NYSE SYMBOL: ITP
TSX SYMBOL: ITP

# Intertape Polymer Group Inc. Announces Third Quarter Results

- **Sales up 13.2% compared to last year**
- **Adjusted net earnings up 21.4% compared to last year**

**Montréal, Québec and Bradenton, Florida – October 17, 2005 –** Intertape Polymer Group Inc. (NYSE, TSX: ITP) today released results for its third quarter ended September 30, 2005.

Sales for the third quarter were $201.2 million, up 13.2% from $177.7 million for the same quarter of 2004, while the Company reported net earnings of $6.6 million or $0.16 per share (basic and diluted) compared to a net loss of $14.3 million or $0.35 per share (basic and diluted) for the same period last year, and adjusted net earnings of $6.8 million or $0.17 per share (basic and diluted) compared to $5.6 million or $0.14 per share (basic and diluted) for the same period last year.

"Sales growth in the third quarter was primarily driven by sales price increases," said Intertape Polymer Group Inc. ("IPG") Chairman and Chief Executive Officer, Melbourne F. Yull. "While raw material and energy costs continued to make markets challenging, the organizational realignment that we implemented at the end of 2004 enabled us to react quickly and respond effectively to the changes in the marketplace. In the face of these cost pressures, our gross profit for the third quarter of 2005 increased $4.5 million or 12.2% compared to the third quarter of 2004."

"Despite raw material cost increases and supply shortages, the Company did not have to cut back its production as some competitors have had to do," commented Mr. Yull. "We have even seen a number of competitors declaring force majeure." The Company has been able to maintain its operating levels and fulfill its contracts because of its global sourcing efforts, which have allowed the Company to maintain adequate supplies from multiple sources, pre-buying of raw material inventories prior to supply constraints occurring, and reduced consumption of some raw materials by modifying certain formulations.

Net earnings for the third quarter of 2005 were up significantly over the third quarter of last year because of $30.4 million of refinancing expense that was incurred last year as part of a major debt refinancing. Third quarter 2005 results included $0.4 million of manufacturing facility closure and industrial accident costs. Excluding refinancing expense, manufacturing facility closure and industrial accident costs, and related tax benefits, adjusted net earnings for the third quarter of 2005 were $6.8 million or $0.17 per share (basic and diluted) compared to $5.6 million or $0.14 per share (basic and diluted) for the same quarter last year. The improvement in adjusted net earnings resulted from the increase in gross profit partly offset by higher selling expenses, reflecting increased rebate levels for consumer products, higher staffing levels and activities to generate growth, and higher variable compensation costs as a result of higher sales. The Company is including adjusted net earnings, a non-GAAP financial measure, because it believes the measure permits more meaningful comparisons of its core business performance between the periods presented. A reconciliation of adjusted net earnings to GAAP net earnings is set forth below.

"Decreased financial expenses continue to have a positive impact on our net earnings as they were down 6.2% in the third quarter of 2005 compared to the third quarter last year, reflecting the benefits of the refinancing undertaken in the third quarter of last year," said IPG's Chief Financial Officer, Andrew M. Archibald, C.A.

From a cash perspective, the Company generated $3.7 million of free cash flow in the quarter, resulting in $4.5 million for the year to date. "Our cash flow has been adversely affected by the impact of rising raw material costs on our working capital," commented Mr. Archibald. "We estimate the net impact on accounts receivable, inventories and accounts payable to have been approximately $23.0 million for the first nine months of the year. Nonetheless, over the past two quarters the Company has generated a total of $11.4

million in free cash flow and expects to continue generating positive free cash flow in the coming quarters." Free cash flow is defined as cash flows from operating activities less expenditures for plant, property and equipment (capital expenditures). The Company is including free cash flow, a non-GAAP financial measure, because it is used by management and the Company's investors in evaluating the Company's performance. A reconciliation of free cash flow to cash flows from operating activities, the most directly comparable GAAP measure, is set forth below.

The Company is also including earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA, both non-GAAP financial measures, because these measures are used by management and the Company's lenders in evaluating the Company's performance. A reconciliation of the Company's EBITDA and Adjusted EBITDA, both non-GAAP financial measures, to GAAP net earnings is set forth in the EBITDA reconciliation table below. The Company's EBITDA for the third quarter of 2005 was $20.9 million compared to $19.6 million for the third quarter of 2004. The adjusted EBITDA was $21.3 million in the third quarter of 2005 as compared to $19.6 million in the third quarter of 2004.

Sales for the first nine months of 2005 were $579.2 million, up 13.2% from $511.7 million for the same period in 2004. Net earnings for the first nine months of 2005 were $18.1 million or $0.44 per share (basic and diluted) compared to a net loss of $6.3 million or $0.15 per share (basic and diluted) for the same period of the preceding year.

Following the end of the quarter, the Company, through a wholly-owned Canadian subsidiary, acquired Flexia Corporation and Fib-Pak Industries Inc. The acquisition of these companies is expected to enable IPG to increase its market size in certain products, broaden its product portfolio, leverage Flexia's market leading global sourcing program, increase the proximity of manufacturing facilities to the customer base and provide a west coast presence which can facilitate import and export activity with Asia.

The Company's most recent sales guidance for 2005 was a range of $755 million to $775 million. "Not including additional fourth quarter 2005 sales resulting from the October 5, 2005 acquisition, the Company should be at the high end of the range if anticipated raw material supplies are not disrupted," noted Mr. Yull.

**Reconciliation of Net Earnings to Adjusted Net Earnings**

| (in millions of US dollars) | For the three months ended September 30 | | For the nine months ended September 30 | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | $ | $ | $ | $ |
| Net earnings(loss) – as reported | 6.6 | (14.3) | 18.1 | (6.3) |
| Add back: | | | | |
| Refinancing expense (after-tax) | | 19.9 | | 19.9 |
| Manufacturing facility closure and industrial accident costs (after-tax) | 0.2 | | 1.3 | |
| Adjusted net earnings | 6.8 | 5.6 | 19.4 | 13.6 |
| (in US dollars per share – basic and diluted) | | | | |
| Net earnings (loss) – as reported | 0.16 | (0.35) | 0.44 | (0.15) |
| Adjusted net earnings | 0.17 | 0.14 | 0.47 | 0.33 |

**Reconciliation of Net Earnings to EBITDA and Adjusted EBITDA**

| (in millions of US dollars) | For the three months ended September 30 | | For the nine months ended September 30 | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | $ | $ | $ | $ |
| Net earnings (loss) – as reported | 6.6 | (14.3) | 18.1 | (6.3) |
| Add back: | | | | |
| Financial expenses, net of amortization | 5.3 | 5.7 | 16.1 | 19.0 |
| Refinancing expense | | 30.4 | | 30.4 |
| Income taxes | 1.5 | (9.7) | 3.2 | (9.3) |
| Depreciation and amortization | 7.5 | 7.5 | 23.6 | 22.1 |
| EBITDA | 20.9 | 19.6 | 61.0 | 55.9 |
| Add back: | | | | |
| Manufacturing facility closure and industrial accident costs | 0.4 | | 2.2 | |
| Adjusted EBITDA | 21.3 | 19.6 | 63.2 | 55.9 |

**Reconciliation of Cash Flows from Operating Activities to Free Cash Flow**

| (in millions of US dollars) | For the three months ended September 30 | | For the nine months ended September 30 | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | $ | $ | $ | $ |
| Cash flows from (used in) operating activities – as reported | 10.6 | (11.5) | 20.4 | (5.8) |
| Subtract: | | | | |
| Property, plant and equipment expenditures | 6.9 | 3.7 | 15.9 | 13.5 |
| Free cash flow | 3.7 | (15.2) | 4.5 | (19.3) |

(All figures in U.S. dollars, unless otherwise stated; September 30, 2005, exchange rate: Cdn $1.1725 = U.S.$1.00)

Click below to view IPG Third Quarter 2005 Financials
IPG Third Quarter 2005 Financials

**Conference Call**

A conference call to discuss IPG's 2005 third quarter results will be held Tuesday, October 18, 2005 at 10:00 A.M. Eastern Standard Time. Participants may dial 1-888-428-4474 (U.S. and Canada) and 1-612-288-0329 (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 799080. The recording will be available from Tuesday, October 18, 2005 at 4:45 P.M. until Tuesday, October 25, 2005 at 11:59 P.M., Eastern Standard 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 3,000 employees with operations in 19 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 statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Such forward-looking statements 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. Additional discussion of factors that could cause actual results to differ materially from management's projections, estimates and expectations is contained in the Company's SEC filings. The Company undertakes no duty to update its forward-looking statements, including its earnings outlook. 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, excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations. As required by SEC rules, the Company has provided reconciliations of non-GAAP measures to the most directly comparable GAAP measures.

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