

CONSTAR INTERNATIONAL INC
Form 8-K
February 01, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C., 20549

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date Of Report (Date Of Earliest Event Reported): 2/01/2005

CONSTAR INTERNATIONAL INC.

(Exact Name of Registrant as Specified in its Charter)

Commission File Number: 000-16496

Delaware
(State or Other Jurisdiction Of
Incorporation or Organization)

13-1889304
(I.R.S. Employer
Identification No.)

One Crown Way
Philadelphia, PA 19154-4599

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(Address of Principal Executive Offices, Including Zip Code)

215.552.3700

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. **Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**
 - .. **Soliciting material pursuant to Rule 14a-12 under the Exchange Act(17CFR240.14a-12)**
 - .. **Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act(17CFR240.14d-2(b))**
 - .. **Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act(17CFR240.13e-4(c))**
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Item 8.01 Other Events

Consistent with the Company's comments during its November 3, 2004 conference call, the Company expects that adjusted EBITDA for the twelve months ended December 31, 2004 will be in the lower end of the forecasted range of \$65 million to \$70 million. The adjusted EBITDA guidance excludes the \$25.1 million of proceeds related to the previously announced Oxbar patent litigation settlement.

EBITDA is a non-GAAP measurement that the Company defines as income or loss before interest expense, provision for income taxes, depreciation and amortization, and the cumulative effect of a change in accounting. This measure does not represent cash flow for the periods presented and should not be considered as an alternative to net income/(loss) as an indicator of the Company's operating performance or as an alternative to cash flows as a source of liquidity. EBITDA is a key financial measure used by our senior credit facility lenders. The Company's definition of EBITDA may not be comparable to EBITDA as defined by other companies. Although EBITDA is a non-GAAP measurement, the Company believes it is a useful measure of pre-tax operating cash flow prior to debt service.

The Company's Senior Secured Credit Agreement adjusts EBITDA for certain non-cash accruals and uses the adjusted EBITDA figure to determine the Company's compliance with certain financial covenants in the Senior Secured Credit Agreement. This definition of adjusted EBITDA may not be comparable to adjusted EBITDA as defined by other companies.

Cautionary Note Regarding Forward-Looking Statements

Except for historical information, all information in this report consists of forward-looking statements within the meaning of the federal securities laws. These forward-looking statements involve a number of risks, uncertainties and other factors, which may cause the actual results to be materially different from those expressed or implied in the forward-looking statements. These forward-looking statements and forecasts are subject to risks, uncertainties and assumptions, including, among other things, the Company's debt level and its ability to service existing debt or, if necessary, to refinance that debt; the Company's ability to compete successfully against competitors; the impact of price competition on gross margins and profitability; the level of demand for conventional PET packaging and custom PET packaging requiring the Company's proprietary technologies and know-how; continued conversion from metal, glass and other materials for packaging to plastic packaging; the Company's relationship with its largest customers; the success of the Company's customers in selling their products in their markets; the Company's ability to manage inventory levels based on its customers' projected sales; risks associated with the Company's international operations; the terms upon which the Company acquires resin and its ability to reflect those terms in its sales; general economic and political conditions; recent increases in the price of petrochemical products such as PET resin and the effect of such increases on the demand for PET products; the Company's ability to protect its existing technologies and to develop new technologies; the Company's ability to timely market

products incorporating MonOxbar technology and the realization of the expected benefits of the MonOxbar technology; the Company's ability to control costs; legal and regulatory proceedings and developments; seasonal fluctuations in demand and the impact of weather on sales; the Company's ability to identify trends in the markets and to offer new solutions that address the changing needs of these markets; the Company's ability to successfully execute its business model and enhance its product mix; the Company's ability to successfully prosecute or defend the legal proceedings to which it is a party; and the other factors disclosed from time to time by the Company in its filings with the Securities and Exchange Commission. The Company does not intend to review or revise any particular forward-looking statement in light of future events.

Signature(s)

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 hereunto duly authorized.

CONSTAR INTERNATIONAL INC.

Date: February 1, 2005

By: /s/ William S. Rymer

William S. Rymer
Executive Vice President and Chief Financial Officer