INTRAWEST CORP
Form 6-K
November 15, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 or 15d-16

UNDER

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF NOVEMBER 2005

Commission File Number _______________

INTRAWEST CORPORATION

(Registrant s name)

Suite 800, 200 Burrard Street
Vancouver, British Columbia, Canada V6C 3L6
(Address of principal executive offices)

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): _______

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

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): _______

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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-_______________

SIGNATURE

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.

Date: November 14, 2005

INTRAWEST CORPORATION

By: */s/ ROSS MEACHER*

Name: Ross Meacher
Title: Corporate Secretary and Chief Privacy Officer

TO OUR SHAREHOLDERS

Intrawest reported record revenue in the first quarter of fiscal 2006 due to the strong performance of both our Leisure and Travel Group and our Intrawest Placemaking real estate operating division. Our first quarter results reflect the continuing rebound in the luxury adventure-travel industry. As the world leader in this sector, Abercrombie & Kent is in an enviable position to be the primary beneficiary of this recovery. In the first quarter, Abercrombie & Kent experienced a 30 per cent increase in core, recurring adventure-travel revenue due to growth in all its major destination markets including significant growth in tours to East Africa, India and the Orient. The sale of a 26-acre parcel of beachfront property in Maui also contributed to our strong first quarter performance. This land sale provides a key example of how Intrawest Placemaking delivers significant value by seeking out highly profitable real estate transactions for land that is not scheduled for immediate development.

OPERATING RESULTS (ALL DOLLAR AMOUNTS ARE IN US CURRENCY)

Total revenue for the first quarter was $301.8 million, an increase of more than 47 per cent over the same period last year. Net income increased significantly to $9.2 million, resulting in diluted earnings per share of $0.19. Total Company EBITDA (earnings before interest, income taxes, non-controlling interest, depreciation and amortization and any non-recurring items) more than tripled to $56.5 million for the quarter. The increase in revenue, net income and Total Company EBITDA was due primarily to the sale of the property in Maui, the strong operating results from Abercrombie & Kent and our increased ownership of Alpine Helicopters, parent company of Canadian Mountain Holidays. Intrawest increased its ownership in Alpine Helicopters from 45 per cent to 100 per cent in December 2004. Further information on our operating results (including a reconciliation of Total Company EBITDA and other non-GAAP measures to the most comparable GAAP measures) is contained in Management s Discussion and Analysis to follow.

LATEST COMPANY DEVELOPMENTS

Subsequent to the quarter s end, an entity controlled by Starwood Capital Group signed an agreement to purchase a majority interest in Mammoth Mountain Ski Area (MMSA) based on an enterprise value of $365 million. Currently, Intrawest owns 59.5 per cent of MMSA. Upon completion of the transaction, Intrawest will retain approximately 15 per cent of MMSA and a 50 per cent interest in Mammoth Hospitality Management, Intrawest s lodging company at Mammoth. This transaction is expected to close in December 2005. Intrawest and Starwood Capital Group also entered into a preliminary agreement for a joint venture on the development of the majority of Intrawest s separately owned real estate in the Town of Mammoth Lakes, CA. This proposed transaction includes future development of over 1,000 residential units and 30,000 square feet of commercial space scheduled for build-out over the next five to seven years.

In October, Gary Raymond, president and chief executive officer of Intrawest Placemaking, announced that he will be resigning later this year to pursue other business interests. On an interim basis, Drew Stotesbury, chief financial officer of Intrawest Placemaking, will assume the role of head of the division reporting directly to Joe Houssian.

Whistler Blackcomb opened the 2005/2006 ski season on November 5, 2005, and hosted almost 10,000 skiers on its opening weekend.

DIVIDENDS

On November 7, 2005, the Board of Directors declared a quarterly dividend of Cdn. $0.08 per common share payable on January 25, 2006 to shareholders of record on January 11, 2006.

NORMAL COURSE ISSUER BID

On November 7, 2005, the Board of Directors approved a normal course issuer bid through the facilities of the Toronto Stock Exchange (TSX) for up to 4,600,000 Common Shares. The bid, which is subject to the approval of the TSX, will terminate on the earlier of (i) the expiry of 12 months from the commencement of the bid and (ii) the date upon which Intrawest has acquired the maximum number of Common Shares permitted under the bid.

OUTLOOK

The impressive growth of Abercrombie & Kent provides a testament to the strength of the Abercrombie & Kent brand and its leadership status in the luxury adventure-travel market. The combination of these two powerful attributes positions Abercrombie & Kent extremely well to capitalize on the continuing recovery of the industry. This presents a significant opportunity for Intrawest to leverage Abercrombie & Kent s recent success and take full advantage of the revenue growth potential this entity provides when combined with our existing portfolio of customer experiences.

We remain focused on accelerating our real estate production. The recently announced developments of the Honua Kai in Ka anapali, Maui and the Village of Imagine in Orlando, Florida, will add a significant number of units to our future annual delivery rate. Scheduled for launch in December 2005, the first phases of these projects consist of approximately 574 units with expected construction start in early 2006.

The recent sale of the parcel of land in Maui and the pending sale of Mammoth Mountain further strengthen our financial position and are consistent with our strategy of maximizing our return on capital. We will continue to explore the many opportunities to grow our core businesses and maximize shareholder value, including the normal course issuer bid which underscores our belief that the current market value of our common shares does not reflect the underlying value of our company.

On behalf of the Board,

Joe S. Houssian	John E. Currie
CHAIRMAN. PRESIDENT AND	CHIEF FINANCIAL OFFICER
CHIEF EXECUTIVE OFFICER	

November 7, 2005

MANAGEMENT S DISCUSSION AND ANALYSIS

(ALL DOLLAR AMOUNTS ARE IN UNITED STATES CURRENCY, UNLESS OTHERWISE INDICATED)

The following management s discussion and analysis (MD&A) should be read in conjunction with the more detailed MD&A (which includes a discussion of business risks) contained in our June 30, 2005 annual report. Statements contained in this report that are not historical facts are forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, our ability to implement our business strategies, seasonality, weather conditions, competition, general economic conditions, currency fluctuations, world events and other risks detailed in our filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.

Our financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). We use several non-GAAP measures to assess our financial performance, such as EBITDA[1] and free cash flow. Such measures do not have a standardized meaning prescribed by GAAP and they may not be comparable to similarly titled measures presented by other companies. We have provided reconciliations between any non-GAAP measures mentioned in this MD&A and our GAAP financial statements. These non-GAAP measures are referred to in this disclosure document because we believe they are indicative measures of a company s performance and are generally used by investors to evaluate companies in the resort and travel operations and resort development industries.

Additional information relating to our company, including our annual information form, is available on SEDAR at www.sedar.com. The date of this interim MD&A is November 4, 2005.

THREE MONTHS ENDED SEPTEMBER 30, 2005 (THE 2005 QUARTER) COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2004 (THE 2004 QUARTER)

Net income was $9.2 million ($0.19 per diluted share) in the 2005 quarter compared with a net loss of $7.1 million ($0.15 per diluted share) in the 2004 quarter. We normally incur a loss in our first fiscal quarter because of the seasonality of our businesses; however, we closed a major real estate transaction (the sale of a 26-acre beachfront property in Maui) during the 2005 quarter that generated $21.6 million of net income. Total Company EBITDA increased from $15.7 million to $56.6 million. A significant increase in EBITDA from real estate development was partially offset by reduced EBITDA from resort and travel operations and management services and higher corporate general and administrative expenses.

REVIEW OF RESORT AND TRAVEL OPERATIONS

Resort and travel operations revenue increased from $129.3 million in the 2004 quarter to $166.1 million in the 2005 quarter. In December 2004 we increased our ownership in Alpine Helicopters from 45% to 100% and the incremental revenue in the 2005 quarter from our increased ownership interest was $9.1 million. In addition, in August 2005 we entered into a lease to operate Parque de Nieve, an indoor snowdome in Spain, and revenue in the 2005 quarter included $1.1 million from this new business. The rise in the value of the Canadian dollar from an average rate of US$0.76 in the 2004 quarter to US$0.83 in the 2005 quarter increased reported resort and travel operations revenue by $3.7 million.

On a same-business (i.e., excluding 55% of Alpine Helicopters and Parque de Nieve), constant exchange rate basis, resort and travel operations revenue increased by $22.8 million to $152.1 million. Adventure-travel tour revenue from Abercrombie & Kent (A&K) increased 30% from $66.3 million to $86.3 million as the industry continued its strong rebound. A&K saw significant growth in tour revenues from all its major destinations, particularly the Orient and East Africa, which increased by 120% and 31%, respectively. A&K also earned $1.5 million

[1]EBITDA is defined as operating revenues less operating expenses and therefore reflects earnings before interest, income taxes, depreciation and amortization, non-controlling interest and any non-recurring items.

of licensing fees in the 2005 quarter compared with $3.9 million in the 2004 quarter as the licensing agreement was terminated in August 2005. Revenue from the mountain segment increased by $5.1 million, or 12%, led primarily by Whistler Blackcomb (due to growth in mountain bike park and sightseeing visits), Intrawest Retail Group (due to operating eight additional retail stores during the summer months) and Alpine Helicopters (due to a 22% increase in revenue from fire-fighting and other forestry activities). Revenue from the non-mountain segment increased by $0.3 million, or 2%, as the worst hurricane season on record in the Gulf Coast region reduced visitors to Sandestin, restricting revenue growth to 1% at that resort.

The breakdown of resort and travel operations revenue by major business component was as follows:

(MILLIONS)	**2005 QUARTER**	2004 QUARTER	INCREASE (DECREASE)	CHANGE (%)
Mountain operations	**$ 25.8**	$ 11.7	$ 14.1	121
Adventure-travel tours	**86.3**	66.3	20.0	30
Retail and rental shops	**13.2**	10.6	2.6	25
Food and beverage	**15.1**	13.4	1.7	13
Ski school	**0.8**	1.1	(0.3)	(27)
Golf	**11.5**	11.4	0.1	1
Other	**13.4**	14.8	(1.4)	(9)
	$ 166.1	$ 129.3	$ 36.8	28

The growth in mountain operations revenue reflects our increased ownership interest in, and revenue growth at, Alpine Helicopters, our lease of Parque de Nieve and strong year-over-year growth in summer lift ride revenue, particularly at Whistler Blackcomb. The decline in other revenue was due mainly to the decrease in licensing fees earned by A&K.

Resort and travel operations expenses increased from $122.2 million in the 2004 quarter to $159.8 million in the 2005 quarter, of which $7.4 million and $1.5 million, respectively, were due to the acquisition of the remaining 55% of Alpine Helicopters and the lease of Parque de Nieve and $3.3 million came from the impact on reported expenses of the higher Canadian dollar. Expenses of A&K increased by $14.9 million in response to the higher business volumes and expenses of the mountain and non-mountain segments increased by $6.8 million and $1.5 million, respectively. The balance of the increase in resort and travel operations expenses came from increased general and administrative costs of the Leisure and Travel Group, including $0.5 million in connection with process improvement initiatives in our retail and food and beverage businesses, $0.4 million in call center marketing and $0.6 million in advance sales and resort operations information technology.

Resort and travel operations EBITDA decreased from $7.1 million in the 2004 quarter to $6.3 million in the 2005 quarter. Our additional ownership interest of Alpine Helicopters, the lease of Parque de Nieve and the impact on reported EBITDA of the higher Canadian dollar in aggregate increased EBITDA by $1.7 million. EBITDA from A&K grew from $8.2 million to $10.9 million as an increase in EBITDA from adventure-travel tours from $4.4 million to $9.4 million was partially offset by a decrease in EBITDA from licensing fees from $3.9 million to $1.5 million. These positive factors were offset by reduced EBITDA from other businesses and higher general and administrative costs of the Leisure and Travel Group. The impact of the hurricanes reduced EBITDA at Sandestin by $1.2 million and we expect to recover some of this shortfall through business interruption insurance. The EBITDA margins of 3.8% in the 2005 quarter and 5.5% in the 2004 quarter reflect the seasonality of our mountain resort and travel operations, which generate most of their EBITDA during our third fiscal quarter.

REVIEW OF MANAGEMENT SERVICES

Management services revenue and EBITDA in the 2005 and 2004 quarters were broken down as follows:

	2005 QUARTER		2004 QUARTER	
(MILLIONS)	REVENUE	EBITDA	REVENUE	EBITDA
Services related to resort and travel operations				
Lodging and property management	**$18.6**	**$0.8**	$17.6	$ 0.8
Other resort and travel fees	**3.1**	**0.5**	3.1	(0.8)
	21.7	**1.3**	20.7	
Services related to real estate development				
Real estate services fees	**5.7**	**1.1**	5.1	2.0
Playground sales fees	**8.6**	**1.5**	9.3	3.7
	14.3	**2.6**	14.4	5.7
	$36.0	**$3.9**	$35.1	$ 5.7

The increase in fees from lodging and property management was due mainly to a 3% increase in occupied room nights and a 1% increase in average daily rate across our resorts. Occupied room nights at our mountain resorts increased 4%, however this was partially offset by a 2% decline in occupied room nights at Sandestin due to the hurricanes. Other resort and travel fees, which comprise reservation fees earned by our central call center, golf course management fees and club management fees earned by the Resort Club, were unchanged year-over-year with an increase in Resort Club management fees being offset by lower reservation fees. We sold our reservations business in Colorado during the 2005 quarter and we continue to focus on reservations to our own resorts while reducing our third-party reservations business. The increase in real estate services fees was due mainly to increased sales fees as several partnership projects completed construction and closed units. The timing of project completions and a somewhat slower resale market in Sandestin, resulting from the hurricanes, reduced fees earned by Playground, our real estate sales business.

EBITDA from management services decreased from $5.7 million in the 2004 quarter to $3.9 million in the 2005 quarter. Playground EBITDA in the 2005 quarter was reduced by an allocation of $2.1 million of Playground general and administrative costs to the management services segment. In fiscal 2005 the full annual allocation of Playground general and administrative costs to management services of $7.5 million was made in the fourth quarter. The decline in EBITDA from real estate services reflects the timing of expenses which we expect to reverse in future quarters. The improvement in EBITDA from other resort and travel fees was due mainly to reducing our third-party reservations business, which had incurred losses in the 2004 quarter. The EBITDA margin was 11% in the 2005 quarter compared with 16% in the 2004 quarter. For the fiscal year, we expect the EBITDA margin to be approximately the same as the 24% we achieved in fiscal 2005.

REVIEW OF REAL ESTATE DEVELOPMENT

Revenue from real estate development increased from $38.8 million in the 2004 quarter to $98.7 million in the 2005 quarter. Revenue generated by Intrawest Placemaking (our resort development business) increased from $28.4 million to $88.3 million while revenue generated by Intrawest Resort Club (our vacation ownership business) was unchanged at $10.4 million.

The majority of Intrawest Placemaking s revenue in the 2005 quarter came from the sale of a 26-acre beachfront property in Maui for proceeds of $73.3 million. The vendor of the property was a partnership in which we have a 40% interest, however the partnership is a variable interest entity (VIE), which we are required to fully consolidate because we are the primary beneficiary of the entity. Hence real estate development revenue includes 100% of the sales proceeds to the partnership and real estate development expenses includes 100% of the partnership s cost of sales, being $29.4 million. The partner s share of the profit from this transaction of $18.5 million is included in non-controlling interest.

Excluding the sale of the Maui property, Intrawest Placemaking closed 23 units for $15.0 million in the 2005 quarter compared with 42 units for $23.1 million in the 2004 quarter. The timing of unit closings is tied to a significant degree to construction completion so the number of closings in any particular quarter may not be indicative of the number of closings in a fiscal year. Two-thirds of the revenue in the 2005 quarter was derived from high-end townhome projects and this increased the average revenue per closed unit from $550,000 in the 2004 quarter to $652,000 in the 2005 quarter. In addition to these unit closings, we sold one project to real estate partnerships in which we hold an investment for $5.3 million in the 2004 quarter. There were no project sales to such partnerships in the 2005 quarter.

Real estate EBITDA increased from $7.3 million in the 2004 quarter to $51.9 million in the 2005 quarter. Real estate EBITDA comprises operating profit from real estate plus interest included in real estate expenses. Operating profit from real estate, rather than real estate EBITDA, factors into the computation of net income. Operating profit from real estate development increased from $5.1 million in the 2004 quarter to $50.7 million in the 2005 quarter, including $43.9 million from the sale of the Maui property described above. Excluding the Maui sale, the profit margin on real estate development increased from 13.3% to 26.6% due mainly to the recognition of increased deferred land profit on project sales to real estate partnerships (which is recorded as a credit to real estate expenses) in the 2005 quarter.

REVIEW OF CORPORATE OPERATIONS

Interest and other income decreased from $2.0 million in the 2004 quarter to $0.5 million in the 2005 quarter. Interest and other income in the 2004 quarter included $0.4 million of rental income on a property we sold in the fourth quarter of fiscal 2005 and $0.3 million of equity income from an investment owned by Alpine Helicopters that has now been consolidated because of the VIE rules. The balance of the change was due mainly to lower interest income in the 2005 quarter.

Interest expense was $10.3 million in the 2005 quarter, down from $11.4 million in the 2004 quarter due mainly to the refinancing of senior notes in the second quarter of our past fiscal year. During that quarter we redeemed 10.5% senior notes primarily by issuing 7.50% and 6.875% senior notes.

Corporate general and administrative expenses increased from $4.5 million in the 2004 quarter to $5.4 million in the 2005 quarter due mainly to higher compensation costs resulting from mark-to-market adjustments of long-term (stock-based) incentive plans and increased audit and corporate governance expenses.

Depreciation and amortization expense was $12.9 million in the 2005 quarter, up from $11.3 million in the 2004 quarter. The acquisition of the remaining 55% of Alpine Helicopters in December 2004 increased depreciation and amortization expense by $0.8 million and the balance of the increase was due to depreciation of capital expenditures made during fiscal 2005.

We provided for $2.1 million of income taxes, based on $32.7 million of pre-tax income in the 2005 quarter compared with a recovery of $1.0 million of income taxes, based on a pre-tax loss of $7.2 million in the 2004 quarter. We expect our income tax rate to be in the range of 10% to 15% for the current fiscal year. This rate will increase if we complete the sale of the majority of our interest in Mammoth (see liquidity and capital resources below) since the gain on sale will be taxed for accounting purposes at about 40%.

Non-controlling interest increased from $0.9 million in the 2004 quarter to $21.4 million in the 2005 quarter due mainly to the inclusion of $18.5 million for our partner s profits on the sale of the property in Maui, as described in Review of Real Estate Development above. The balance of the increase was due to improved results of A&K in the 2005 quarter.

LIQUIDITY AND CAPITAL RESOURCES

Last year we completed several important transactions, including selling the majority of our commercial properties and extending our partnering strategy for real estate development, and we renewed our senior credit facility and refinanced higher interest-bearing senior notes. This put us in a strong financial position as we entered the current fiscal year. The normal seasonality of our businesses resulted in negative free cash flow for the 2005 quarter and higher debt levels at the end of the quarter, in line with our expectations.

The following table summarizes the major sources and uses of cash in the 2005 and 2004 quarters. This table should be read in conjunction with the Consolidated Statements of Cash Flows, which are more detailed as prescribed by GAAP.

(MILLIONS)	**2005 QUARTER**	2004 QUARTER	CHANGE
Funds from operations	**$ 43.8**	$ 5.8	$ 38.0
Cash for real estate development, including investments in partnerships	**(10.6)**	(44.4)	33.8
Cash for resort and travel operations capex and other assets	**(30.4)**	(22.7)	(7.7)
Cash for long-term receivables and working capital	**(43.0)**	(29.8)	(13.2)
Free cash flow	**(40.2)**	(91.1)	50.9
Cash from business acquisitions and asset disposals	**0.2**	15.7	(15.5)
Net cash flow from operating and investing activities	**(40.0)**	(75.4)	35.4
Net financing inflows	**17.6**	58.7	(41.1)
Decrease in cash	**$ (22.4)**	$ (16.7)	$ (5.7)