2015 Fourth Quarter and Full Year Earnings Call Presentation

ipg intertape polymer group®

March 10, 2016

Safe Harbor Statement

Certain statements and information included in this presentation constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (collectively, "forward-looking statements"), which are made in reliance upon the protections provided by such legislation for forward-looking statements. All statements other than statements of historical facts included in this presentation, including statements regarding 2016 capital expenditures, the Company's capital expenditure initiatives, including the related timing and cost expectations, the update on the South Carolina Project, including the expected cost savings and the expected capital expenditures for the project, the Company's dividends, and the Company's first quarter and full year 2016 outlook, may constitute forward-looking statements. These forward-looking statements are based on current beliefs, assumptions, expectations, estimates, forecasts and projections made by the Company's management. Words such as "may," "will," "should," "expect," "continue," "intend," "estimate," "anticipate," "plan," "foresee," "believe," or "seek" or the negatives of these terms or variations of them or similar terminology are intended to identify such forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, these statements, by their nature, involve risks and uncertainties and are not guarantees of future performance. Such statements are also subject to assumptions concerning, among other things: business conditions and growth or declines in the Company's industry, the Company's customers' industries and the general economy; the anticipated benefits from the Company's manufacturing facility closures and other restructuring efforts; the quality, and market reception, of the Company's products; the Company's anticipated business strategies; risks and costs inherent in litigation; the Company's ability to maintain and improve quality and customer service; anticipated trends in the Company's business; anticipated cash flows from the Company's operations; availability of funds under the Company's Credit Facility; and the Company's ability to continue to control costs. The Company can give no assurance that these statements and expectations will prove to have been correct. Actual outcomes and results may, and often do, differ from what is expressed, implied or projected in such forward-looking statements, and such differences may be material. You are cautioned not to place undue reliance on any forward-looking statement.

For additional information regarding important factors that could cause actual results to differ materially from those expressed in these forward-looking statements and other risks and uncertainties, and the assumptions underlying the forward-looking statements, you are encouraged to read "Item 3. Key Information - Risk Factors," "Item 5. Operating and Financial Review and Prospects (Management's Discussion & Analysis)" and statements located elsewhere in the Company's annual report on Form 20-F for the year ended December 31, 2014 and the other statements and factors contained in the Company's filings with the Canadian securities regulators and the US Securities and Exchange Commission. Each of these forward-looking statements speaks only as of the date of this presentation. The Company will not update these statements unless applicable securities laws require it to do so.

This presentation contains certain non-GAAP financial measures as defined under applicable securities legislation, including Adjusted EBITDA, Adjusted EBITDA as a Percentage of Revenue, EBITDA margin, Adjusted Net Earnings, Adjusted Earnings per Share, Free Cash Flow, Trailing Twelve Month (“TTM”) Adjusted EBITDA, and Debt to TTM Adjusted EBITDA. The Company believes such non-GAAP financial measures improve the transparency of the Company’s disclosures, and improves the period-to-period comparability of the Company’s results from its core business operations. As required by applicable securities legislation, the Company has provided definitions of these non-GAAP measures contained in this presentation, as well as a reconciliation of each of them to the most directly comparable GAAP measure, on its website at http://www.intertapepolymer.com under “Investor Relations” and “Events and Presentations” and “Investor Presentations“. You are encouraged to review the related GAAP financial measures and the reconciliation of non-GAAP measures to their most directly comparable GAAP measures set forth on the website and should consider non-GAAP measures only as a supplement to, not as a substitute for or as a superior measure to, measures of financial performance prepared in accordance with GAAP.

Variance, ratio and percentage changes in this presentation are based on unrounded numbers.

Q4 2015 Highlights (as compared to Q4 2014)

- **Revenue of $195.7MM, a decrease of 2.5%**
  - Lost sales of approx. $9MM resulting from the South Carolina Flood*
- **Gross margin increased to 23.4% from 18.0%**
  - Increase in the spread between selling prices and lower raw material costs; and
  - Significant improvement in manufacturing performance
  - Partially offset by approx. $3MM of costs related to the South Carolina Flood*
- **Net Earnings of $17.5MM, an increase of $11.4MM**
  - Increase in gross profit and a decrease in income tax expense
  - Partially offset by an increase in variable compensation and the impact of the South Carolina Flood*
- **Adjusted EBITDA of $24.6MM, an increase of 19.1%**
  - Increase in gross profit partially offset by the approx. $3MM impact of the South Carolina Flood* and an increase in variable compensation

*The South Carolina Flood refers to the rainfall and subsequent severe flooding on October 4, 2015 that resulted in considerable damage to and the permanent closure of the Columbia, South Carolina manufacturing facility eight to nine months in advance of the planned shut down.

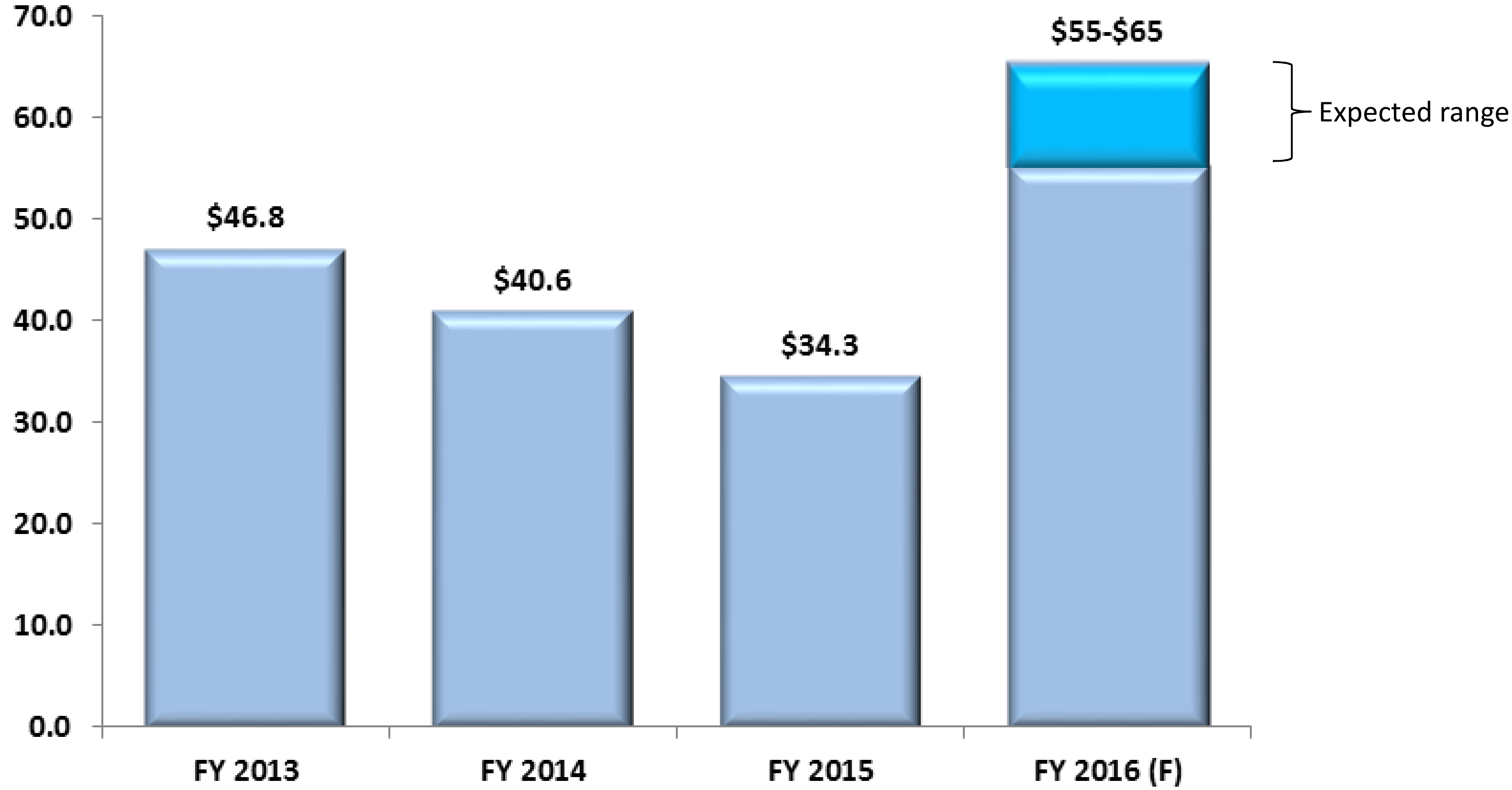
Full Year 2015 Highlights (as compared to 2014)

- **Revenue of $781.9MM, a decrease of 3.8%**
  - Decrease in average selling price, including the impact of unfavourable product mix
- **Gross margin increased to 21.5% from 20.1%**
  - Increase in the spread between selling prices and lower raw material costs
- **Net Earnings of $56.7MM, an increase of $20.8MM**
  - Largest reason being a significant reduction in the effective tax rate due mainly to a favourable change in the mix of earnings between jurisdictions and the recognition of previously derecognized Canadian deferred tax assets
- **Adjusted EBITDA of $102.0MM, a decrease of 1.8%**
  - Unfavourable impact of foreign exchange, an increase in selling, general and administrative expenses related to business acquisitions and an increase in employee related costs, and an increase in research expenses mainly related to the South Carolina Project*
  - Partially offset by a decrease in variable compensation expense
- **Cash flows from operating activities increased to $102.3MM from $86.9MM and free cash flows increased to $68.0MM from $46.3MM**

*The South Carolina Project refers to the previously announced relocation and modernization of the Company's Columbia, South Carolina manufacturing operation. This project involves moving the Company's duct tape and masking tape production to a new state-of-the-art facility in Blythewood, South Carolina as well as moving flatback tape production to the Company's existing facility in Marysville, Michigan.

Capital Expenditures

(In millions of US dollars)



Capital expenditures to support maintenance needs are expected to be between $8 and $12 million in 2016.

Capital Expenditure Initiatives

- **Expansion of Capacity in Water-Activated Tapes**
  - Construction of a greenfield manufacturing facility in the Cabarrus County, North Carolina
  - Expected to be operational by the end of 2017
  - Total project CAPEX estimated at approximately $44-$49MM
  - $4.2MM CAPEX from 2015 applied to project; estimated 2016 spend approx. $31-$36MM

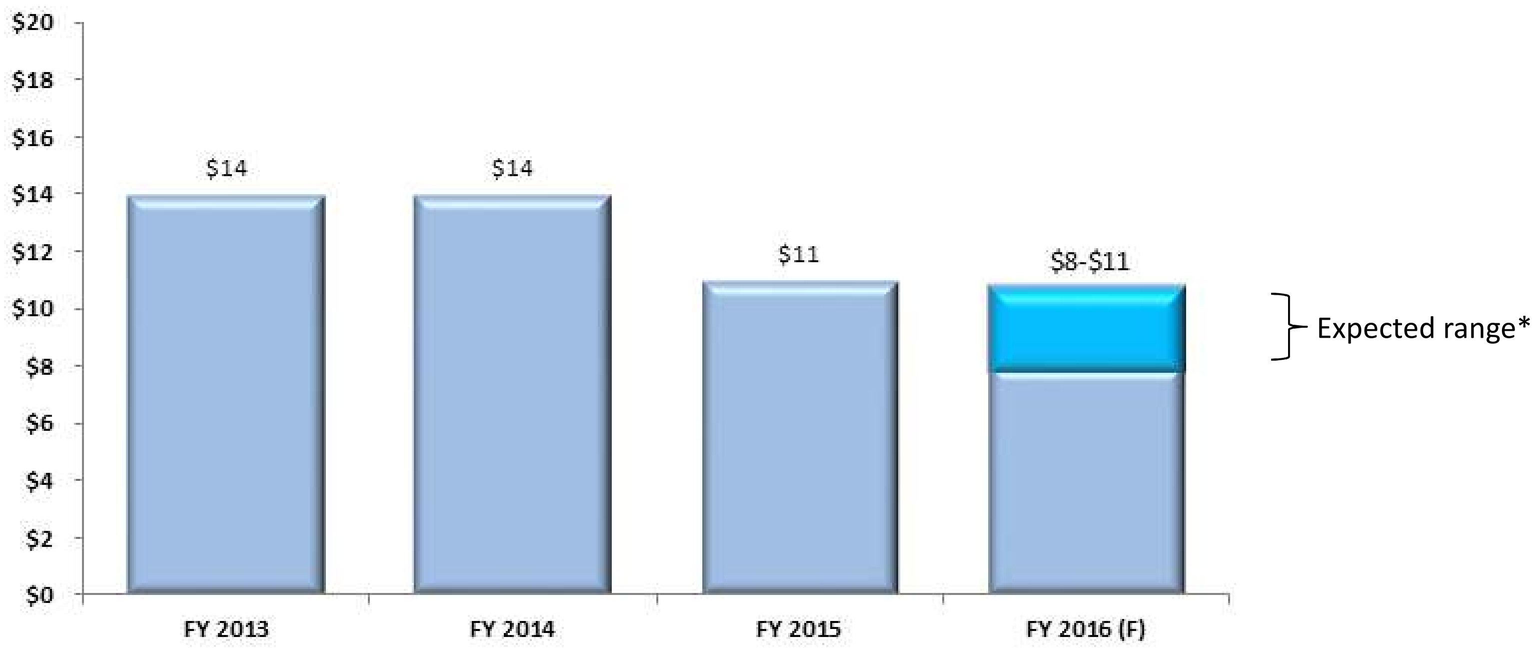
- **Additional Capital Expenditure Initiatives**

Initiatives	Year Ended 12/31/15	Estimated 2016 Spend	Estimated Total Project Spend (from inception)	Estimated Completion Date
Capacity expansion related to:				
Woven	$3.2MM	$-	$5MM	Completed in 2015
Shrink Film	$3.9MM	$5MM	$11MM	End of the first half of 2017
Product offering expansion related to:				
Specialty Tape	$-	$4MM	$10MM	End of the first half of 2017

CAPEX initiatives discussed above are expected to yield an after-tax internal rate of return greater than 15%.

Manufacturing Cost Reductions (1)

(In millions of US dollars)



(1) Approximate values. Cost reductions are calculated by comparing the cost of a manufacturing process before and after implementing an improvement. The savings are reported for a period of 12 months upon implementation of the initiative.

* Excludes any savings related to the South Carolina Project.

Other Significant Items

- **TaraTape Acquisition on November 2, 2015 for a purchase price of $11.0MM**
  - Expected annualized revenue of approximately $20MM and EBITDA margin of slightly below 10% in 2016 with an additional $2 to $4MM of synergies expected by the end of 2017
  - $3.1MM revenue recognized in 2015
- **Better Packages Acquisition on April 7, 2015 for a purchase price of $15.9MM**
  - Expected annualized revenue of approximately $18MM and EBITDA margin of over 15% in 2016
  - $14.6MM revenue recognized in 2015
- **Normal Course Issuer Bid**
  - Repurchased 2,487,188 common shares for a total purchase price of $30.0MM during 2015
  - As of March 9, 2016, the Company repurchased 147,200 shares in 2016 for a total purchase price of $1.7MM
- **Dividends**
  - Dividends paid totalled approximately $30MM in 2015
  - Dividend of $0.13 per common share payable on March 31, 2016 to shareholders of record on March 21, 2016

Revenue Analysis

(In millions of US dollars)

	Q4 '14 to Q4 '15		Q3 '15 to Q4 '15		Full Yr 2014 to 2015	
Beginning	$200.8		$200.6		$812.7	
Volume effect (1)	(1.9)	-1.0%	(7.8)	-3.8%	11.6	1.4%
Price/Mix effect (1)	(8.4)	-4.2%	(5.7)	-2.7%	(35.9)	-4.4%
Foreign Exchange	(2.8)	-1.4%	(0.3)	-0.2%	(13.3)	-1.6%
Acquisitions	8.6	4.3%	3.8	1.8%	17.7	2.2%
Commissioning (2)	(0.5)	-0.3%	5.1	2.5%	(11.0)	-1.4%
Ending	$195.7	-2.5%	$195.7	-2.5%	$781.9	-3.8%

(1) Embedded herein is an estimate of approximately $9 million of lost sales due to the impact of the South Carolina Flood in the fourth quarter of 2015.

(2) Reduction in revenue attributed to sales generated while the Company was in the process of commissioning the duct and masking production lines and therefore was accounted for as a reduction of revenue and a reduction of the cost of the South Carolina Project. However, the impact on gross profit and capital expenditures was not significant due to the requirement to offset this revenue with the associated cost of sales in the reclassification of the gross profit as a reduction of the capital expenditures.

Summary Q4 2015 Results

(In millions of US dollars) (1)	Q4 2014	Q3 2015	Q4 2015	Q4 15 vs. Q4 14	Q4 15 vs. Q3 15
Revenue	200.8	200.6	195.7	(2.5%)	(2.5%)
Gross profit	36.2	42.8	45.8	26.4%	7.0%
Gross margin	18.0%	21.3%	23.4%	+536 bps	+207 bps
SG&A	23.3	17.9	25.8	10.8%	43.7%
Research expenses	2.4	2.5	2.8	16.9%	10.1%
Net earnings	6.1	15.7	17.5	188.8%	11.7%
EPS, fully diluted	0.10	0.26	0.29	198.3%	12.8%
Adjusted net earnings	11.9	12.9	18.9	58.6%	46.2%
Adjusted EPS, fully diluted	0.19	0.21	0.31	63.9%	47.5%
Adjusted EBITDA	20.6	26.8	24.6	19.1%	(8.4%)
Adjusted EBITDA as % of Revenue	10.3%	13.4%	12.6%	+228 bps	(81 bps)
Effective Tax Rate	15.8%	28.6%	-34.0%	(315.1%)	(219.0%)

(1) Excluding EPS

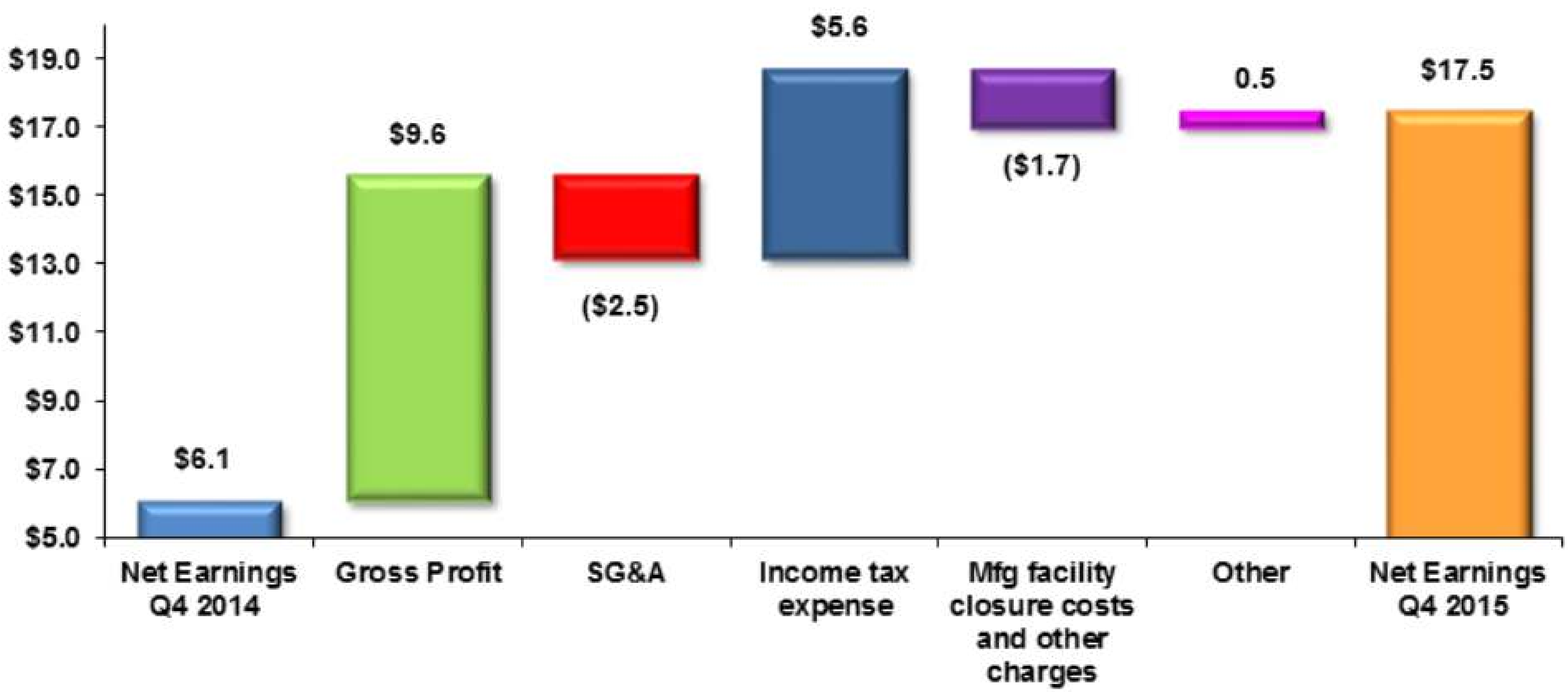
Summary Full Year 2015 Results

(In millions of US dollars) [1]	2014	2015	2015 vs. 2014
Revenue	812.7	781.9	(3.8%)
Gross profit	163.6	168.0	2.7%
Gross margin	20.1%	21.5%	+135 bps
SG&A	86.0	84.1	(2.2%)
Research expenses	7.9	9.5	20.1%
Net earnings	35.8	56.7	58.2%
EPS, fully diluted	0.58	0.93	60.7%
Adjusted net earnings	52.4	58.6	11.9%
Adjusted EPS, fully diluted	0.84	0.96	13.6%
Adjusted EBITDA	103.9	102.0	(1.8%)
Adjusted EBITDA as % of Revenue	12.8%	13.0%	+26 bps
Effective Tax Rate	39.0%	16.2%	(58.4%)

[1] Excluding EPS

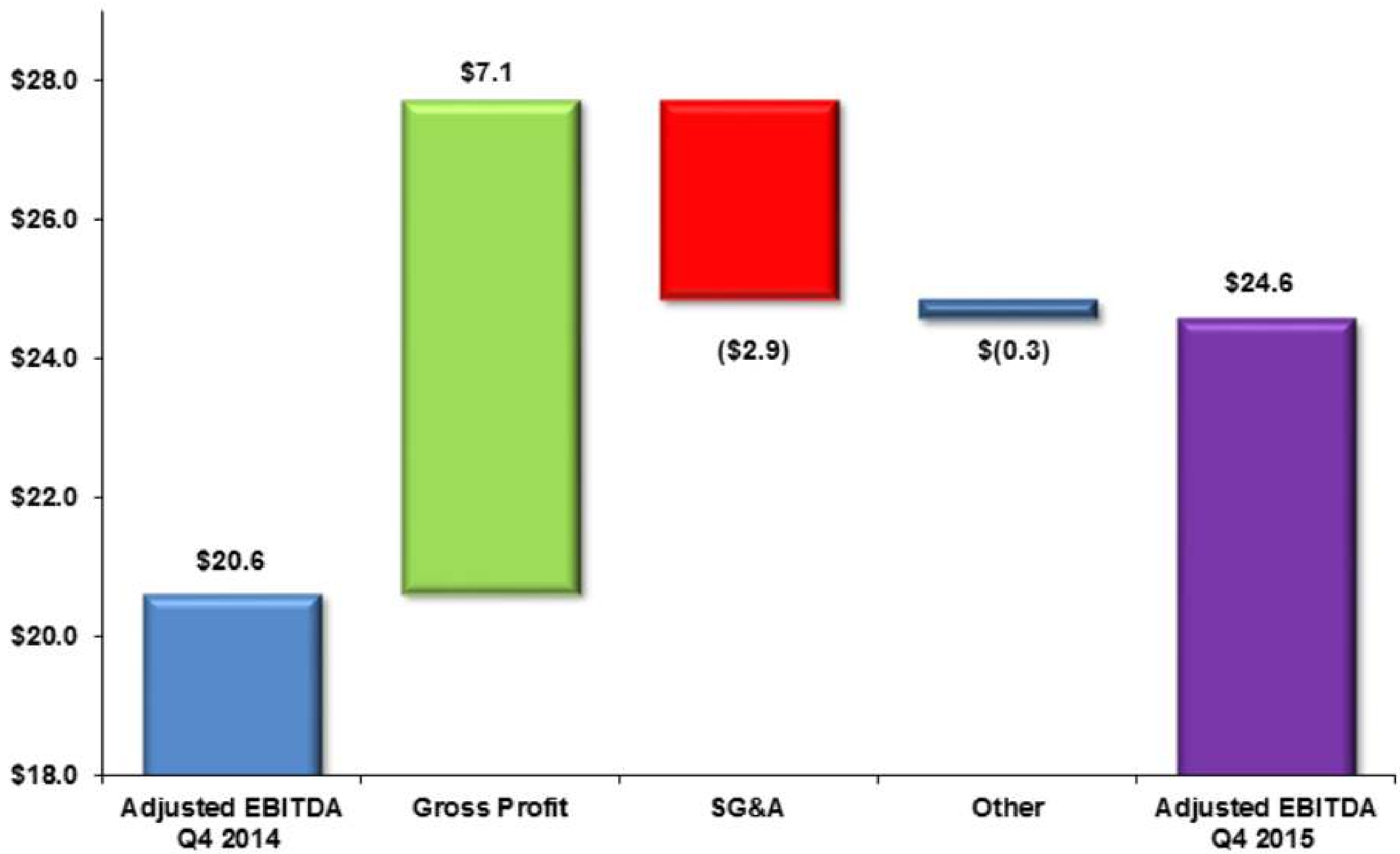
Net Earnings Q4 2015 over Q4 2014

(In millions of US dollars)



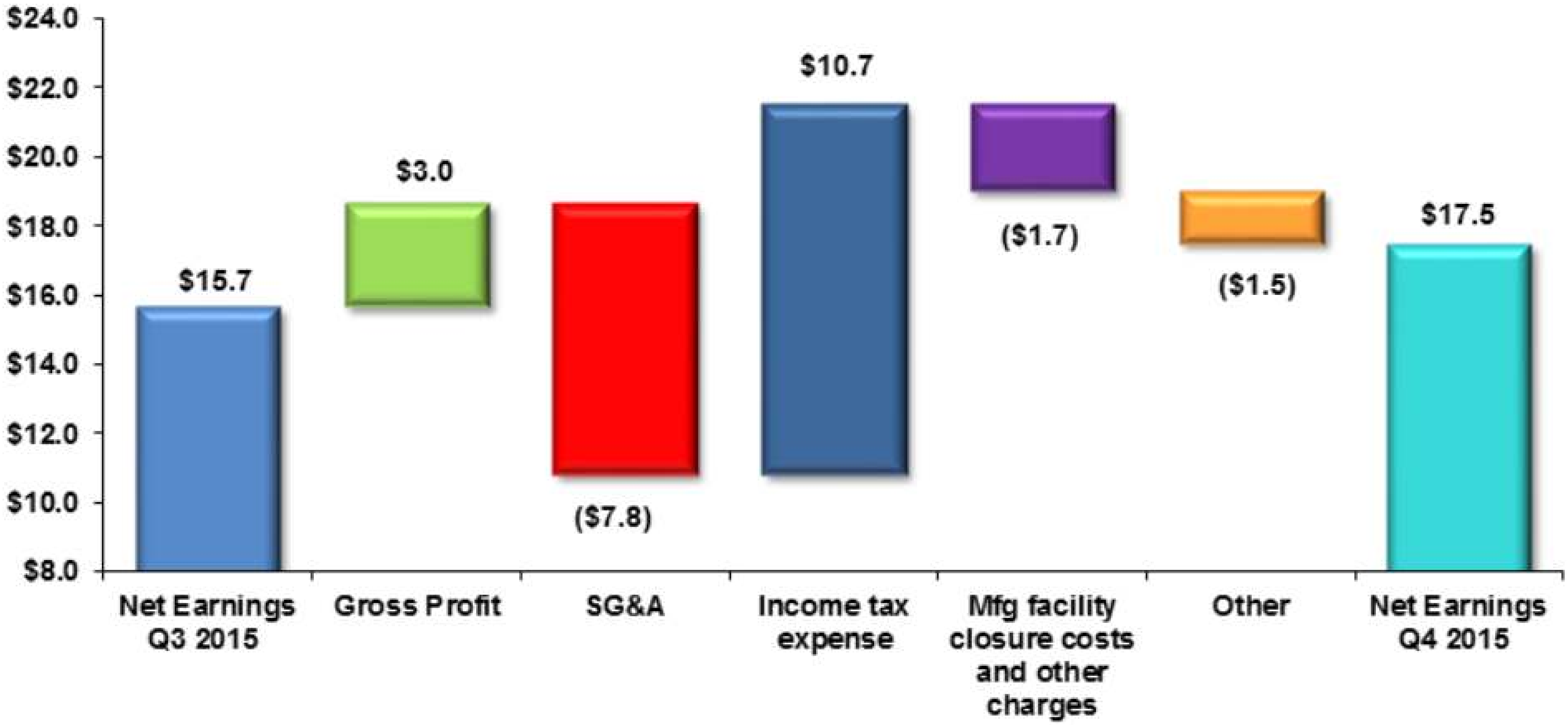
Adjusted EBITDA Q4 2015 over Q4 2014

(In millions of US dollars)



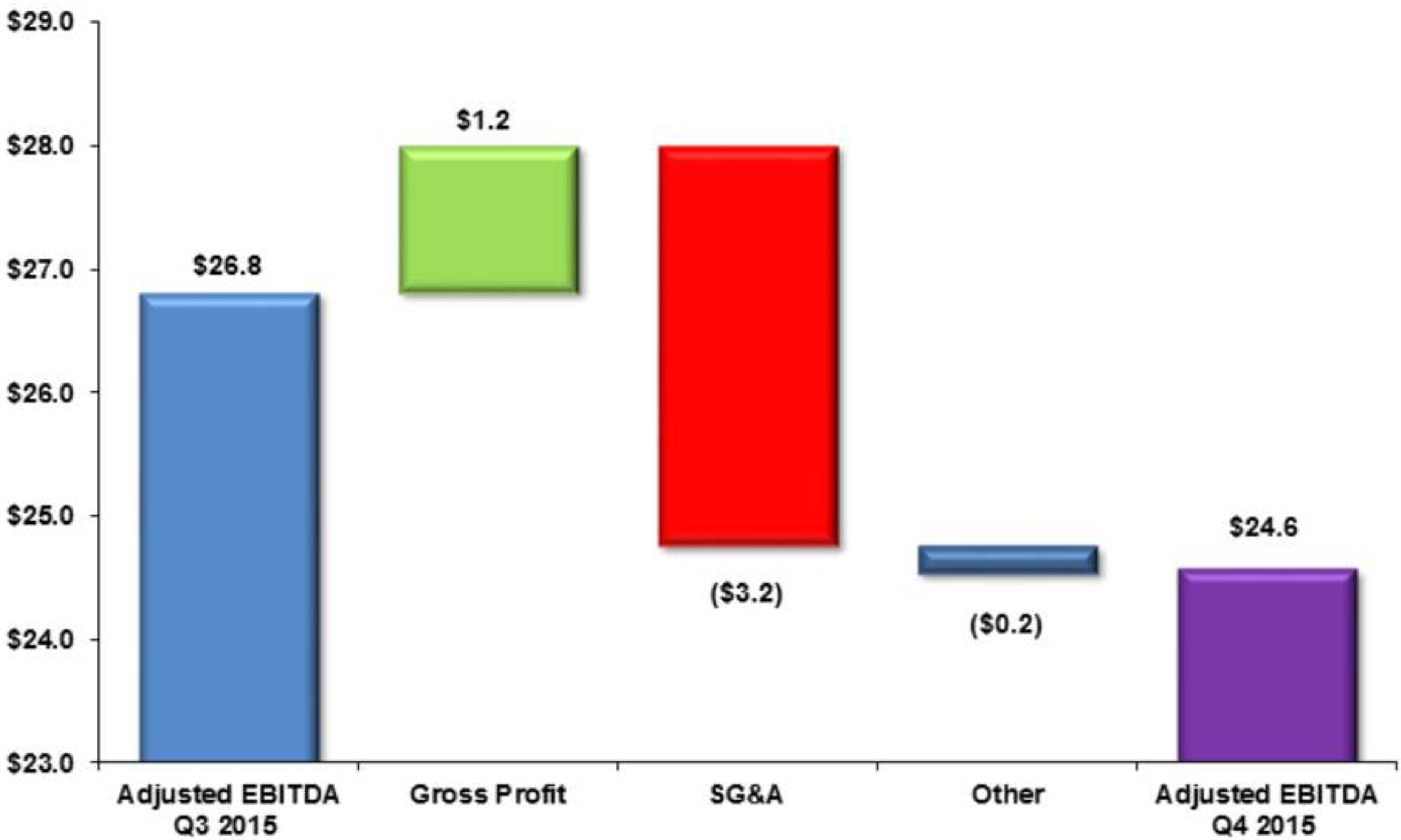
Net Earnings Q4 2015 over Q3 2015

(In millions of US dollars)



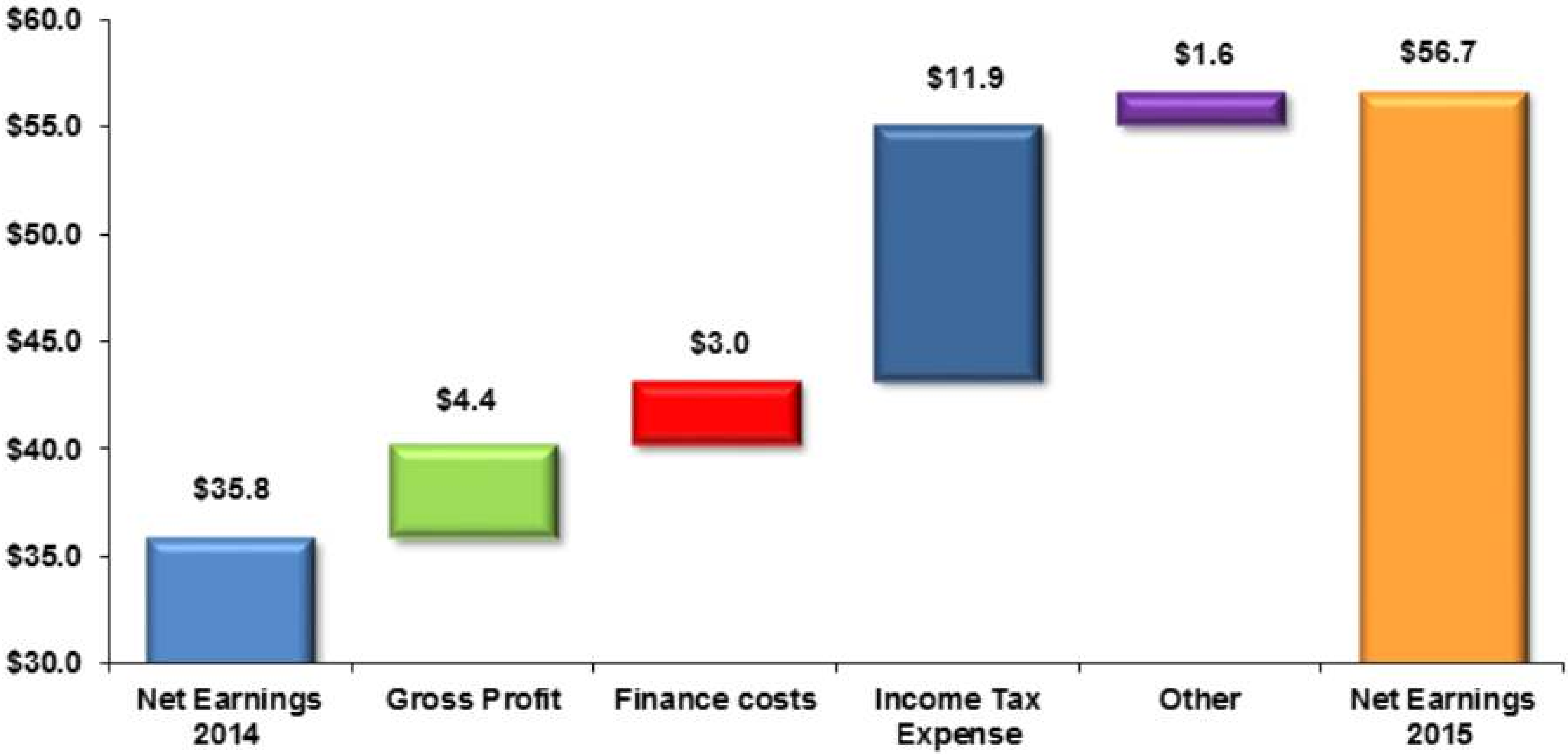
Adjusted EBITDA Q4 2015 over Q3 2015

(In millions of US dollars)



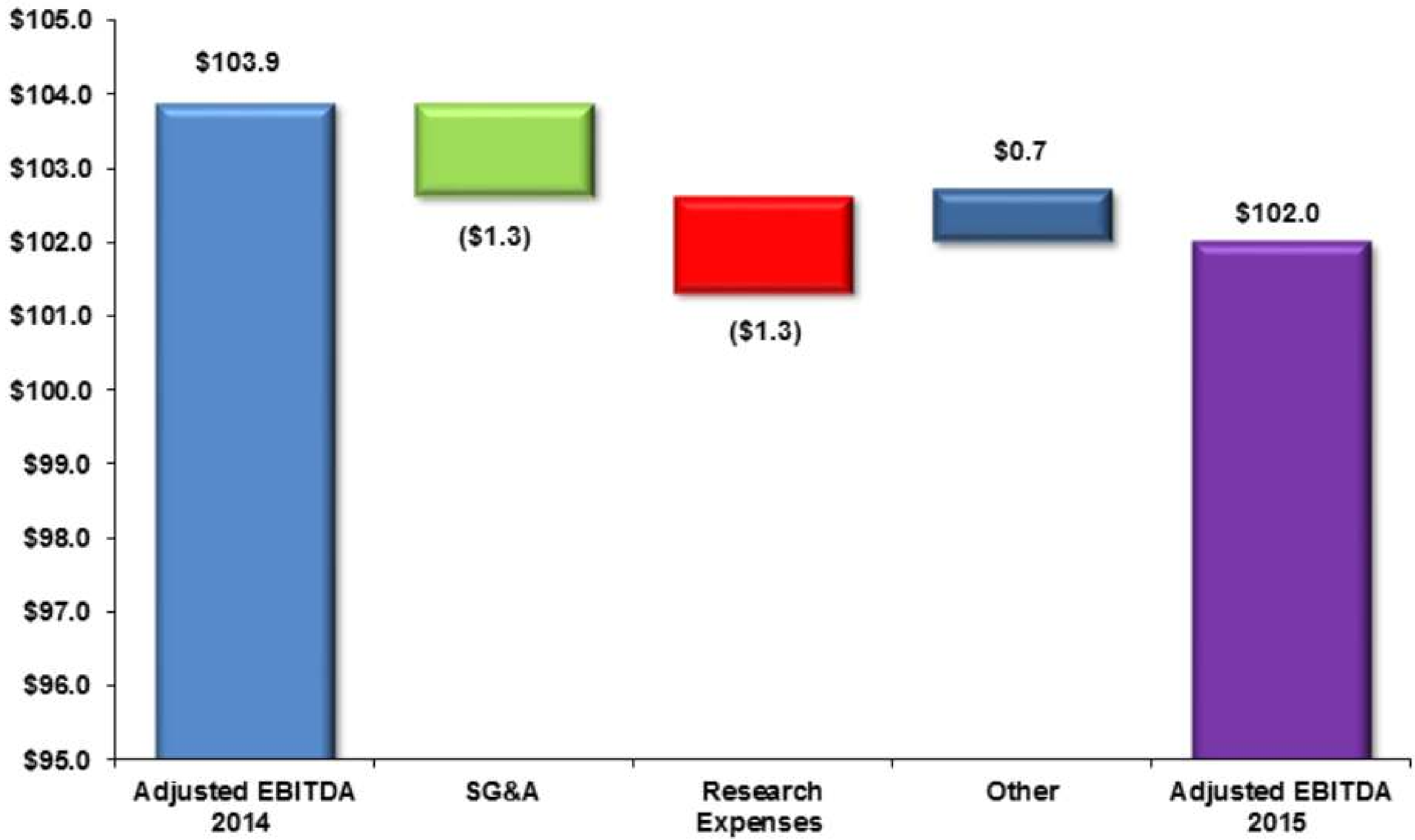
Net Earnings Full Year 2015 over 2014

(In millions of US dollars)



Adjusted EBITDA Full Year 2015 over 2014

(In millions of US dollars)



Summary Q4 2015 Results

(In millions of US dollars) [1]	Q4 2014	Q3 2015	Q4 2015	Q4 15 vs. Q4 14	Q4 15 vs. Q3 15
Cash and loan availability	214.6	173.6	182.3	(15.0%)	5.0%
Cash flow from operating activities before working capital	18.7	24.9	26.6	41.8%	6.7%
Working capital items	15.0	8.9	15.3	1.5%	72.0%
Cash flow from operating activities	33.8	33.8	41.9	23.9%	23.8%
Free Cash Flow	26.8	23.2	33.3	24.3%	44.0%
Cash	8.3	14.1	17.6	111.2%	25.1%
Total debt	123.3	157.6	152.8	24.0%	(3.1%)
Net debt [2]	114.9	143.6	135.2	17.7%	(5.8%)
TTM Adjusted EBITDA	103.9	98.1	102.0	(1.8%)	4.0%
Debt to TTM Adjusted EBITDA	1.2	1.6	1.5	26.3%	(6.8%)
DSO	37	41	37	(0.8%)	(9.7%)
Days inventory	58	60	61	6.1%	0.9%

[1] Excluding ratios, DSO and days inventory

[2] Total debt less cash

Columbia, SC Flood on October 4, 2015

Impacts to Results	Q4 2015
Manufacturing facility closures, restructuring and other related charges	$6.5MM
Insurance settlement claim proceeds*	$5.0MM
Estimated revenue reduction	~$9MM
Estimated gross profit and adjusted EBITDA reduction**	~$3MM

*Recorded in manufacturing facility closures, restructuring and other related charges. Partially offsetting charges related to damage to real and personal property as well as subsequent clean-up and idle facility costs.

**Reflects lost gross profit on lost sales as well as incremental costs from alternative product sourcing, partially offset by the reduction in South Carolina Duplicate Overhead Costs associated with the unexpected, permanent shut down of the Columbia, SC manufacturing facility.

Update on South Carolina Project

Actual Project Results	Q2 2015	Q3 2015	Q4 2015	Full Year 2015
South Carolina Commissioning Revenue Reduction	$4.9MM duct	$5.6MM duct	$0.5MM masking	$11MM
Net negative impact, of ramp-up production inefficiencies net of project savings, on gross profit and adjusted EBITDA	$1.3MM	$0.6MM	<$0.1MM	$1.9MM
South Carolina Duplicate Overhead Costs	$0.8MM	$1.3MM	Nil	$4.3MM
Net negative impact of both components above on gross profit and adjusted EBITDA*	**$2.1MM**	**$1.9MM**	**<$0.1MM**	**$6.2MM**
South Carolina Project Capital Expenditures	$0.8MM	$1.9MM	$1.9MM	$7.9MM

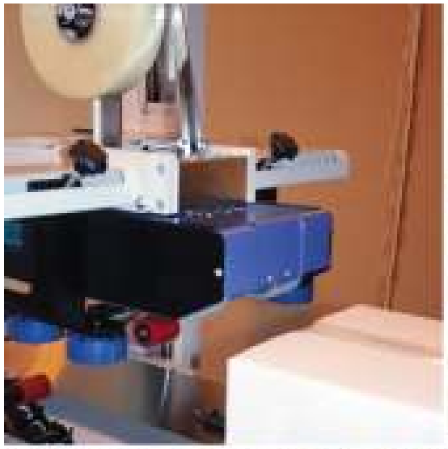
* Adjusted EBITDA excludes the impact of non-cash South Carolina Duplicate Overhead Costs.

- Expected cost savings from the South Carolina Project remain unchanged.
- Total project capital expenditures, from inception, are now expected to be approximately $60MM.

Outlook

- The Company expects gross margin for 2016 to be between 22% and 24% and to reach the upper end of this range by the fourth quarter.
- Adjusted EBITDA for 2016 is expected to be $117 to $123 million, excluding the impact of the South Carolina Flood. While South Carolina Flood costs and lost sales are expected to be substantially offset by insurance proceeds, the timing of the recovery of the insurance proceeds is uncertain.
- Manufacturing cost reductions for 2016 are expected to be between $8 and $11 million excluding any cost savings related to the South Carolina Project.
- Total capital expenditures for 2016 are expected to be between $55 and $65 million.
- The Company still expects a 25% to 30% effective tax rate for 2016. Cash taxes paid in 2016 are expected to be approximately half of the income tax expense in 2016.
- Revenue in the first quarter of 2016 is expected to be similar to the first quarter of 2015.
- Gross margin in the first quarter of 2016 is expected to be greater than the first quarter of 2015.
- Adjusted EBITDA in the first quarter of 2016 is expected to be greater than the first quarter of 2015.

Industrial Packaging



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