

Intertape Polymer Group Inc. Announces Second Quarter Results

- **Sales up 10.7% compared to last year**
- **Adjusted net earnings up 7.0% compared to last year**
- **Free cash flow of \$7.6 million**

Montréal, Québec and Bradenton, Florida – July 28, 2005 – Intertape Polymer Group Inc. (NYSE, TSX: ITP) today released results for its second quarter ended June 30, 2005.

Sales for the second quarter were \$190.3 million, up 10.7% from \$171.9 million for the same quarter of 2004, while the Company reported net earnings of \$5.4 million or \$0.13 per share (basic and diluted) compared to \$5.7 million or \$0.14 per share (basic and diluted) for the same period last year. The quarter's results included total charges of \$1.1 million for costs associated with manufacturing facility closures and an industrial accident. Excluding the manufacturing facility closure and industrial accident costs and related tax benefits, adjusted net earnings for the second quarter of 2005 were \$6.1 million or \$0.15 per share (basic and diluted) compared to \$5.7 million or \$0.14 per share (basic and diluted) for the same quarter last year. 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 at the end of this press release.

"We were able to achieve double-digit sales growth again this quarter, despite a softening of the market for film products and an industry-wide shortage of synthetic rubber, a key raw material for certain of our tape adhesives," said Intertape Polymer Group Inc. ("IPG") Chairman and Chief Executive Officer, Melbourne F. Yull. "While we were able to satisfy some of our customers' demand with alternative products, we were not able to meet all of their demands, which resulted in lower sales volumes compared to last year. This shortage in synthetic rubber is expected to be rectified by the end of 2005, but it could take longer. Higher sales were the result of price increases implemented over the past few quarters to recover increased raw material costs."

"Our net earnings, however, did not grow proportionately as they were impacted negatively by higher raw material costs, including that of synthetic rubber, costs related to an industrial accident and increased staffing as a result of the organizational realignment that we began at the end of 2004," said Mr. Yull. "The sales price increases that have been implemented over the past while have allowed us to recover raw material cost increases, as well as some gross margin, but we have not yet been able to get back to historical gross margin levels. The additional staffing costs this quarter are an investment in our new organizational structure which we believe will begin to reap benefits in the second half of this year."

With completion of the preliminary investigation of the accident at its Columbia, South Carolina facility, the Company has established a loss provision totaling approximately \$1.1 million, almost all of which was recorded in the second quarter. Most of the loss provision relates to applicable insurance policy deductibles.

"Decreased financial expenses continue to have a positive impact on our net earnings as they were down 18.2% in the second quarter of 2005 compared to the second 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, we were able to generate \$7.6 million of free cash flow in the quarter. This was in part due to improved collection of trade receivables and the receipt of a tax refund during the quarter. The Company's target for free cash flow in 2005 remains \$25.0 million to \$30.0 million." 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 at the end of this press release.

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 at the end of this press release. The Company's EBITDA for the second quarter of 2005 was \$19.6 million compared to \$20.9 million for the second quarter of 2004. The adjusted EBITDA was \$20.7 million in the second quarter of 2005 as compared to \$20.9 million in the second quarter of 2004.

Sales for the first six months of 2005 were \$378.0 million, up 13.2% from \$334.0 million for the same period in 2004. Net earnings for the first six months of 2005 were \$11.5 million or \$0.28 per share (basic and diluted) compared to \$7.9 million or \$0.19 per share (basic and diluted) for the same period of the preceding year. Adjusted net earnings for the first six months of 2005 were \$12.6 million or \$0.31 per share (basic) and \$0.30 per share (diluted) compared to \$7.9 million or \$0.19 per share (basic and diluted) for the same period of the preceding year.

"While sales growth for the first half of the year has been good, our outlook for full year 2005 sales has been adjusted downwards from the range of \$775 million to \$790 million to a range of \$755 million to \$775 million, which would represent annual sales growth in the range of 9% to 12%," said Mr. Yull. "The impact of the synthetic rubber shortage, which had an impact on both sales and gross margins this past quarter, is expected to continue through the summer and possibly into next year."

Reconciliation of Net Earnings to Adjusted Net Earnings

(in millions of US dollars)	For the three months ended		For the six months ended	
	June 30		June 30	
	2005	2004	2005	2004
Net earnings – as reported	\$ 5.4	\$ 5.7	\$ 11.5	\$ 7.9
Add back:				
Manufacturing facility closure and industrial accident costs (after-tax)	0.7		1.1	
Adjusted net earnings	<u>6.1</u>	<u>5.7</u>	<u>12.6</u>	<u>7.9</u>

Reconciliation of Net Earnings to EBITDA and Adjusted EBITDA

(in millions of US dollars)	For the three months ended		For the six months ended	
	June 30		June 30	
	2005	2004	2005	2004
Net earnings – as reported	\$ 5.4	\$ 5.7	\$ 11.5	\$ 7.9
Add back:				
Financial expenses, net of amortization	5.6	7.0	10.9	13.3
Income taxes	0.4	0.7	1.7	0.4
Depreciation and amortization	8.2	7.5	16.1	14.6
EBITDA	19.6	20.9	40.2	36.2
Add back:				
Manufacturing facility closure and industrial accident costs (after-tax)	1.1		1.8	
Adjusted EBITDA	20.7	20.9	42.0	36.2

Reconciliation of Cash Flows from Operating Activities to Free Cash Flow

(in millions of US dollars)	For the three months ended		For the six months ended	
	June 30		June 30	
	2005	2004	2005	2004
Cash flows from (used in) operating activities – as reported	\$ 11.7	\$ (0.6)	\$ 9.9	\$ 5.8
Subtract:				
Property, plant and equipment expenditures	4.1	4.1	9.1	9.9
Free cash flow	7.6	(4.7)	0.8	(4.1)

(All figures in U.S. dollars, unless otherwise stated; June 30, 2005, exchange rate: Cdn \$1.2263 = U.S.\$1.00)

Click below to view IPG Second Quarter 2005 Financials
[IPG Second Quarter 2005 Financials](#)

Conference Call

A conference call to discuss IPG's 2005 second quarter results will be held Friday, July 29, 2005 at 10:00 A.M. Eastern Standard Time. Participants may dial 1-800-553-0358 (U.S. and Canada) and 1-612-332-0636 (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 788816. The recording will be available from Friday, July 29, 2005 at 3:15 P.M. until Friday, August 5, 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 2,600 employees with operations in 15 locations, including 10 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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