intertape polymer group™

NYSE SYMBOL: ITP
TSX SYMBOL: ITP

Intertape Polymer Group Inc. Announces 2006 First Quarter Results and its Intention to Close its Brighton, Colorado Facility

Montréal, Québec and Bradenton, Florida – May 9, 2006 – Intertape Polymer Group Inc. (NYSE, TSX: ITP) today released results for the first quarter ended March 31, 2006 and announced the planned closure of its Brighton, Colorado facility.

"Our first quarter earnings were down compared to last year because of $17.5 million in facility closure costs, a gross margin decline due to the sale of products manufactured with high cost raw materials purchased in the fourth quarter of 2005, and lower sales volumes," stated Intertape Polymer Group Inc. ("IPG" or the "Company") Chairman and Chief Executive Officer, Melbourne F. Yull. "We estimate that these higher raw material costs depressed first quarter 2006 gross profits by approximately $3.5 million. We don't anticipate a repeat of this gross margin compression in the second quarter of 2006 given current raw material pricing. The drop in volumes is primarily the result of customers drawing down existing inventories in an environment of falling raw material prices. However, there were also some positive developments during the quarter. Of particular note were the synergies being realized with the Flexia integration, the profitability improvement resulting from the Piedras Negras facility closure, and increased margins in our consumer business. "

Today the Company also announced that it intends to close its Brighton, Colorado facility by the end of 2006. This facility produces a variety of tape products and has about 100 employees. "This facility rationalization will strengthen the Company and leverage the new technology and productivity improvements achieved in our Danville, Virginia and Richmond, Kentucky facilities," said Mr. Yull. Included in the first quarter results is a $15.2 million non-cash asset impairment charge relating to this planned closure. It is expected that the Company will also need to spend about $13.6 million to implement the plan, including $4.5 million in capital expenditures in 2006, and about $9.1 million in closing and relocation costs which are expected to be incurred over a period of five quarters starting in 2007. Once the closing is complete, the Company expects to realize approximately $7.3 million in savings per year, including approximately $1.4 million less in depreciation expense.

Operating Results

Sales for the first quarter of 2006 were $216.9 million, up 15.6% compared to the first quarter of 2005. Revenues related to the Flexia acquisition that occurred in October 2005 were $24.4 million for the quarter. Excluding these revenues, sales were up about 2.4% for the first quarter of 2006, which was due primarily to selling price increases, offset partially by lower volumes. In particular, resin-based products experienced volume declines believed to be due to the deferral of purchases by customers who were drawing down existing inventories in an environment of declining sales prices within the quarter.

Gross profit for the quarter was $38.8 million, down slightly from $39.1 million for the first quarter of 2005, while gross margin for the first quarter was 17.9% compared to 20.8% for the same quarter last year. The gross margin was negatively impacted not only by the lower volumes mentioned above, but also by the sale of products manufactured with higher cost raw material inventories purchased in the fourth quarter of 2005 and the averaging effect of the inclusion of Flexia's lower converting margins on the Company's overall gross margin.

"We are pleased with the progress being made in integrating Flexia into the Company," commented Mr. Yull. "Many of the anticipated synergies of integration were realized in the first quarter, enabling IPG to improve its profitability."

Selling, general and administrative ("SG&A") expenses were $28.1 million in the first quarter of 2006, compared to $23.9 million for the first quarter of 2005. Much of the increase was attributable to the SG&A costs of Flexia, higher staffing levels resulting from last year's organizational realignment, costs related to Sarbanes-Oxley compliance, and higher information technology costs. "While SG&A expenses increased compared to the same period last year, as a percent of sales for the quarter, they were fairly stable at 12.9% for this quarter compared to 12.7% for the first quarter of 2005," said IPG's Chief Financial Officer, Andrew M. Archibald, C.A.

Financial expenses in the first quarter were $6.7 million, an 18.9% increase compared to $5.6 million for the first quarter last year. The increase was principally due to higher interest rates in the first quarter of 2006 compared to the rates prevailing in the first quarter of 2005 and greater amounts outstanding under the Company's revolving credit facility as a result of borrowings made to acquire Flexia.

For the first quarter of 2006, the estimated effective tax rate was 36.3% compared to an estimated effective tax rate of 18.2% for the first quarter of 2005. The 2005 effective tax rate included the impact of certain non-recurring tax adjustments.

For the first quarter of 2006, the Company recorded a net loss of $10.0 million, or $0.24 per share (diluted), compared to net earnings of $6.0 million or $0.15 per share (diluted) for the first quarter of 2005. Included in the net earnings of these periods were manufacturing facility closure costs.

Total manufacturing facility closure costs recorded in the first quarter of 2006 were $17.5 million, which included the asset impairment charge relating to the closure of the Brighton facility and $2.2 million in charges for the closure of the Company's Mexican facility at Piedras Negras that was announced last quarter.

Excluding the manufacturing facility closure costs, and related tax benefits, adjusted net earnings for the first quarter of 2006 were $1.0 million or $0.03 per share (diluted) compared to $6.4 million or $0.15 per share (diluted) for the same quarter last year. The decline in adjusted net earnings resulted primarily from the impact of raw material price volatility and lower volumes. 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. "Adjusted net earnings" does not have any standardized meaning prescribed by Canadian or U.S. GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted net earnings is defined by the Company as net earnings (as reported) plus manufacturing facility closure costs (on a net of tax basis). A reconciliation of adjusted net earnings to GAAP net earnings is set forth below.

The Company is including earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA, non-GAAP financial measures, in this discussion of results because it believes these measures permit more meaningful comparisons of its performance between the periods presented. In addition, the Company's covenants contained in the loan agreement with its lenders require certain debt to Adjusted EBITDA ratios be maintained, thus EBITDA and Adjusted EBITDA are used by management and the Company's lenders in evaluating the Company's performance. The terms EBITDA and Adjusted EBITDA do not have any standardized meanings prescribed by Canadian or U.S. GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, and Adjusted EBITDA as EBITDA plus manufacturing facility closure costs. A reconciliation of the Company's EBITDA and Adjusted EBITDA, non-GAAP financial measures, to GAAP net earnings (loss) is set out in the EBITDA and Adjusted EBITDA reconciliation table below. The Company's adjusted EBITDA was $17.0 million in the first quarter of 2006 as compared to $21.2 million in the first quarter of 2005. The decrease is mainly attributable to the decline in profitability.

Liquidity and Capital Resources

From a cash perspective, the Company generated $0.3 million of free cash flow in the first quarter of 2006, an increase of $8.4 million compared to the same quarter last year, primarily due to lower non-cash working capital requirements in the first quarter this year. "Free cash flow" is defined by the Company as cash flows from operating activities less expenditures for property, plant 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. Free cash flow does not have any standardized meaning prescribed by Canadian or U.S. GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. A reconciliation of free cash flow to cash flows from operating activities, the most directly comparable GAAP measure, is set forth below.

Total debt, net-of-cash, increased by $0.6 million over the course of the first quarter of 2006.

As of March 31, 2006, the Company had cash, cash equivalents, and credit availability of $51.2 million. Due to certain covenant restrictions, as of March 31, 2006, the Company had access to $59.7 million of its $75.0 million revolving credit facility.

Outlook

Early indications are that sales volumes are recovering in the second quarter as customers have reduced inventories and the Company continues to gain momentum with its Value Proposition and National Accounts programs. The Company also expects continued progress with the Flexia integration, further improvement in profitability as a result of the Piedras Negras facility closure, and year-over-year margin increases in its consumer business. Also, given current raw material pricing trends, the Company does not expect to have a margin compression in the second quarter similar to that experienced in the first quarter this year. In the second quarter, the Company anticipates it will incur about $1.5 million in capital expenditures related to the Brighton facility closure.

Also, as announced on May 1, 2006, Mr. Yull will be retiring at the Company's Annual General Meeting in June 2006. In connection with Mr. Yull's retirement, the Company will record an expense in the second quarter of 2006 of approximately $5.5 million. The Company will also record a non-cash, stock-based compensation expense of approximately $1.5 million in recognition of the accelerated vesting of stock options held by Mr. Yull. Finally, the Company is reviewing the appropriate amount to be recorded for Mr. Yull's pension benefit obligation, which could be in the range of $2.0 million.

As announced in December 2005, the Company intends to sell a portion of its interest in the combined coated products operation and flexible intermediate bulk container (FIBC) business through an initial public offering of the combined business using a Canadian Income Trust. The Company continues to consider this opportunity as it progresses with the integration of the Flexia operation.

Reconciliation of Net Earnings to Adjusted Net Earnings

Periods ended March 31, (in millions of US dollars)	Three months	
	2006	2005
	$	$
Net earnings (loss) – as reported	(10.0)	6.0
Add back:		
Manufacturing facility closure costs (net of tax)	11.0	0.4
Adjusted net earnings	1.0	6.4
(in US dollars per share – diluted)		
Net earnings (loss) – as reported	(0.24)	0.15
Adjusted net earnings	0.03	0.15

EBITDA and Adjusted EBITDA Reconciliation to Net Earnings

Periods ended March 31, (in millions of US dollars)	Three months	
	2006	2005
	$	$
Net earnings (loss) – as reported	(10.0)	6.0
Add back:		
Financial expenses, net of amortization	6.4	5.3
Income taxes	(5.7)	1.3
Depreciation and amortization	8.8	7.9
EBITDA	(0.5)	20.5
Add back:		
Manufacturing facility closure costs	17.5	0.7
Adjusted EBITDA	17.0	21.2

Reconciliation of Cash Flows from Operating Activities to Free Cash Flow

Periods ended March 31,
(in millions of US dollars)

	Three months	
	2006	2005
	$	$
Cash flows from (used in) operating activities – as reported	6.3	(3.1)
Subtract:		
Property, plant and equipment expenditures	6.0	5.0
Free cash flow	0.3	(8.1)

(All figures in U.S. dollars, unless otherwise stated; March 31, 2006, exchange rate: Cdn $1.1627 = U.S.$1.00)

Click to view IPG First Quarter 2006 Financials

Conference Call

A conference call to discuss IPG's first quarter results will be held Tuesday, May 9, 2006 at 10:00 A.M. Eastern Time. Participants may dial 1-800-230-1766 (U.S. and Canada) and 1-612-332-0523 (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 827689. The recording will be available from Tuesday, May 9, 2006 at 3:15 P.M. until Tuesday, May 16, 2006 at 11:59 P.M, Eastern 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 2,700 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, adjusted EBITDA, and free cash flow. 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 by 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 those measures to the most directly comparable GAAP measures.

- 30 -

FOR INFORMATION CONTACT:

Dale McSween
President
or
Andrew Archibald
Chief Financial Officer
Intertape Polymer Group Inc.
Tel.: 866-202-4713
E-mail:itp$info@itape.com
Web: www.intertapepolymer.com