2016 First Quarter Earnings Call Presentation

ipg intertape polymer group®

May 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, 2016 manufacturing cost reductions, and the Company's second 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, 2015 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, 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.

Q1 2016 Highlights (as compared to Q1 2015)

- **Revenue increased 1.0% to $190.8 million**
  - Increased sales volume and the TaraTape and Better Packages acquisitions
  - Partially offset by a decrease in average selling price and the South Carolina Commissioning Revenue Reduction(1)
- **Gross margin increased to 21.5% from 19.6%**
  - Increase in the spread between selling prices and lower raw material costs and the favourable impact of manufacturing cost reduction programs
  - Partially offset by an unfavourable product mix variance and the impact of the South Carolina Flood
- **South Carolina Project(2) contributed $1.3 million of savings (net of production ramp-up inefficiencies) to gross profit**
  - Compared to net negative impacts to gross profit of $2.2 million in Q1 2015 and <$0.1 million in Q4 2015

(1) The "South Carolina Commissioning Revenue Reduction" refers to the sales attributed to the commissioning efforts of the production lines that were accounted for as a reduction of revenue and a corresponding reduction of the cost of the South Carolina Project.

(2) The "South Carolina Project" refers to the previously announced relocation and modernization of the Company's Columbia, South Carolina manufacturing operation. This project primarily 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.

Q1 2016 Highlights (as compared to Q1 2015, continued)

- **Selling, general and administrative expenses ("SG&A") increased $5.3 million**
  - Primarily due to increases in stock-based compensation expense, variable compensation expense, additional SG&A in 2016 derived from the Better Packages and TaraTape acquisitions, and employee related costs to support growth initiatives in the business
- **Net earnings decreased $2.2 million to $9.5 million**
  - Primarily due to increases in SG&A and manufacturing facility closure charges relating to the South Carolina Flood
  - Partially offset by an increase in gross profit and a decrease in income tax expense
- **Adjusted EBITDA increased 2.1% to $24.0 million**
  - Increase in gross profit and contribution from the acquisitions, partially offset by an increase in SG&A.
- **The South Carolina Flood[1] had a negative impact on Q1 2016 results**
  - Approximately $5 million of lost sales, and reductions in gross profit, net earnings and adjusted EBITDA of approximately $3 million

[1] 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.

Capital Expenditures

(In millions of US dollars)

Capital expenditures to support maintenance needs are expected to be between $8 and $12 million in 2016. Additional expected spend in 2016 includes the South Carolina Project, the recently announced water-activated tape capacity expansion in Cabarrus County, North Carolina, shrink film capacity expansion at the Portugal manufacturing facility, woven products capacity expansion and expansion of the Company's specialty tape product offering.

Manufacturing Cost Reductions (1)

(In millions of US dollars)

- Excludes any savings related to the South Carolina Project.

(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.

Summary Q1 2016 Results

*(In millions of US dollars) **	Q1 2015	Q4 2015	Q1 2016	Q1 16 vs. Q1 15	Q1 16 vs. Q4 15
Revenue	189.0	195.7	190.8	1.0%	(2.5%)
Gross profit	37.0	45.8	41.1	11.0%	(10.3%)
Gross margin	19.6%	23.4%	21.5%	+195 bps	(186 bps)
SG&A	18.1	25.8	23.4	29.0%	(9.2%)
Research expenses	2.1	2.8	2.5	23.0%	(7.6%)
Net earnings	11.8	17.5	9.5	(19.1%)	(45.5%)
EPS, fully diluted	0.19	0.29	0.16	(16.2%)	(45.3%)
Adjusted net earnings	12.6	18.9	14.0	10.8%	(26.0%)
Adjusted EPS, fully diluted	0.20	0.31	0.23	14.8%	(25.6%)
Adjusted EBITDA	23.5	24.6	24.0	2.0%	(2.2%)
Adjusted EBITDA as % of Revenue	12.5%	12.6%	12.6%	+13 bps	+3 bps
Effective Tax Rate	27.2%	-34.0%	24.0%	(11.7%)	(170.6%)

* Excluding EPS

Revenue Analysis

(In millions of US dollars)

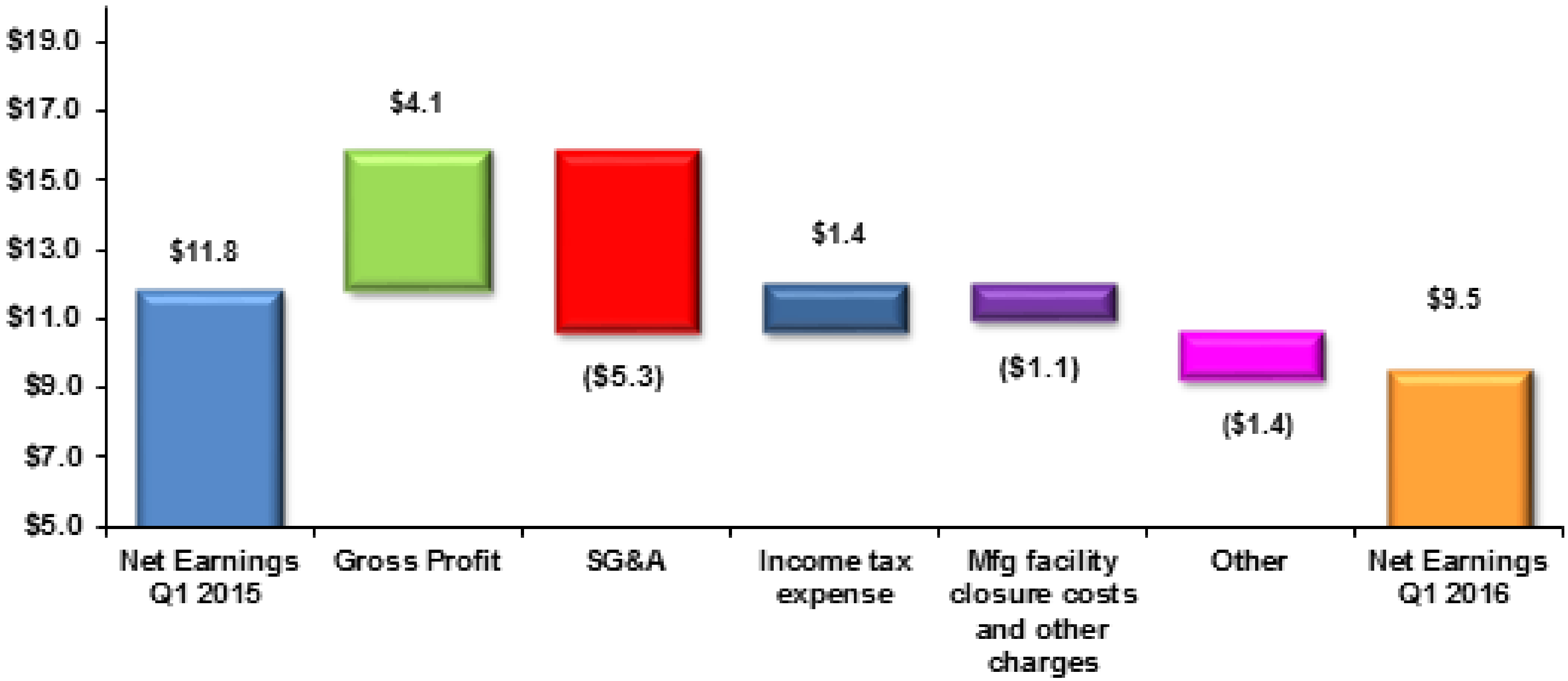
	Q1 2015 to Q1 2016		Q4 2015 to Q1 2016	
Beginning	$189.0		$195.7	
Volume effect [1]	5.5	2.9%	(1.3)	-0.7%
Price/Mix effect [1]	(7.2)	-3.8%	(0.3)	-0.2%
Foreign Exchange	(1.6)	-0.8%	(0.3)	-0.2%
Acquisitions	9.3	4.9%	0.8	0.4%
Commissioning [2]	(4.3)	-2.3%	(3.7)	-1.9%
Ending	$190.8	1.0%	$190.8	-2.5%

1) Embedded herein is an estimate of approximately $9 million and $5 million of lost sales due to the impact of the South Carolina Flood in the fourth quarter of 2015 and first quarter of 2016, respectively.

2) Reduction in revenue attributed to sales generated while the Company commissions the masking production line 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.

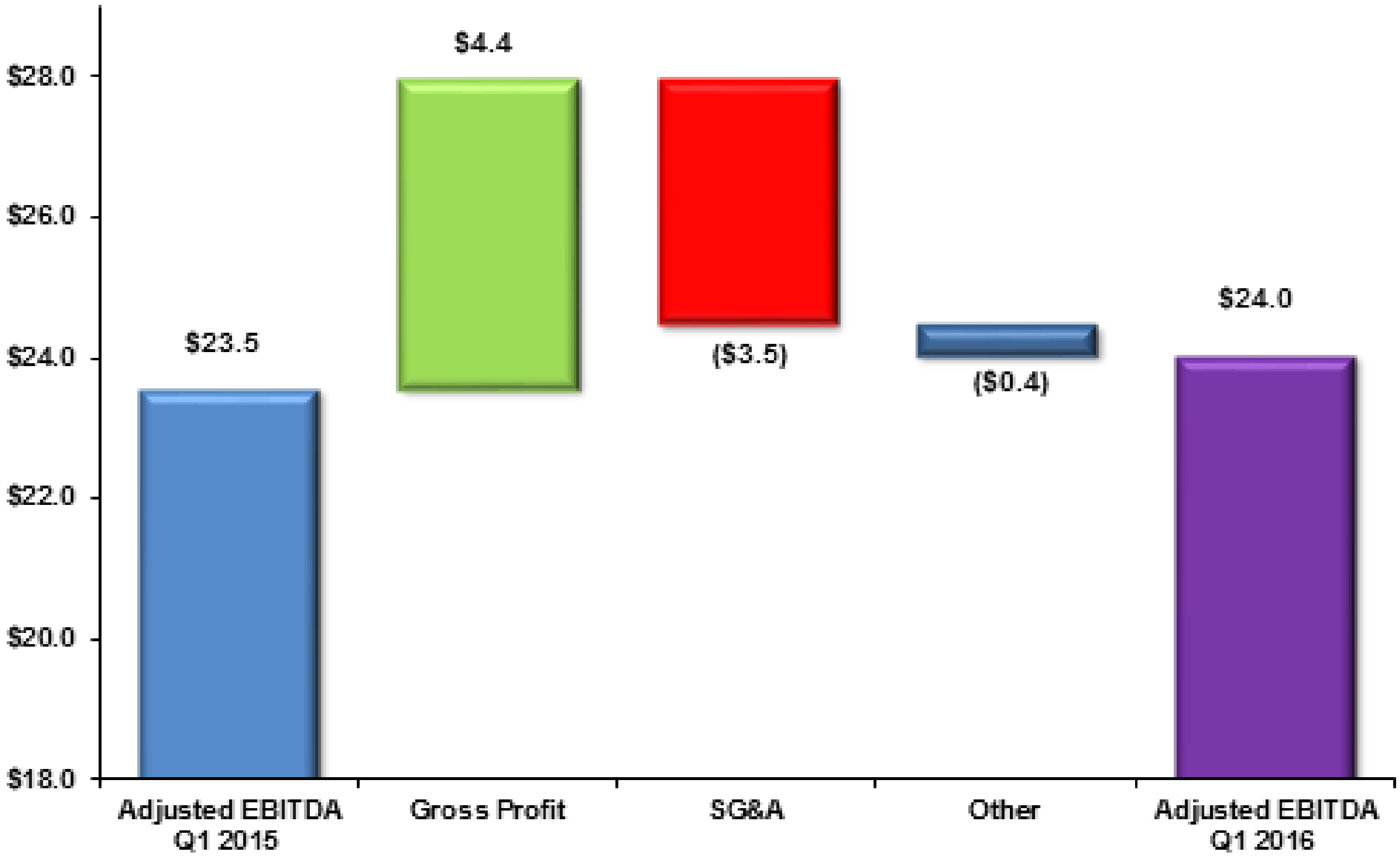
Net Earnings Q1 2016 over Q1 2015

(In millions of US dollars)



Adjusted EBITDA Q1 2016 over Q1 2015

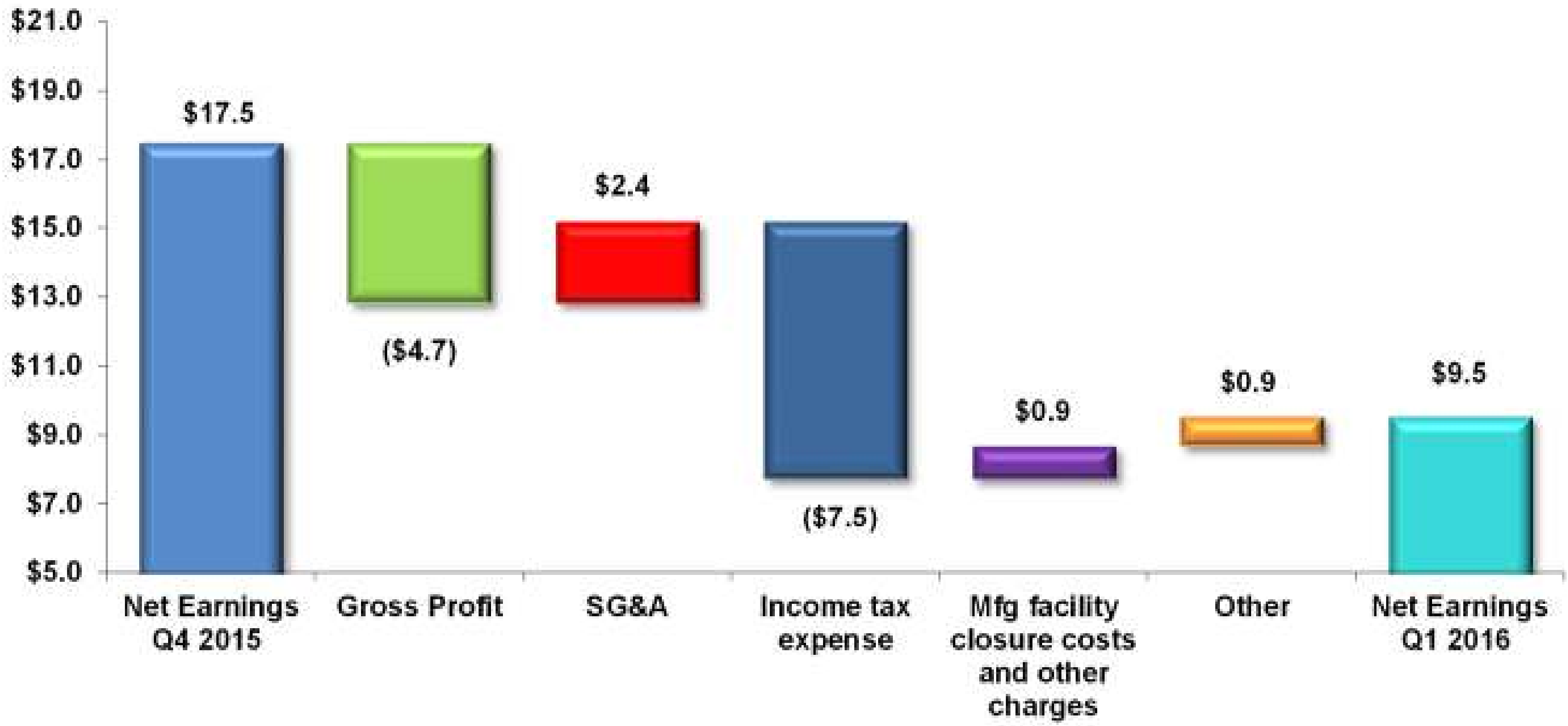
(In millions of US dollars)



The captions above include the impact of certain non-GAAP adjustments as discussed in the Safe Harbor Statement.

Net Earnings Q1 2016 over Q4 2015

(In millions of US dollars)



Adjusted EBITDA Q1 2016 over Q4 2015

(In millions of US dollars)

The captions above include the impact of certain non-GAAP adjustments as discussed in the Safe Harbor Statement.

Summary Q1 2016 Results

*(In millions of US dollars) **	Q1 2015	Q4 2015	Q1 2016	Q1 16 vs. Q1 15	Q1 16 vs. Q4 15
Cash and loan availability	208.7	182.3	161.2	(22.7%)	(11.6%)
Cash flow from operating activities before working capital	22.8	26.6	23.0	1.1%	(13.4%)
Working capital items	(21.9)	15.3	(24.3)	11.2%	(259.3%)
Cash flow from operating activities	0.9	41.9	(1.3)	(249.9%)	(103.2%)
Free Cash Flow	(8.1)	33.3	(10.8)	33.6%	(132.4%)
Cash	24.3	17.6	14.3	(41.2%)	(19.0%)
Total debt	159.8	152.8	170.9	7.0%	11.8%
Net debt **	135.5	135.2	156.6	15.6%	15.8%
TTM Adjusted EBITDA	100.8	102.0	102.5	1.7%	0.5%
Debt to TTM Adjusted EBITDA	1.6	1.5	1.7	5.2%	11.3%
DSO	41	37	41	0.2%	10.9%
Days inventory	61	61	65	6.6%	6.1%

* Excluding ratios, DSO and days inventory

** Total debt less cash

Columbia, SC Flood on October 4, 2015

Impacts to Results - Millions of USD	Q1 2016	Q4 2015
Manufacturing facility closures, restructuring and other related charges	1.5	6.5
Insurance settlement claim proceeds (1)	-	5.0
Estimated revenue reduction	~5	~9
Estimated gross profit, net earnings and adjusted EBITDA reduction (2)	~3	~3

1) 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.
2) 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.

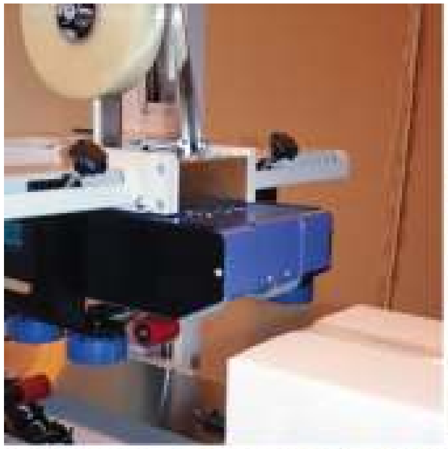
Update on South Carolina Project

Impacts to Results - Millions of USD	Q1 2016	Q4 2015	Q1 2015
South Carolina Commissioning Revenue Reduction (Masking tape)	4.3	0.5	-
Cost savings, net of production ramp-up inefficiencies	1.3	(<0.1)	-
South Carolina Duplicate Overhead Costs	-	-	2.2
Impact on gross profit	1.3	(<0.1)	(2.2)
Addback: Non-cash South Carolina Duplicate Overhead Costs	-	-	0.4
Impact on adjusted EBITDA	1.3	(<0.1)	(1.8)
South Carolina Project Capital Expenditures	2.2	1.9	3.3

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 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.
- Excluding the potential impact of South Carolina commissioning accounting adjustments, the Company expects revenue, gross margin and adjusted EBITDA in the second quarter of 2016 to be greater than in the second quarter of 2015.

Industrial Packaging



Marine & Composites

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Building & Construction

Geo Membrane

Structured Fabrics

Automotive Aftermarket

Aerospace