 million excluding any costs savings related to the South Carolina project and total capital expenditures for 2016 are expected to be between $55 million and $65 million. We still expect a 25 percent to 30 percent effective tax rate for 2016 with cash taxes expected to be approximately half of the income tax expense in 2016.

In terms of our Q2 2016 results, excluding the potentially impact of South Carolina commissioning accounting adjustments we expect revenue, gross margin, and adjusted EBITDA in the second quarter of 2016 to be greater than in the second quarter of 2015. Finally, as I mentioned in the last call, from a capital allocation perspective, we expect capital expenditures and M&A to represent more significant components over the next several years. We believe there are and will be significant opportunities to invest in our operations to improve productivity, increase capacity, and manufacture new products. We are pleased with the integration process of the acquisitions that were completed in 2015 and expect synergies to have a full impact by the end of 2017. Going forward, we intend to continue our pursuit of other strategic opportunities.

This completes my presentation. At this point, Jeff and I will open up the call to any questions. Operator?

QUESTION AND ANSWER SESSION

Operator

Thank you. Ladies and gentlemen, we will now conduct the question and answer period for analysts. If analysts would like to register a question, please press star followed by the number one on your telephone keypad. You will hear a one-tone prompt to acknowledge your request. If your question has been answered and you would like to withdraw your registration, please press pound on your telephone keypad. If you are using a speakerphone, please lift your handset before entering your request. One moment please for the first question.

Your first question comes from the line of Damir Gunja of TD Securities. Please go ahead.

Damir Gunja, TD Securities

Thanks. Good morning, guys. Just wondering if you can talk about the cost reductions of $8 million to $11 million. What sorts of things would cause you to come in I guess at either end of that Spectrum and should we expect sort of a straight line effect for the rest of the year, by quarter?

Jeff Crystal, Chief Financial Officer

Yeah, I mean basically, I wouldn't say straight line necessarily, because it depends on the scheduling of those different projects. Some of that $8 million to $11 million is tied in with some of the CapEx, some it is just tied into little efficiencies, so profits improvement, raw material reductions and so forth. But what I would say is in terms of getting from the low to the high end of that I mean it really depends on how much we're able to execute during the year.

Typically we've had a lot of success on the projects that we have executed on and so sometimes there's just a lag at the end of the year. Sometimes there is a backlog of things, depending on what's happening in the plant, that prevent us from executing on all of them. Typically when we don't we have that carried over into the subsequent years. So they are not lost but potentially delayed a little bit.

Greg Yull, Chief Executive Officer

And some things that we drive into the upper end of that if volume was higher than expected. You know, volume plays a key role on those GMIs on the cost saving initiatives. So volume was higher and subsequently if volume was lower it would have an impact on the range.

Damir Gunja, TD Securities

Okay. That's good. And how should we think about, I guess, additional costs savings related to South Carolina?

Greg Yull, Chief Executive Officer

I mean for now, you know, the target is $13 million and we're reconfirming that, so we just don't leave it at the $13 million at this point. I think when you look at that facility longer term there is open capacity in that facility and that the capital has already deployed. So certainly that facility could handle more volume going through it, which would drive savings on the existing business as well.

Damir Gunja, TD Securities

And I guess that effectively starts pretty early in 2017 and ramps up pretty quick, that run rate of savings?

Jeff Crystal, Chief Financial Officer

Yeah, it should be the beginning of, it'll be the beginning of 2017.

Greg Yull, Chief Executive Officer

Yeah. We expect to be at that run rate at that point.

Damir Gunja, TD Securities

Got it. Okay, thanks.

Operator

Your next question comes from the line of Michael Dumais from Scotiabank. Please go ahead.

Michael Dumais, Scotiabank

Hi. Good morning, guys. Just a clarification. Excluding the impact of the South Carolina flood the adjusted EBITDA would have been $27 million in the quarter and that is an apples-to-apples comparison to your full year EBITDA guidance of $117 million to $123 million. Is that correct?

Jeff Crystal, Chief Financial Officer

That's correct.

Michael Dumais, Scotiabank

Okay. And did those, did that $27 million, did that meet your expectations for the quarter?

Greg Yull, Chief Executive Officer

Yeah, I mean it did meet our expectations, and you can see that in some of the variable comp on the SG&A side. So we feel like our business is performing well. The plants performed relatively well. Certainly we would have liked to have seen a bigger number than the $27 million but we feel good about the balance of the year and the way the business is performing right now.

Michael Dumais, Scotiabank

Okay, fair enough. And maybe a difficult question here but do you get a sense for how many more quarters or maybe the magnitude of the impact of the flood going forward, maybe Q2, Q3, or whatever you could sort of see and tell us right now?

Jeff Crystal, Chief Financial Officer

Yeah, what we can say is we certainly see that coming down. Certainly as we regain revenue that's going to help our top line, help our bottom line, and we're obviously working on, you know, through the clean-up, which is coming toward the end, and so, yes, that should come down. That will be there potentially next quarter Q2, Q3. Just as I've indicated in the past, our business interruption insurance runs out as of October 4, 2016, which is 12 months after the loss date, so in Q4 of 2016, if there is any remaining impact, that would actually hit out P&L and would not be recovered.

Greg Yull, Chief Executive Officer

But we should also see inflows of the actual claim between now and the end of, I would say sometime in 2017. So when you think of the financials you should see some of that start hitting the financials of the company, right, which would reverse somewhat that negative effect. So once we get that plus we get the revenue back that we've lost you should see an impact going forward.

Michael Dumais, Scotiabank

Okay. So $3 million last quarter, $3 million this quarter, presumably coming down for the next two, but that full amount largely comes back in a claim sometime at the end of the year. Is that correct?

Greg Yull, Chief Executive Officer

Well, we're filing our claims by quarter, so we've already filed our claim for Q4. So that was done recently, so we're working through that with our insurance company. And we're just going to follow that by quarter. So we're working now on filing our Q1 claim. So I would expect that once we get that Q4 claim filed, that's certainly going to simplify things since we have a process, we have the documentation in line and understand what's required. So I would expect to see that start flowing through in the next quarter, I would think that recent recovery there and certainly thereafter.

Michael Dumais, Scotiabank

Okay, perfect. And on the revenues, your revenues were down $5 million due to the flood, another $4.3 million due to the commissioning. Did you sort of have a sense for those, how those should foresee for the remainder of the year? And maybe eventually should we see these items flow through the P&L's volume and price mix growth, presumably 2017?

Jeff Crystal, Chief Financial Officer

On the unusual items, I'll comment on that first. So, on the commissioning side, I mean we're certainly hoping that we can get out of commissioning with regards to masking tape. So that's really going to depend on how the ramp up is going. I mean right now we're very pleased with what we see. We re-evaluate that every quarter, so I can't really tell you. That's why we excluded that from our guidance for Q2 because we're, at this point, unsure of whether Q2 will be considered commissioning or not. So that will remain uncertain in terms of that impact. From the perspective of the flood, as we discussed, I mean we expect to see that come down as we regain business. It did come down from Q4 to Q1, so from $9 million to $5 million.

And then on the price mix, you know, there that's certainly, I'd say on the price side, I mean we did experience some lower cost raw materials rolling through. Prices are held pretty well, so we're not giving up all of that certainly, so I would expect there to continue to see a more stable environment. And from a mix standpoint, you know, we did see some deterioration in the quarter and that again relates to some of the same things we've been discussing. And that's probably the biggest variable that we face that's a little less certain. But as we start having comps compared to last year where we did experience more significant mix deterioration as a result of the strong U.S. dollar affecting our international business and then you have the oil and gas crash, which impacted a lot of our products, so certainly I would expect to see that less significant year over year than we saw last year.

Greg Yull, Chief Executive Officer

And the other thing I would add to that as well is when you think of revenue and you think of what's happened with input costs, you know, we've seen, on year-over-year perspective, Q1 to Q1, we've seen a pretty substantial drop in film pricing. So stretch film, shrink film. While we've done well in the business profitability compared to last year, we are giving up some top line just because of the pressure on the input cost. Tape pricing as relatively flat with some gives and takes in there and we're seeing some pricing pressures year over year in ECP, our woven products group. That's primarily polyethylene and polypropylene in the business so that's to be expected.

Michael Dumais, Scotiabank

Okay, perfect. Thanks, guys. I'll get back in queue.

Operator

Your next question comes from the line of Ben Holton from RBC Capital Markets. Please go ahead.

Ben Holton, RBC Capital Markets

Good morning, guys. A quick question on duct tape: Would you say that production is now up and running at levels that we're initially planned at the outset of the project?

Greg Yull, Chief Executive Officer

Yeah, pretty close. Where we are experiencing—the only caveat I would throw in there, Ben, is we are experiencing some volume declines in that business just because of the currency exposure overseas. But the plant, when you take a look at the $1.3 million for the quarter, positive effect of the plant, most of that's coming from duct.

Ben Holton, RBC Capital Markets

Okay, great. And then looking at masking, understanding it kind of just fully transferred over in April, what inning would you say you're kind of now in with respect to the ramp up?

Greg Yull, Chief Executive Officer

Well, I don't about innings. I would definitely say that we're pleased and confident with our guidance. We continue to make headway in that area, you know, just (inaudible), I'll give you a little. So we have days and shifts where we're perfect and the gaps between or the range between bad days and good days are getting narrowed slowly and the masking tape, but we're still developing a process there, we still need more robustness and higher uptime; however, we are making good progress and we do feel good about attaining that guidance obviously.

Ben Holton, RBC Capital Markets

So is it the up time that's currently the main issue or waste or speed or anything like that?

Greg Yull, Chief Executive Officer

Yeah, traditionally it's up time and if you're not up, if the line's not up it tends to be producing waste, so it kind of trickles down from, I mean it starts with up time. And every time you're down you tend to create more waste. So certainly from an up time perspective that the number one goal and I think everything else flows after that, lower waste numbers, things of that nature.

Ben Holton, RBC Capital Markets

Great, that's helpful. And one point of clarification on your guidance: Does the gross margin guidance of 22 percent to 24 percent exclude the impact of flood related costs like the adjusted EBITDA guidance does? It doesn't have that footnote on it.

Greg Yull, Chief Executive Officer

Yeah, it would exclude it. I mean we probably should have a footnote there because, at the end of the day, as we discussed, there's a lot of uncertainty as to how the flood will impact our P&L this year just given the timing of the insurance. In a perfect world I'd be accruing the insurance at the same time we're losing the money so you'd basically see something getting flat. But at this point, you know, any of the guidance that we're giving relative to the year certainly cannot include the impact for the flood.

Ben Holton, RBC Capital Markets

Okay, no, that's as I thought, just wanted to be sure there. Thanks so much. I'll jump back in line here.

Operator

Again, if you would like to ask a question, press star then the number one on your telephone keypad.

Your next question comes from the line of Ben Jekic of GMP Securities. Please go ahead.

Ben Jekic, GMP Securities

Good morning. I have two questions. The first one is when you talked about recovery of sales. Is the right way to understand that that temporarily some of your customers have moved to a different supplier and now you're sort of starting to regain that business? And can you elaborate a little bit more how that process is going?

Greg Yull, Chief Executive Officer

Yeah, so that's exactly the way it works. A lot of these customers are around the world, so they're out of North America primarily, and so you're dealing with a fairly long supply chain and feedback loop as it relates to product performance and quality. So that's a timing issue that we're working through as it relates to getting them products, getting it tested, getting it approved and subsequently filling orders. So we're in process there. It's going well. And we expect to get our business back. Can't certainly guarantee it but we've certainly see and made some headway during the first quarter in getting that business back. And then on the stencil side, which is an area that we're out of production and we're sourcing material from the outside, in that area our production line should be up in latter part of Q3 and we should be back in production during that period and start regaining business at that point.

Ben Jekic, GMP Securities

And to think about those volumes, those are, in theory, pretty much correlated to the flood. Had there not been any flood you probably wouldn't have seen such a decline there?

Greg Yull, Chief Executive Officer

Absolutely.

Ben Jekic, GMP Securities

Okay, thank you. And my second question is just in terms of the insurance payments. When we see the flow of these monies how would that be accounted for on the P&L?

Jeff Crystal, Chief Financial Officer

So it really depends what it's for. So what I would tell you is that on the property side it's quite clear. So any of the property claims that we're making will certainly slow through our plant closure line below the gross profit and EBITDA. So anything related to the building equipment losses and so forth. So that will not flow through your EBITDA number. Anything else through business interruptions, so there basically we have to determine, as part of the claim, does it relates to items that were flowing through our plant closure line or does it relate to items that were flowing through our gross profit. And certainly we can allocate those insurance proceeds depending on where those things actually fell. So you will see them flowing through both sides of those items when it comes to the business interruption.

Ben Jekic, GMP Securities

Okay. Thank you.

Operator

Mr. Yull, there are no further questions at this time. I will now turn the call back to you. Please continue with your closing remarks.

Greg Yull, Chief Executive Officer

Thank you, Sylvie. Let me thank you participating in today's call.

On April 29th we issued a press release to announce that we will hold an Investor Day at our Blythewood facility on June 21st. We look forward to speaking with you again during our annual meeting on June 9 and then again following the release of our second quarter results in August. Thank you and have a good day.

Operator

Please note that a replay of this call can be accessed as of 1:00 p.m. today Eastern Daylight Time at 1-800-585-8367 until 11:59 PM Eastern Time on June 10, 2016. Thank you. You may now disconnect your lines.
