

INTERTAPE POLYMER GROUP INC

Form 6-K

November 14, 2016

[Table of Contents](#)

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16**

**of the Securities Exchange Act of 1934**

**For the month of November, 2016**

**Commission File Number 1-10928**

**INTERTAPE POLYMER GROUP INC.**

**9999 Cavendish Blvd., Suite 200,**

**Ville St. Laurent, Quebec, Canada, H4M 2X5**

Edgar Filing: INTERTAPE POLYMER GROUP INC - Form 6-K

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Table of Contents

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERTAPE POLYMER GROUP INC.

Date: November 11, 2016

By: /s/ Jeffrey Crystal  
Jeffrey Crystal, Chief Financial Officer

**Table of Contents**

**Intertape Polymer Group Inc.**

**Interim Condensed Consolidated Financial Statements**

**September 30, 2016**

Unaudited Interim Condensed Consolidated Financial Statements

<u>Consolidated Earnings</u>	2
<u>Consolidated Comprehensive Income</u>	3
<u>Consolidated Changes in Equity</u>	4 to 5
<u>Consolidated Cash Flows</u>	6
<u>Consolidated Balance Sheets</u>	7
<u>Notes to Interim Condensed Consolidated Financial Statements</u>	8 to 18

**Table of Contents****Intertape Polymer Group Inc.****Consolidated Earnings**

Periods ended September 30,

(In thousands of US dollars, except per share amounts)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue	<b>206,559</b>	200,635	<b>598,892</b>	586,230
Cost of sales	<b>161,705</b>	157,838	<b>461,140</b>	464,010
Gross profit	<b>44,854</b>	42,797	<b>137,752</b>	122,220
Selling, general and administrative expenses	<b>27,338</b>	17,927	<b>77,004</b>	58,307
Research expenses	<b>2,287</b>	2,499	<b>7,563</b>	6,706
	<b>29,625</b>	20,426	<b>84,567</b>	65,013
Operating profit before manufacturing facility closures, restructuring and other related charges	<b>15,229</b>	22,371	<b>53,185</b>	57,207
Manufacturing facility closures, restructuring and other related charges (Note 4)	<b>6,329</b>	181	<b>10,152</b>	983
Operating profit	<b>8,900</b>	22,190	<b>43,033</b>	56,224
Finance costs (income) (Note 3)				
Interest	<b>1,158</b>	919	<b>3,162</b>	2,517
Other expense (income), net	<b>270</b>	(651)	<b>590</b>	(897)
	<b>1,428</b>	268	<b>3,752</b>	1,620
Earnings before income tax expense	<b>7,472</b>	21,922	<b>39,281</b>	54,604
Income tax expense (Note 5)				
Current	<b>30</b>	3,281	<b>5,303</b>	5,593
Deferred	<b>1,192</b>	2,987	<b>4,540</b>	9,831
	<b>1,222</b>	6,268	<b>9,843</b>	15,424
Net earnings	<b>6,250</b>	15,654	<b>29,438</b>	39,180

Earnings per share (Note 6)				
Basic	<b>0.11</b>	0.26	<b>0.50</b>	0.65
Diluted	<b>0.10</b>	0.26	<b>0.49</b>	0.64

The accompanying notes are an integral part of the interim condensed consolidated financial statements. Note 3 presents additional information on consolidated earnings.

**Table of Contents****Intertape Polymer Group Inc.****Consolidated Comprehensive Income**

Periods ended September 30,

(In thousands of US dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Net earnings	<b>6,250</b>	15,654	<b>29,438</b>	39,180
Other comprehensive income (loss)				
Change in fair value of interest rate swap agreements designated as cash flow hedges (net of the change in the deferred income tax expense of \$237 and income tax benefit of \$383 for the three and nine months ended September 30, 2016, respectively, and change in the deferred income tax benefit of \$461 and of \$563 for the three and nine months ended September 30, 2015, respectively).	<b>388</b>	(752)	<b>(625)</b>	(918)
Change in cumulative translation adjustments	<b>(235)</b>	(5,058)	<b>3,846</b>	(10,461)
Items that will be subsequently reclassified to net earnings	<b>153</b>	(5,810)	<b>3,221</b>	(11,379)
Comprehensive income for the period	<b>6,403</b>	9,844	<b>32,659</b>	27,801

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**Table of Contents****Intertape Polymer Group Inc.****Consolidated Changes in Equity**

Nine months ended September 30, 2015

(In thousands of US dollars, except for number of common shares)

(Unaudited)

	Capital stock		Accumulated other comprehensive loss			Total	Deficit	Total equity attributable to the Company's shareholders
	Number	Amount	Contributed surplus	Cumulative translation adjustment	Reserve for cash flow hedge			
		\$	\$	\$	\$	\$	\$	\$
Balance as of December 31, 2014	60,435,826	357,840	24,493	(8,113)		(8,113)	(146,720)	227,500
<b>Transactions with owners</b>								
Exercise of stock options (Note 6)	596,250	1,253						1,253
Excess tax benefit on exercised stock options		1,852	(1,852)					
Excess tax benefit on outstanding stock awards			(2,722)					(2,722)
Stock-based compensation expense (Note 6)			2,685					2,685
Stock-based compensation expense credited to capital on options exercised (Note 6)		615	(615)					
Deferred Share Units settlement,	6,397	65	(218)					(153)



net of required minimum tax withholding (Note 6)								
Repurchases of common shares (Note 6)	(2,120,588)	(16,028)				(9,941)		(25,969)
Dividends on common shares (Note 6)						(22,117)		(22,117)
	(1,517,941)	(12,243)	(2,722)			(32,058)		(47,023)
Net earnings						39,180		39,180
Other comprehensive loss								
Change in fair value of interest rate swap agreement designated as a cash flow hedge (net of the change in deferred income tax benefit of \$563) (Note 7)					(918)	(918)		(918)
Change in cumulative translation adjustments				(10,461)		(10,461)		(10,461)
				(10,461)	(918)	(11,379)		(11,379)
Comprehensive income for the period				(10,461)	(918)	(11,379)	39,180	27,801
<b>Balance as of September 30, 2015</b>	58,917,885	345,597	21,771	(18,574)	(918)	(19,492)	(139,598)	208,278

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**Table of Contents****Intertape Polymer Group Inc.****Consolidated Changes in Equity**

Nine months ended September 30, 2016

(In thousands of US dollars, except for number of common shares)

(Unaudited)

	Capital stock		Accumulated other comprehensive loss			Total	Deficit	Total equity attributable to the Company's shareholders	Non-controlling interest	Total equity
	Number	Amount	Contributed surplus	Cumulative translation adjustment	Reserve for cash flow hedge					
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as of December 31, 2015	58,667,535	347,325	23,298	(20,407)	(272)	(20,679)	(133,216)	216,728		216,728
Transactions with owners										
Exercise of stock options (Note 6)	125,000	822						822		822
Excess tax benefit on exercised stock options		195	(195)							
Excess tax benefit on outstanding stock awards			2,773					2,773		2,773
Stock-based compensation expense (Note 5)			4,119					4,119		4,119
Stock-based compensation expense credited to		259	(259)							

capital on options exercised (Note 5)										
Repurchases of common shares (Note 6)	(147,200)	(862)					(835)	(1,697)		(1,697)
Dividends on common shares (Note 6)							(23,424)	(23,424)		(23,424)
	(22,200)	414	6,438				(24,259)	(17,407)		(17,407)
Net earnings							29,438	29,438		29,438
Other comprehensive income										
Change in fair value of interest rate swap agreements designated as cash flow hedges (net of change in deferred income tax benefit of \$383) (Note 7)					(625)	(625)		(625)		(625)
Change in cumulative translation adjustments				3,846		3,846		3,846		3,846
				3,846	(625)	3,221		3,221		3,221
Comprehensive income for the period				3,846	(625)	3,221	29,438	32,659		32,659
Non-controlling interest arising from the acquisition of Powerband (Note 9)									2,054	2,054
<b>Balance as of September 30,</b>	<b>58,645,335</b>	<b>347,739</b>	<b>29,736</b>	<b>(16,561)</b>	<b>(897)</b>	<b>(17,458)</b>	<b>(128,037)</b>	<b>231,980</b>	<b>2,054</b>	<b>234,034</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**Table of Contents****Intertape Polymer Group Inc.****Consolidated Cash Flows**

Periods ended September 30,

(In thousands of US dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
<i>OPERATING ACTIVITIES</i>				
Net earnings	<b>6,250</b>	15,654	<b>29,438</b>	39,180
Adjustments to net earnings				
Depreciation and amortization	<b>7,673</b>	6,613	<b>22,305</b>	20,286
Income tax expense	<b>1,222</b>	6,268	<b>9,843</b>	15,424
Interest expense	<b>1,158</b>	919	<b>3,162</b>	2,517
Non-cash charges (recoveries) in connection with manufacturing facility closures, restructuring and other related charges	<b>3,803</b>	(115)	<b>4,987</b>	(215)
Write down of inventories, net	<b>678</b>	47	<b>1,905</b>	403
Stock-based compensation expense	<b>2,450</b>	(1,226)	<b>6,586</b>	901
Pension and other post-retirement benefits expense	<b>700</b>	862	<b>2,110</b>	2,025
Loss (gain) on foreign exchange	<b>7</b>	(927)	<b>(153)</b>	(1,594)
Other adjustments for non cash items	<b>(200)</b>	(909)	<b>247</b>	(680)
Income taxes paid, net	<b>(3,573)</b>	(1,953)	<b>(5,737)</b>	(5,018)
Contributions to defined benefit plans	<b>(254)</b>	(271)	<b>(942)</b>	(1,472)
Cash flows from operating activities before changes in working capital items	<b>19,914</b>	24,962	<b>73,751</b>	71,757
Changes in working capital items				
Trade receivables	<b>(2,788)</b>	(4,052)	<b>(11,844)</b>	(7,559)
Inventories	<b>1,373</b>	9,300	<b>(10,185)</b>	(2,535)
Parts and supplies	<b>(320)</b>	(397)	<b>(857)</b>	(1,202)
Other current assets	<b>(675)</b>	4,087	<b>638</b>	6,221
Accounts payable and accrued liabilities	<b>1,711</b>	31	<b>(9,259)</b>	(5,383)
Provisions	<b>2,449</b>	(134)	<b>2,479</b>	(886)
	<b>1,750</b>	8,835	<b>(29,028)</b>	(11,344)
Cash flows from operating activities	<b>21,664</b>	33,797	<b>44,723</b>	60,413

*INVESTING ACTIVITIES*

Acquisition of a subsidiary, net of cash acquired	<b>(43,396)</b>	99	<b>(43,396)</b>	(15,234)
Purchases of property, plant and equipment	<b>(12,498)</b>	(10,639)	<b>(35,802)</b>	(25,787)
Other investing activities	<b>(165)</b>	1,297	<b>(210)</b>	1,495
Cash flows from investing activities	<b>(56,059)</b>	(9,243)	<b>(79,408)</b>	(39,526)

*FINANCING ACTIVITIES*

Proceeds from long-term debt	<b>66,095</b>	28,848	<b>155,398</b>	161,446
Repayment of long-term debt	<b>(28,735)</b>	(34,024)	<b>(104,324)</b>	(125,688)
Interest paid	<b>(1,117)</b>	(962)	<b>(3,340)</b>	(2,582)
Proceeds from exercise of stock options	<b>344</b>	849	<b>822</b>	1,253
Repurchases of common shares		(11,149)	<b>(1,697)</b>	(24,681)
Dividends paid	<b>(8,235)</b>	(7,736)	<b>(23,318)</b>	(22,193)
Other financing activities	<b>(161)</b>	(123)	<b>(161)</b>	(151)
Cash flows from financing activities	<b>28,191</b>	(24,297)	<b>23,380</b>	(12,596)
Net (decrease) increase in cash	<b>(6,204)</b>	257	<b>(11,305)</b>	8,291
Effect of foreign exchange differences on cash	<b>(1,177)</b>	(1,437)	<b>(668)</b>	(2,550)
Cash, beginning of period	<b>13,023</b>	15,263	<b>17,615</b>	8,342
Cash, end of period	<b>5,642</b>	14,083	<b>5,642</b>	14,083

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**Table of Contents****Intertape Polymer Group Inc.****Consolidated Balance Sheets**

As of

(In thousands of US dollars)

	<b>September 30, 2016 (Unaudited)</b>	December 31, 2015 (Audited)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	5,642	17,615
Trade receivables	93,449	78,517
Inventories	110,780	100,551
Parts and supplies	16,209	15,265
Other current assets	11,241	8,699
	<b>237,321</b>	220,647
Property, plant and equipment	216,495	198,085
Goodwill	45,027	7,476
Intangible assets	11,350	12,568
Deferred tax assets	45,334	45,308
Other assets	3,457	3,178
<b>Total assets</b>	<b>558,984</b>	487,262
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	77,558	82,226
Provisions	4,688	2,209
Installments on long-term debt	5,991	5,702
	<b>88,237</b>	90,137
Long-term debt	200,158	147,134
Pension and other post-retirement benefits	30,636	29,292
Other liabilities	2,950	1,029
Provisions	2,969	2,942
	<b>324,950</b>	270,534
<b>EQUITY</b>		
Capital stock (Note 6)	347,739	347,325

Edgar Filing: INTERTAPE POLYMER GROUP INC - Form 6-K

Contributed surplus	<b>29,736</b>	23,298
Deficit	<b>(128,037)</b>	(133,216)
Accumulated other comprehensive loss	<b>(17,458)</b>	(20,679)
Total equity attributable to the Company's shareholders	<b>231,980</b>	216,728
Non-controlling interest	<b>2,054</b>	
Total equity	<b>234,034</b>	216,728
Total liabilities and equity	<b>558,984</b>	487,262

The accompanying notes are an integral part of the interim condensed consolidated financial statements.



**Table of Contents**

**Intertape Polymer Group Inc.**

**Notes to Interim Condensed Consolidated Financial Statements**

September 30, 2016

(In US dollars, tabular amounts in thousands, except as otherwise noted)

(Unaudited)

**1- GENERAL BUSINESS DESCRIPTION**

Intertape Polymer Group Inc. (the Parent Company ), incorporated under the *Canada Business Corporations Act*, has its principal administrative offices in Montreal, Québec, Canada and in Sarasota, Florida, U.S.A. The address of the Parent Company s registered office is 800 Place Victoria, Suite 3700, Montreal, Québec H4Z 1E9, c/o Fasken Martineau DuMoulin LLP. The Parent Company s common shares are listed on the Toronto Stock Exchange ( TSX ) in Canada.

The Parent Company and its subsidiaries (together referred to as the Company ) develop, manufacture and sell a variety of paper and film based pressure sensitive and water activated tapes, polyethylene and specialized polyolefin films, woven coated fabrics and complementary packaging systems for industrial and retail use.

The Parent Company is the Company s ultimate parent.

**2- ACCOUNTING POLICIES**

**Basis of Presentation and Statement of Compliance**

The unaudited interim condensed consolidated financial statements ( Financial Statements ) present the Company s consolidated balance sheets as of September 30, 2016 and December 31, 2015, as well as its consolidated earnings, comprehensive income, changes in equity and cash flows for the three and nine months ended September 30, 2016 and 2015.

These Financial Statements have been prepared in accordance with International Accounting Standard ( IAS ) 34 *Interim Financial Reporting* and are expressed in United States ( US ) dollars. Accordingly, certain information and footnote disclosures normally included in annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ( IFRS ), as issued by the International Accounting Standards Board ( IASB ), have been omitted or condensed. These Financial Statements use the same accounting policies and methods of computation as compared with the Company s most recent annual audited consolidated financial statements, except for (i) the estimate of the provision for income taxes, which is determined in these Financial Statements using the estimated weighted average annual effective income tax rate applied to the earnings before income tax expense (benefit) of the interim period, which may have to be adjusted in a subsequent interim period of the financial year if the estimate of the annual income tax rate changes and (ii) the re-measurement of the defined benefit liability, which is required at year-end and if triggered by plan amendment or settlement during interim periods.

These Financial Statements reflect all adjustments which are, in the opinion of management, necessary to present a fair statement of the results for these interim periods. These adjustments are of a normal recurring nature.

These Financial Statements were authorized for issuance by the Company's Board of Directors on November 10, 2016.

## **Table of Contents**

### **Critical Accounting Judgments, Estimates and Assumptions**

The preparation of these Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these estimates on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The judgments, estimates and assumptions applied in these Financial Statements were the same as those applied in the Company's most recent annual audited consolidated financial statements other than (as noted above) the accounting policies and methods of computation for the estimate of the provision for income taxes and the re-measurement of the defined benefit liability.

### **New Standards and Interpretations Issued but Not Yet Effective**

Certain new standards, amendments and interpretations, and improvements to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted in the first reporting period following the date of application. Information on new standards, amendments and interpretations, and improvements to existing standards, which could potentially impact the Company's consolidated financial statements, are detailed as follows:

**IFRS 15 Revenue from Contracts with Customers** replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue related interpretations. IFRS 15 establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. Management has yet to assess the impact of this new standard on the Company's consolidated financial statements.

**IFRS 9 (2014) Financial Instruments** was issued in July 2014 and differs in some regards from IFRS 9 (2013) which the Company adopted effective January 1, 2015. IFRS 9 (2014) includes updated guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new expected credit loss model for calculating impairment. The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. Management has yet to assess the impact of this new standard on the Company's consolidated financial statements.

**IFRS 16 Leases** which will replace IAS 17 Leases was issued in January 2016. IFRS 16 eliminates the classification of an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. Management has yet to assess the impact of this new standard on the Company's consolidated financial statements.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.



**Table of Contents****3- INFORMATION INCLUDED IN CONSOLIDATED EARNINGS**

The following table describes the charges incurred by the Company which are included in the Company's consolidated earnings:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Employee benefit expense				
Wages, salaries and other short-term benefits	<b>40,064</b>	36,320	<b>119,396</b>	108,321
Termination benefits	<b>936</b>	295	<b>1,220</b>	1,133
Stock-based compensation expense (benefit)	<b>2,449</b>	(1,226)	<b>6,586</b>	901
Pensions and other post-retirement benefits defined benefit plans	<b>723</b>	887	<b>2,178</b>	2,098
Pensions and other post-retirement benefits defined contribution plans	<b>1,150</b>	951	<b>3,528</b>	2,926
	<b>45,322</b>	37,227	<b>132,908</b>	115,379
Finance costs (income) interest				
Interest on long-term debt	<b>1,205</b>	977	<b>3,470</b>	2,639
Amortization of debt issue costs on long-term debt	<b>108</b>	110	<b>324</b>	331
Interest capitalized to property, plant and equipment	<b>(155)</b>	(168)	<b>(632)</b>	(453)
	<b>1,158</b>	919	<b>3,162</b>	2,517
Finance costs (income) other expense (income), net				
Foreign exchange loss (gain)	<b>6</b>	(891)	<b>(164)</b>	(1,561)
Other costs, net	<b>264</b>	240	<b>754</b>	664
	<b>270</b>	(651)	<b>590</b>	(897)
Additional information				
Depreciation of property, plant and equipment	<b>7,380</b>	6,261	<b>21,397</b>	19,553
Amortization of intangible assets	<b>293</b>	352	<b>908</b>	733
Impairment (reversal of impairment) of assets	<b>4,484</b>	(46)	<b>7,081</b>	206

**4- MANUFACTURING FACILITY CLOSURES, RESTRUCTURING AND OTHER RELATED CHARGES**

The following tables describe the charges incurred by the Company which are included in the Company's consolidated earnings under the caption manufacturing facility closures, restructuring and other related charges:

	Three months ended September 30, 2016	Nine months ended September 30, 2016
	Total	Total

Edgar Filing: INTERTAPE POLYMER GROUP INC - Form 6-K

	TaraTape Closure	South Carolina Flood	Other projects		TaraTape Closure	South Carolina Flood	Other projects	
		\$	\$	\$		\$	\$	\$
Impairment (reversal of impairment) of property, plant and equipment	3,144			3,144	3,144	620	(130)	3,634
Impairment of intangible assets	387			387	387			387
Equipment relocation			212	212			711	711
Revaluation and impairment of inventories	272			272	272	694		966
Termination benefits and other labor related expense	945	1	19	965	945	50	405	1,400
Idle facility costs	75	1,015	16	1,106	75	2,526	158	2,759
Insurance proceeds						(483)		(483)
Professional fees		51		51		586		586
Other costs	192			192	192			192
	5,015	1,067	247	6,329	5,015	3,993	1,144	10,152

**Table of Contents**

	<b>Three months ended September 30, 2015 Other Projects</b>	<b>Nine months ended September 30, 2015 Other Projects</b>
	\$	\$
Reversal of impairment of property, plant and equipment	(103)	(240)
Reversal of impairment of parts and supplies	(15)	(56)
Equipment relocation	59	130
Revaluation and impairment of inventories	3	81
Termination benefits and other labor related costs	72	753
Other costs	165	315
	181	983

As part of its plan to realize operational synergies from the TaraTape acquisition completed in November 2015, the Company intends to close its Fairless Hills, Pennsylvania manufacturing facility by the end of the first quarter of 2017 and leverage production capacity in its Carbondale, Illinois and Danville, Virginia manufacturing facilities ( TaraTape Closure ).

On October 4, 2015, the Columbia, South Carolina manufacturing facility was damaged by significant rainfall and subsequent severe flooding ( South Carolina Flood ). The damages sustained were considerable and resulted in the facility being shut down permanently.

The Company received a total of \$5.0 million in insurance claim settlement proceeds in the second quarter of 2016 related to the South Carolina Flood of which \$0.5 million was recorded in manufacturing facility closures, restructuring and other related charges and is presented in the table above under insurance proceeds, and \$4.5 million was recorded in cost of sales. Refer to Note 10 for more information on the insurance claim settlement.

The incremental costs of relocating the Columbia, South Carolina manufacturing facility are included in the table above under Other projects for 2016 and 2015. In 2015, Other projects in the table above also includes costs related to the Richmond, Kentucky manufacturing facility closure, and consolidation of the shrink film production from Truro, Nova Scotia to Tremonton, Utah.

**5- INCOME TAXES**

The calculation of the Company's effective tax rate is as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
Income tax expense	<b>\$ 1,222</b>	\$ 6,268	<b>\$ 9,843</b>	\$ 15,424
Earnings before income tax expense	<b>\$ 7,472</b>	\$ 21,922	<b>\$ 39,281</b>	\$ 54,604

Effective tax rate	<b>16.4%</b>	28.6%	<b>25.1%</b>	28.2%
[GRAPHIC APPEARS HERE]				

## **6- CAPITAL STOCK AND EARNINGS PER SHARE**

### **Common Shares**

The Company's common shares outstanding as of September 30, 2016 and December 31, 2015 were 58,645,335 and 58,667,535, respectively.

### **Dividends**

On August 10, 2016, the Board of Directors amended the Company's dividend policy to increase the annualized dividend from \$0.52 to \$0.56 per share.



**Table of Contents**

The cash dividends paid during the period were as follows:

Declared Date	Paid date	Per common share amount	Shareholder record date	Common shares issued and outstanding	Aggregate payment
March 9, 2016	March 31, 2016	\$0.13	March 21, 2016	58,522,835	\$7,509
May 9, 2016	June 30, 2016	\$0.13	June 15, 2016	58,602,835	\$7,574
August 10, 2016	September 30, 2016	\$0.14	September 15, 2016	58,621,585	\$8,235

**Share Repurchases**

On July 10, 2015, the Company entered into a normal course issuer bid ( NCIB ) which entitled the Company to repurchase for cancellation up to 4,000,000 of the Company s common shares issued and outstanding. The NCIB which was scheduled to expire on July 9, 2016, was renewed for a twelve-month period starting July 14, 2016. This renewed NCIB expires on July 13, 2017. As of September 30, 2016, 4,000,000 shares remained available for repurchase under the NCIB.

The following table summarizes information related to share repurchases:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Common shares repurchased		1,153,500	147,200	2,120,588
Average price per common share including commissions		CDN\$ 14.38	CDN\$ 15.77	CDN\$ 15.73
Total purchase price including commissions	\$	12,490	\$ 1,697	\$ 25,969
Carrying value of the common shares repurchased	\$	7,726	\$ 862	\$ 16,028
Share repurchase premium <sup>(1)</sup>	\$	4,764	\$ 835	\$ 9,941

<sup>(1)</sup> The excess of the purchase price paid over the carrying value of the common shares repurchased is recorded in deficit in the consolidated balance sheet and in the statement of consolidated changes in equity.

**Earnings Per Share**

The weighted average number of common shares outstanding is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Basic	58,696,647	59,785,871	58,670,099	59,992,401
Effect of stock options	881,393	865,156	815,073	924,375
Effect of performance share units	1,292,874	228,750	1,124,296	228,750

Diluted	<b>60,870,914</b>	60,879,777	<b>60,609,468</b>	61,145,526
---------	-------------------	------------	-------------------	------------

There were no stock options that were anti-dilutive and excluded from the diluted earnings per share calculations for the three and nine months ended September 30, 2016 and 2015.

The effect of performance share units ( PSUs ) included in the calculation of weighted average diluted shares outstanding includes the following:

	Three and nine months ended September 30,	
	<b>2016</b>	2015
PSUs which met the performance criteria	<b>861,916</b>	152,500

**Table of Contents****Stock Options**

The following tables summarize information related to stock options:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Stock options exercised	<b>42,500</b>	443,750	<b>125,000</b>	596,250
Weighted average exercise price	<b>CDN\$ 10.59</b>	CDN\$ 2.47	<b>CDN\$ 8.58</b>	CDN\$ 2.66
Cash proceeds	<b>\$ 344</b>	\$ 849	<b>\$ 822</b>	\$ 1,253
Stock options expired or forfeited	<b>16,250</b>		<b>16,250</b>	2,500
				September 30, 2016
Stock options outstanding				1,476,250
Weighted average exercise price per stock option outstanding				CDN\$ 8.75
Weighted average fair value at grant date per stock option outstanding				\$ 2.67

**Performance Share Unit Plan**

On May 9, 2016, the Board of Directors approved an amendment to the PSU Plan to provide the Company the option of settling PSUs in cash. In the event of cash settlement, the cash payment will equal the number of shares that would otherwise have been issued or delivered to the participant, multiplied by the volume weighted average trading price ( VWAP ) of the shares on the TSX for the five consecutive trading days immediately preceding the day of payment. The Board has full discretion to determine the form of settlement of the PSUs and as of September 30, 2016, no such discretion has been used. As a result, the Company has no present obligation to settle the PSUs in cash and the amendment to the PSU Plan had no impact on the treatment of the PSUs as equity-settled share-based payment transactions as of September 30, 2016.

Additionally, on the same date, the Board of Directors approved an amendment to the PSU Plan that allowed for accelerated vesting of PSUs in the event of death, disability or retirement of a participant. This amendment required the immediate recognition of expense associated with awards outstanding for certain retirement-eligible participants, the impact of which was nil and \$0.4 million for the three and nine months ended September 30, 2016 and was included in earnings in selling, general and administrative expense.

The following tables summarize information related to PSUs:

	Three months ended		Nine months ended	
	September 30, 2016	2015	September 30, 2016	2015
PSUs granted			<b>392,572</b>	363,600
Weighted average fair value per PSU granted			<b>\$ 13.52</b>	\$ 13.64

PSUs cancelled/forfeited	<b>25,688</b>	1,770	<b>28,696</b>	1,770
--------------------------	---------------	-------	---------------	-------

				September 30, 2016
PSUs outstanding				861,916
Weighted average fair value per PSU outstanding			\$	13.24

The PSUs are normally earned over a three-year period with vesting at the third anniversary of the grant date unless vesting is accelerated based on retirement eligibility, death or disability. The number of shares earned can range from 0% to 150% of the grant amount based on the total shareholder return ( TSR ) ranking versus a specified peer group of companies. Based on the Company's TSR ranking as of September 30, 2016, the number of shares earned if all of the outstanding awards were to be settled at September 30, 2016, would be equivalent to 150% of awards granted.

**Table of Contents**

The weighted average fair value of PSUs granted was estimated based on a Monte Carlo simulation model, taking into account the following weighted average assumptions:

	Nine months ended September 30,	
	2016	2015
Expected life	<b>3 years</b>	3 years
Expected volatility <sup>(1)</sup>	<b>36%</b>	35%
Risk-free interest rate	<b>1.05%</b>	1.07%
Expected dividends <sup>(2)</sup>	<b>0.00%</b>	0.00%
Performance period starting price <sup>(3)</sup>	<b>CDN\$ 18.49</b>	CDN\$ 17.86
Stock price at grant date	<b>CDN\$ 18.44</b>	CDN\$ 17.53

<sup>(1)</sup> Expected volatility was calculated based on the daily dividend adjusted closing price change on the TSX for a term commensurate with the expected life of the grant.

<sup>(2)</sup> A participant will receive a cash payment from the Company upon PSU settlement that is equivalent to (a) the number of shares issued or delivered to the participant or, in the event of cash settlement, an amount equal to the number of shares that would otherwise have been issued or delivered to the participant, multiplied by (b) the amount of cash dividends per share declared by the Company between the date of grant and the third anniversary of the grant date. As such, there is no impact from expected future dividends in the Monte Carlo simulation model. As of September 30, 2016, the Company accrued \$0.4 million (\$0.1 million as of December 31, 2015) in the consolidated balance sheets in other liabilities.

<sup>(3)</sup> The performance period starting price is measured as the five-day VWAP for the common shares of the Company on the TSX on the grant date.

**Deferred Share Unit Plan**

The following tables summarize information related to deferred share units ( DSUs ):

	Three months ended		Nine months ended	
	September 30, 2016	2015	September 30, 2016	2015
DSUs granted	<b>40,951</b>	9,345	<b>52,665</b>	46,142
Weighted average fair value per DSU granted	<b>\$ 17.47</b>	\$ 11.42	<b>\$ 16.76</b>	\$ 15.09
Stock-based compensation expense recognized for DSUs received in lieu of cash for directors' fees not yet granted	<b>\$ 81</b>	\$ 65	<b>\$ 81</b>	\$ 65

	Three months ended		Nine months ended	
	September 30, 2016	2015	September 30, 2016	2015
DSUs settled				16,460

Less: shares withheld for required minimum tax withholding 10,063

Shares issued upon DSU settlement 6,397

	September 30, 2016
DSUs outstanding	119,248
Weighted average fair value per DSU outstanding	\$ 15.04

**Table of Contents****Stock Appreciation Rights**

The following tables summarize information regarding stock appreciation rights ( SARs ):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Expense (income) recorded in earnings in selling, general and administrative expenses	\$ 769	(\$ 2,059)	\$ 2,215	(\$ 1,841)
SARs exercised	234,475	20,000	382,202	52,500
Exercise price	CDN\$ 7.56	CDN\$ 7.56	CDN\$ 7.56	CDN\$ 7.56
Cash payments on exercise, including awards exercised but not yet paid	\$ 2,754	\$ 143	\$ 4,018	\$ 462
			<b>September 30,</b>	<b>December 31,</b>
			<b>2016</b>	<b>2015</b>
			\$	\$
Outstanding amounts vested recorded in the consolidated balance sheets in accounts payable and accrued liabilities			3,161	4,014
Aggregate intrinsic value of outstanding vested awards			2,312	2,857

**7- FINANCIAL INSTRUMENTS**

The following tables summarize information regarding interest swap agreements designated as cash flow hedges:

Effective Date	Maturity	Notional amount	Settlement	Fixed interest rate paid
March 18, 2015	November 18, 2019	\$40,000,000	Monthly	1.610%
August 18, 2015	August 20, 2018	\$60,000,000	Monthly	1.197%
			Three months ended	Nine months ended
			September 30,	September 30,
			<b>2016</b> 2015	<b>2016</b> 2015
The change in fair value of the derivatives used for calculating hedge effectiveness			(\$ 625)	\$ 1,212 \$ 1,009 \$ 1,481

The carrying amount and fair value was a liability, included in other liabilities in the consolidated balance sheet, amounting to \$1.5 million and \$0.4 million as of September 30, 2016 and December 31, 2015, respectively.

The Company categorizes its interest rate swap as Level 2 within the fair value measurement hierarchy as the fair value is estimated using a valuation technique based on observable market data, including interest rates, as a listed market price is not available.

As at September 30, 2016 and December 31, 2015, the fair value of long-term debt, excluding finance lease liabilities, mainly bearing interest at variable rates, is estimated using observable market interest rates of similar variable rate loans with similar risk and credit standing and approximates its carrying amount.



**Table of Contents****8- COMMITMENTS**

The following table summarizes information related to commitments to purchase machinery and equipment:

	<b>September 30, 2016</b>	December 31, 2015
	\$	\$
Commitments to purchase machinery and equipment	<b>36,224</b>	20,877

Effective May 1, 2016, the Company entered into a five-year electricity service contract for one of its manufacturing facilities under which the Company expects to reduce the overall cost of electricity consumed by the facility. In the event of early termination, the Company is required to pay for unrecovered power supply costs incurred by the supplier which are estimated to be approximately \$12 million as of September 30, 2016, and would decline monthly based on actual service billings to date.

**9- BUSINESS ACQUISITION**

On September 16, 2016, IPG Mauritius Ltd., a newly formed subsidiary of the Parent Company, under a Share Purchase Agreement (the "Powerband Agreement") dated September 2, 2016, purchased 74% of the issued and outstanding shares in Powerband Industries Private Limited (doing business as "Powerband") (the "Acquisition") a global supplier of acrylic adhesive-based carton sealing tapes and stretch films located in Daman, India. The remaining 26% will continue to be held by the Desai family (the "Promoters") who founded Powerband in 1994.

IPG Mauritius Ltd. paid in cash, funded primarily from the Company's Revolving Credit Facility, a purchase price of \$43.4 million, subject to a post-closing working capital adjustment. The Company and the Promoters each deposited into escrow \$1.4 million and \$4.8 million, respectively, related to customary representations, warranties and covenants in the Powerband Agreement which contains customary indemnification provisions. Subsequent to September 30, 2016, all amounts deposited were released from escrow.

The net cash consideration paid on the closing date was as follows:

	September 16, 2016 (Unaudited)
	\$
Consideration paid in cash	43,397
Less: cash balances acquired	1
	43,396

The Acquisition is intended to further extend the Company's product offering and presence in the global packaging market. The Acquisition will be accounted for using the acquisition method of accounting. The Company expects a significant portion of the Acquisition purchase price to be assigned to goodwill and intangible assets. Management is still in the preliminary stages of assessing the fair value of the opening balance sheet purchase price allocation and is not yet able to provide a final breakout of the purchase price allocation due to the mid-month timing of the

Acquisition and the post-closing working capital adjustment. The Company does not expect any of the goodwill to be deductible for income tax purposes.

**Table of Contents**

The preliminary fair value of net identifiable assets acquired and goodwill at the date of acquisition are as follows:

	September 16, 2016 (Unaudited)
	\$
<b>Current assets</b>	
Cash	1
Trade receivables	1,269
Inventories	1,802
Other current assets	1,137
Property, plant and equipment	6,316
	10,525
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	1,017
Installments on long-term debt	212
Deferred tax liability	298
Long-term debt	1,098
	2,625
<b>Fair value of net identifiable assets acquired</b>	<b>7,900</b>

	September 16, 2016 (Unaudited)
	\$
Cash consideration transferred	43,397
Remaining noncontrolling interest	2,054
Less: fair value of net identifiable assets acquired	7,900
<b>Goodwill</b>	<b>37,551</b>

The Company measures the non-controlling interest at its proportionate share of the net identifiable assets acquired.

**10- POST REPORTING EVENTS***Adjusting Events*

On November 5, 2015, the Company's former Chief Financial Officer filed a lawsuit against the Company in the United States District Court for the Middle District of Florida alleging certain violations by the Company related to the terms of his employment and his termination. On October 20, 2016, the Company and the former Chief Financial Officer agreed to a settlement of the outstanding litigation. Pursuant to the terms of the confidential settlement agreement, the Company has recorded a provision of \$1.9 million as of September 30, 2016 for full and complete settlement of all matters between the parties with respect to the litigation. The Company paid the settlement in full in October 2016.

*Non-Adjusting Events*

On November 10, 2016, the Company declared a quarterly cash dividend of \$0.14 per common share payable on December 30, 2016 to shareholders of record at the close of business on December 15, 2016. The estimated amount of this dividend payment is \$8.2 million based on 58,645,335 of the Company's common shares issued and outstanding as of November 10, 2016.

**Table of Contents**

On October 19, 2016, the Company and its insurers reached a settlement for the outstanding property and business interruption claims related to the South Carolina Flood in the amount of \$30.0 million, subject to a \$0.5 million deductible. The Company has received a total of \$10.0 million in insurance claim settlement proceeds to date of which \$5.0 million was recorded in manufacturing facility closures, restructuring and other related charges in the fourth quarter of 2015 and \$4.5 million and \$0.5 million were recorded in cost of sales and manufacturing facility closures, restructuring and other related charges, respectively, in the second quarter of 2016.

No other significant non-adjusting events have occurred between the reporting date of these Financial Statements and the date of authorization.

**Table of Contents**

**Form 52-109F2**

**Certification of Interim Filings**

**Full Certificate**

I, Gregory A.C. Yull, Chief Executive Officer of **INTERTAPE POLYMER GROUP INC./LE GROUPE INTERTAPE POLYMER INC.**, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the interim filings ) of **INTERTAPE POLYMER GROUP INC./LE GROUPE INTERTAPE POLYMER INC.** (the **Issuer** ) for the interim period ended September 30, 2016.
2. **No misrepresentation:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date and for the periods presented in the interim filings.
4. **Responsibility:** The Issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52 - 109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the Issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.1 and 5.2, the Issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings:
  - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
    - (i) material information relating to the Issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
    - (ii) information required to be disclosed by the Issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP.

5.1 **Control framework:** The control framework the Issuer's other certifying officer(s) and I used to design the Issuer's ICFR is the 2013 Internal Control – Integrated Framework published by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

**Table of Contents**

5.2 N/A

5.3 N/A

6. **Reporting changes in ICFR:** The Issuer has disclosed in the interim MD&A any change in the Issuer's ICFR that occurred during the period beginning on July 1, 2016 and ended on September 30, 2016 that has materially affected, or is reasonably likely to materially affect, the Issuer's ICFR.

DATED the 11<sup>th</sup> day of November, 2016.

By: /s/ Gregory A.C. Yull  
Gregory A.C. Yull  
Chief Executive Officer



**Table of Contents**

**Form 52-109F2**

**Certification of Interim Filings**

**Full Certificate**

I, Jeffrey Crystal, Chief Financial Officer of **INTERTAPE POLYMER GROUP INC./LE GROUPE INTERTAPE POLYMER INC.**, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the interim filings ) of **INTERTAPE POLYMER GROUP INC./LE GROUPE INTERTAPE POLYMER INC.** (the **Issuer** ) for the interim period ended September 30, 2016.
2. **No misrepresentation:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date and for the periods presented in the interim filings.
4. **Responsibility:** The Issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52 - 109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the Issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the Issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings:
  - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
    - (i) material information relating to the Issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
    - (ii) information required to be disclosed by the Issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP.

5.1 **Control framework:** The control framework the Issuer's other certifying officer(s) and I used to design the Issuer's ICFR is the 2013 Internal Control – Integrated Framework published by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

**Table of Contents**

5.2 N/A

5.3 N/A

6. **Reporting changes in ICFR:** The Issuer has disclosed in the interim MD&A any change in the Issuer's ICFR that occurred during the period beginning on July 1, 2016 and ended on September 30, 2016 that has materially affected, or is reasonably likely to materially affect, the Issuer's ICFR.

DATED the 11<sup>th</sup> day of November, 2016.

By: /s/ Jeffrey Crystal  
Jeffrey Crystal  
Chief Financial Officer