

**CCL Industries Inc.**

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## News Release

*For Immediate Release, Thursday, August 9, 2018*

Stock Symbol: TSX – CCL.A and CCL.B

# CCL Industries Announces Second Quarter Results

### Second Quarter Highlights

- Adjusted basic earnings per Class B share<sup>(3)</sup> of \$0.70 up 2.9%; basic earnings per Class B share of \$0.69 up 9.5%; currency translation negative \$0.02 per share
- 3.3% CCL segment organic sales growth, cut in half on lower polymer bank note substrate sales
- Checkpoint delivered 4.7% organic sales growth; operating income up 41%
- Avery operating margin<sup>(1)</sup> improves to 23%
- Innovia results disappoint on resin cost inflation, lower sales and operating issues

### Six-Month Highlights

- Adjusted basic earnings per Class B share<sup>(3)</sup> of \$1.39 up 11.2%; basic earnings per Class B share of \$1.36 up 20.4%; currency translation negative \$0.01 per share
- Sales increased 7.7% supported by acquisitions; plus 3.5% and 10.4% organic sales growth for CCL and Checkpoint Segments, respectively
- Operating income<sup>(1)</sup> increased 15.3%, driven by performance at the CCL and Checkpoint Segments
- Treofan Americas acquisition closed July 2, 2018

**Toronto, August 9, 2018** - CCL Industries Inc. ("the Company"), a world leader in specialty label, security and packaging solutions for global corporations, government institutions, small businesses and consumers, today reported 2018 second quarter results.

Sales for the second quarter of 2018 increased 0.9% to \$1,264.4 million, compared to \$1,252.9 million for the second quarter of 2017, with 1.3% organic growth and 1.0% acquisition-related growth partially offset by a negative 1.4% impact from foreign currency translation.

Operating income<sup>(1)</sup> for the second quarter of 2018 was \$199.6 million, an increase of 6.0% compared to \$188.3 million for the comparable quarter of 2017. Excluding a \$6.4 million non-cash accounting adjustment primarily related to the acquired finished goods inventory of the Innovia acquisition in 2017, operating income was \$194.7 million for the second quarter of 2017.

Restructuring and other items of \$3.6 million were reported for the second quarter of 2018 primarily related to reorganization costs associated with the 2016 acquisition of Checkpoint

Systems Inc. and other acquisition related transaction costs. There was a net expense for restructuring and other items of \$5.2 million in the 2017 second quarter.

Tax expense for the second quarter of 2018 was \$41.4 million compared to \$41.8 million in the prior year period. The effective tax rates for these two periods were 25.5% and 27.7%, respectively. The decrease in the effective tax rate compared to the prior year second quarter was primarily driven by the impact of the U.S. Tax Cuts and Jobs Act, which is expected to reduce the annual consolidated effective tax rate for 2018 by approximately 3.0%.

Net earnings were \$121.1 million for the 2018 second quarter compared to \$109.9 million for the 2017 second quarter. Basic and adjusted basic earnings per Class B share<sup>(3)</sup> were \$0.69 and \$0.70, respectively, compared to basic and adjusted basic earnings per Class B share<sup>(3)</sup> of \$0.63 and \$0.68, respectively, in the prior year second quarter.

For the six-month period ended June 30, 2018, sales, operating income and net earnings improved 7.7%, 15.3% and 21.2% to \$2.5 billion, \$400.2 million and \$239.8 million, respectively, compared to the same six-month period in 2017. Included in the 2017 six-month period was a \$15.2 million non-cash acquisition accounting adjustment to the acquired finished goods inventory from the Innovia acquisition that was expensed through cost of goods sold in the period. The 2018 six-month period included results from eight acquisitions completed since January 1, 2017, delivering acquisition related sales growth for the period of 5.7%. Organic sales growth was 2.3%, partially offset by 0.3% negative impact from foreign currency translation. For the six-month period ended June 30, 2018, basic and adjusted basic earnings per Class B share<sup>(3)</sup> were \$1.36 and \$1.39, respectively, compared to basic and adjusted basic earnings per Class B share<sup>(3)</sup> of \$1.13 and \$1.25, respectively, in the prior year six-month period. Foreign currency translation had a negative \$0.01 per share impact on earnings.

Geoffrey T. Martin, President and Chief Executive Officer, commented, "Home & Personal Care, and Food & Beverage markets both delivered strong sales growth, Healthcare & Specialty a modest sales gain, partly offset by a small decline at CCL Design compared to a strong prior year period. After an exceptional first quarter, expected softer sequential and comparative CCL Secure polymer bank note substrate volume cut second quarter overall CCL segment organic sales growth rate in half to 3.3%. This was entirely due to a large and highly profitable banknote launch order in the second quarter of 2017; prior year comparisons ease significantly in the coming quarter. Geographically, North America and Emerging Markets outperformed lower European results where the CCL Secure impact occurred. Overall CCL segment profitability improved in line with sales. Checkpoint's 4.7% organic sales growth included completion of technology rollout programs for two important retailers with profitability gains boosted by improved performance at our apparel labeling operations as restructuring initiatives took hold. Avery second quarter operating margins<sup>(1)</sup> improved to 23% on the mix impact of share loss in ring binders and similar adjacent product lines. Innovia results declined on protracted inflationary resin costs, operating challenges at our large U.K. plant and lower sales to the flexible packaging market. Adjusted basic earnings were \$0.70 per Class B share, up modestly compared to the second quarter of 2017."

Mr. Martin continued, "Foreign currency translation was a \$0.02 per Class B share earnings headwind for the second quarter of 2018; foreign currency transaction impacts were nominal. At today's Canadian dollar exchange rates, currency translation would be a modest tailwind, if sustained, for the third quarter of 2018."

Mr. Martin concluded, "We finished the second quarter of 2018, with a solid balance sheet. The Company's net leverage ratio<sup>(4)</sup> was 1.84 times EBITDA<sup>(2)</sup> with \$822 million cash-on-hand, including the proceeds to close the Treofan acquisition on July 2, 2018. \$475 million undrawn capacity on our syndicated revolving credit facility leaves the Company well placed to continue its growth initiatives. Given the outlook and strong free cash flow expectation for 2018, the Board of Directors declared a dividend of \$0.13 per Class B non-voting share and a dividend of \$0.1275 per Class A voting share, payable to shareholders of record at the close of business on September 14, 2018, to be paid on September 28, 2018."

## **Subsequent Events**

On July 2, 2018, the Company completed the acquisition of Treofan America Inc. and Trespaphan Mexico Holdings GmbH (“Treofan”) from their ultimate parent, M&C S.p.A., in Italy. The purchase price, net of cash and debt assumed, is approximately \$255 million plus the costs incurred to the closing date for the construction of its new film line which are estimated at \$33 million.

## **2018 Reporting Changes**

Effective January 1, 2018, the Company changed its reportable segments to incorporate all entities previously reported within the Container Segment in the CCL Segment, to more closely align with the current management structure and reporting. Comparative segment information has been restated to conform to current year presentation.

## **2018 Second Quarter Segment Highlights**

### **CCL**

- Sales increased 3.0% to \$804.2 million, with 3.3% organic growth, 1.2% acquisition contribution and 1.5% negative currency translation
- Regional organic sales growth: North America up mid-single digit, Europe down mid-single digit (up low single digit excluding CCL Secure), Latin America up high single digit and Asia Pacific up mid-teens
- Operating income<sup>(1)</sup> up 7.0% to \$127.3 million; 15.8% operating margin<sup>(1)</sup>

### **Avery**

- Sales of \$194.0 million, decreased 7.2%, with 1.6% acquisition contribution offset by 6.2% organic decline and 2.6% negative currency translation
- Operating income<sup>(1)</sup> \$44.6 million; 23.0% operating margin<sup>(1)</sup>
- Imprint Plus acquisition closed in April 2018, positively impacted results

### **Checkpoint**

- Sales increased 3.7% to \$177.4 million, with 4.7% organic growth and 1.0% negative currency translation
- Operating income<sup>(1)</sup> up 41% to \$27.6 million; 15.6% operating margin<sup>(1)</sup>
- Restructuring program completes with total spending of \$40 million since acquisition

### **Innovia**

- Sales of \$88.8 million
- Operating income<sup>(1)</sup> of \$0.1 million; impacted by increased polypropylene resin costs
- Treofan acquisition completed July 2, 2018 solidifying North America footprint

CCL will hold a conference call at 5:00 p.m. EDT on August 9, 2018, to discuss these results. The analyst presentation will be posted on the Company's website.

To access this call, please dial:

1-844-347-1036 - Toll Free  
1-209-905-5911 - International Dial-In Number  
2397637: Optional Conference Passcode

Audio replay service will be available from August 9, 2018, at 8:00 p.m. EDT until August 27, 2018, at 8:00 p.m. EDT.

To access Conference Replay, please dial:  
1-855-859-2056 Toll Free  
1-404-537-3406 International Dial-In Number  
2397637: Conference Passcode

For more information on CCL, visit our website - [www.cclind.com](http://www.cclind.com) or contact:

Sean Washchuk                      Senior Vice President                      416-756-8526  
and Chief Financial Officer

### ***Forward-looking Statements***

This press release contains forward-looking information and forward-looking statements, as defined under applicable securities laws, (hereinafter collectively referred to as “forward-looking statements”) that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans” or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this press release contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company’s segments; the Company’s anticipated improvement in market share; the Company’s capital spending levels and planned capital expenditures in 2018; the adequacy of the Company’s financial liquidity; earnings per share and EBITDA growth rates; the Company’s effective tax rate; the Company’s ongoing business strategy; the Company’s planned restructuring expenditures; the Company’s expectations regarding general business and economic conditions; the Company’s outlook for strong cash flows in 2018 will be sufficient to fund its expected quarterly dividends; the Company’s expectation that available credit capacity will be sufficient for future growth initiatives; the Company’s expectation that the Rheinfelden joint venture will be profitable in 2019; that financial comparison for the CCL Secure business will ease in the third quarter of 2018; the Company’s expectation that North American and emerging market growth rates will outpace European markets; the Company’s expectation that the Avery Segment will benefit from the acquisition of Imprint Plus; the Company’s expectation that 2018 back-to-school demand will be below 2017 levels; the Company’s expectation the Checkpoint restructuring initiative was completed in the second quarter of 2018 and achieve annual cost savings of \$40 million; and, the Company’s expectation that resin costs will remain high and Innovia will be able to raise prices to its customers.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the uncertainty of the recovery from the global financial crisis and its impact on the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological changes; changes in government regulations; risks associated with operating and product hazards; and the Company’s ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company’s actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: consumer spending; improved customer demand for the Company’s products; continued historical growth trends, market growth in specific sectors and entering into new markets; the Company’s ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company’s focused strategies and operational approach; the achievement of the Company’s plans for improved efficiency and lower costs, including stable aluminum and resin costs; the availability of cash and credit; fluctuations of currency exchange rates; the Company’s continued relations with its customers. Should one or more risks materialize or should any assumption prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: “Risks and Uncertainties” of the 2017 Annual MD&A.

Except as otherwise indicated, forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on CCL’s business. Such statements do not, unless otherwise specified by the Company, reflect the impact of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them and therefore cannot

be described in a meaningful way in advance of knowing specific facts. The forward-looking statements are provided as of the date of this press release and the Company does not assume any obligation to update or revise the forward-looking statements to reflect new events or circumstances, except as required by law.

The financial information presented herein has been prepared on the basis of IFRS for financial statements and is expressed in Canadian dollars unless otherwise stated.

## Financial Information

# CCL Industries Inc.

## Consolidated condensed interim statements of financial position Unaudited

In millions of Canadian dollars

	<u>As at June 30, 2018</u>	<u>As at December 31, 2017</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 822.4	\$ 557.5
Trade and other receivables	907.6	821.3
Inventories	504.5	425.1
Prepaid expenses	35.2	33.6
Income taxes recoverable	5.7	13.1
Derivative instruments	0.4	1.0
<b>Total current assets</b>	<b>2,275.8</b>	<b>1,851.6</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,633.3	1,514.7
Goodwill	1,643.3	1,580.7
Intangible assets	1,099.1	1,082.7
Deferred tax assets	34.7	28.8
Equity accounted investments	56.4	54.0
Other assets	34.3	31.5
<b>Total non-current assets</b>	<b>4,501.1</b>	<b>4,292.4</b>
<b>Total assets</b>	<b>\$ 6,776.9</b>	<b>\$ 6,144.0</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	\$ 1,059.1	\$ 1,018.4
Current portion of long-term debt	328.9	230.6
Income taxes payable	50.3	50.7
<b>Total current liabilities</b>	<b>1,438.3</b>	<b>1,299.7</b>
<b>Non-current liabilities</b>		
Long-term debt	2,344.7	2,100.8
Deferred tax liabilities	191.6	183.5
Employee benefits	330.1	333.6
Provisions and other long-term liabilities	17.2	17.8
Derivative instruments	47.0	50.7
<b>Total non-current liabilities</b>	<b>2,930.6</b>	<b>2,686.4</b>
<b>Total liabilities</b>	<b>4,368.9</b>	<b>3,986.1</b>
<b>Equity</b>		
Share capital	304.8	279.4
Contributed surplus	83.3	78.0
Retained earnings	2,047.2	1,853.4
Accumulated other comprehensive loss	(27.3)	(52.9)
<b>Total equity attributable to shareholders of the Company</b>	<b>2,408.0</b>	<b>2,157.9</b>
<b>Total liabilities and equity</b>	<b>\$ 6,776.9</b>	<b>\$ 6,144.0</b>

# CCL Industries Inc.

## Consolidated condensed interim income statements Unaudited

<i>In millions of Canadian dollars, except per share information</i>	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Sales	\$ 1,264.4	\$ 1,252.9	\$ 2,491.5	\$ 2,314.4
Cost of sales	887.7	874.9	1,737.6	1,624.9
Gross profit	376.7	378.0	753.9	689.5
Selling, general and administrative expenses	190.0	204.0	385.8	370.0
Restructuring and other items	3.6	5.2	6.9	12.6
Earnings in equity accounted investments	(0.2)	(0.8)	(1.1)	(1.4)
	<b>183.3</b>	<b>169.6</b>	<b>362.3</b>	<b>308.3</b>
Finance cost	22.0	18.4	41.9	35.0
Finance income	(1.2)	(0.5)	(2.1)	(2.5)
Net finance cost	20.8	17.9	39.8	32.5
<b>Earnings before income tax</b>	<b>162.5</b>	<b>151.7</b>	<b>322.5</b>	<b>275.8</b>
Income tax expense	41.4	41.8	82.7	78.0
<b>Net earnings attributable to shareholders of the company</b>	<b>\$ 121.1</b>	<b>\$ 109.9</b>	<b>\$ 239.8</b>	<b>\$ 197.8</b>
<b>Earnings per share</b>				
Basic earnings per Class B share	<b>\$ 0.69</b>	<b>\$ 0.63</b>	<b>\$ 1.36</b>	<b>\$ 1.13</b>
Diluted earnings per Class B share	<b>\$ 0.68</b>	<b>\$ 0.63</b>	<b>\$ 1.34</b>	<b>\$ 1.12</b>

# CCL Industries Inc.

## Consolidated condensed interim statements of cash flows Unaudited

<i>In millions of Canadian dollars</i>	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
<b>Cash provided by (used for)</b>				
<b>Operating activities</b>				
Net earnings	\$ 121.1	\$ 109.9	\$ 239.8	\$ 197.8
Adjustments for:				
Depreciation and amortization	68.3	68.0	136.2	125.4
Earnings from equity accounted investments, net of dividends received	3.0	(0.8)	2.1	(1.4)
Net finance costs	20.8	17.9	39.8	32.5
Current income tax expense	42.5	40.4	82.5	71.5
Deferred taxes	(1.1)	1.4	0.2	6.5
Equity-settled share-based payment transactions	6.1	6.7	13.2	14.6
Loss (gain) on sale of property, plant and equipment	1.4	(0.2)	0.3	(2.7)
	262.1	243.3	514.1	444.2
Change in inventories	(19.4)	(4.3)	(76.6)	(16.4)
Change in trade and other receivables	(9.1)	(41.8)	(80.8)	(73.3)
Change in prepaid expenses	(1.1)	1.4	(1.5)	(6.5)
Change in trade and other payables	42.5	45.1	28.2	(39.4)
Change in income taxes receivable and payable	(5.0)	(7.7)	(1.9)	8.1
Change in employee benefits	(5.4)	5.8	(3.5)	17.4
Change in other assets and liabilities	(9.5)	(7.4)	(5.5)	(1.4)
	255.1	234.4	372.5	332.7
Net interest paid	(17.8)	(22.6)	(35.1)	(34.2)
Income taxes paid	(46.1)	(34.5)	(72.0)	(67.1)
<b>Cash provided by operating activities</b>	<b>191.2</b>	<b>177.3</b>	<b>265.4</b>	<b>231.4</b>
<b>Financing activities</b>				
Proceeds on issuance of long-term debt	596.4	0.1	637.6	1,186.0
Repayment of debt	(323.4)	(97.5)	(380.9)	(135.6)
Proceeds from issuance of shares	4.6	1.3	17.7	11.2
Dividends paid	(23.1)	(20.2)	(46.1)	(40.5)
<b>Cash provided by (used for) financing activities</b>	<b>254.5</b>	<b>(116.3)</b>	<b>228.3</b>	<b>1,021.1</b>
<b>Investing activities</b>				
Additions to property, plant and equipment	(95.6)	(72.5)	(204.7)	(184.3)
Proceeds on disposal of property, plant and equipment	12.8	0.6	16.6	3.7
Business acquisitions and other long-term investments	(39.8)	(30.8)	(47.8)	(1,183.9)
<b>Cash used for investing activities</b>	<b>(122.6)</b>	<b>(102.7)</b>	<b>(235.9)</b>	<b>(1,364.5)</b>
Net increase (decrease) in cash and cash equivalents	323.1	(41.7)	257.8	(112.0)
Cash and cash equivalents at beginning of period	516.5	519.0	557.5	585.1
Translation adjustments on cash and cash equivalents	(17.2)	(0.1)	7.1	4.1
<b>Cash and cash equivalents at end of period</b>	<b>\$ 822.4</b>	<b>\$ 477.2</b>	<b>\$ 822.4</b>	<b>\$ 477.2</b>



# CCL Industries Inc.

## Segment Information Unaudited

In millions of Canadian dollars

	<u>Three Months Ended June 30</u>				<u>Six Months Ended June 30</u>			
	<u>Sales</u>		<u>Operating Income (loss)</u>		<u>Sales</u>		<u>Operating Income (loss)</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
CCL	\$ 804.2	\$ 781.1	\$ 127.3	\$ 119.0	\$ 1,611.8	\$ 1,502.8	\$ 273.7	\$ 235.4
Avery	194.0	209.1	44.6	45.4	340.3	369.9	68.6	73.9
Checkpoint	177.4	171.0	27.6	19.5	354.9	320.3	50.3	34.8
Innovia	88.8	91.7	0.1	4.4	184.5	121.4	7.6	3.1
Total Operations	\$ 1,264.4	\$ 1,252.9	\$ 199.6	\$ 188.3	\$ 2,491.5	\$ 2,314.4	\$ 400.2	\$ 347.2
Corporate expense			(12.9)	(14.3)			(32.1)	(27.7)
Restructuring and other items			(3.6)	(5.2)			(6.9)	(12.6)
Earnings in equity accounted investments			0.2	0.8			1.1	1.4
Finance cost			(22.0)	(18.4)			(41.9)	(35.0)
Finance income			1.2	0.5			2.1	2.5
Income tax expense			(41.4)	(41.8)			(82.7)	(78.0)
Net earnings			\$ 121.1	\$ 109.9			\$ 239.8	\$ 197.8

	<u>Total assets</u>		<u>Total liabilities</u>		<u>Depreciation and amortization</u>		<u>Capital expenditures</u>	
	<u>June 30</u>	<u>December 31</u>	<u>June 30</u>	<u>December 31</u>	<u>Six Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
CCL	\$ 3,532.7	\$ 3,313.0	\$ 859.1	\$ 821.6	\$ 97.4	\$ 91.8	\$ 171.7	\$ 163.0
Avery	679.4	593.4	233.4	197.1	8.2	8.1	5.3	10.7
Checkpoint	989.8	941.0	419.2	417.4	14.2	14.9	20.4	7.9
Innovia	761.9	751.5	154.7	160.5	15.9	10.2	6.6	2.7
Equity accounted investments	56.4	54.0	-	-	-	-	-	-
Corporate	756.7	491.1	2,702.5	2,389.5	0.5	0.4	0.7	-
Total	\$ 6,776.9	\$ 6,144.0	\$ 4,368.9	\$ 3,986.1	\$ 136.2	\$ 125.4	\$ 204.7	\$ 184.3

## Non-IFRS Measures

<sup>(1)</sup> Operating income and operating income margin are key non-IFRS financial measures used to assist in understanding the profitability of the Company's business units. Operating income is defined as earnings before corporate expenses, net finance cost, goodwill impairment loss, earnings in equity accounted investments, restructuring and other items, and taxes. Operating income margin is defined as operating income over sales.

<sup>(2)</sup> EBITDA is a critical non-IFRS financial measure used extensively in the packaging industry and other industries to assist in understanding and measuring operating results. EBITDA is also considered as a proxy for cash flow and a facilitator for business valuations. This non-IFRS financial measure is defined as earnings before net finance cost, taxes, depreciation and amortization, goodwill impairment loss, non-cash acquisition accounting adjustments to finished goods inventory, earnings in equity accounted investments and restructuring and other items. Calculations are provided below to reconcile operating income to EBITDA. The Company believes that this is an important measure as it allows management to assess the ongoing business without the impact of net finance cost, depreciation and amortization and income tax expenses, as well as non-operating factors and one-time items. As a proxy for cash flow, it is intended to indicate the Company's ability to incur or service debt and to invest in property, plant and equipment, and it allows management to compare the business to those of the Company's peers and competitors who may have different capital or organizational structures. EBITDA is tracked by financial analysts and investors to evaluate financial performance and is a key metric in business valuations. EBITDA is considered an important measure by lenders to the Company and is included in the financial covenants included in the senior notes and bank lines of credit.

### Reconciliation of operating income to EBITDA

#### Unaudited

(In millions of Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Sales</u>				
CCL	\$ 804.2	\$ 781.1	\$ 1,611.8	\$ 1,502.8
Avery	194.0	209.1	340.3	369.9
Checkpoint	177.4	171.0	354.9	320.3
Innovia	88.8	91.7	184.5	121.4
<b>Total sales</b>	<b>\$ 1,264.4</b>	<b>\$ 1,252.9</b>	<b>\$ 2,491.5</b>	<b>\$ 2,314.4</b>
<u>Operating income</u>				
CCL	\$ 127.3	\$ 119.0	\$ 273.7	\$ 235.4
Avery	44.6	45.4	68.6	73.9
Checkpoint	27.6	19.5	50.3	34.8
Innovia	0.1	4.4	7.6	3.1
<b>Total operating income</b>	<b>\$ 199.6</b>	<b>\$ 188.3</b>	<b>\$ 400.2</b>	<b>\$ 347.2</b>
Less: Corporate expenses	(12.9)	(14.3)	(32.1)	(27.7)
Add: Depreciation & amortization	68.3	68.0	136.2	125.4
Add: Non-cash acquisition accounting adjustment to finished goods inventory	-	6.4	-	15.2
<b>EBITDA</b>	<b>\$ 255.0</b>	<b>\$ 248.4</b>	<b>\$ 504.3</b>	<b>\$ 460.1</b>

<sup>(3)</sup> Adjusted basic earnings per Class B share is an important non-IFRS measure to assist in understanding the ongoing earnings performance of the Company excluding items of a one-time or non-recurring nature. It is not considered a substitute for basic net earnings per Class B share

but it does provide additional insight into the ongoing financial results of the Company. This non-IFRS financial measure is defined as basic net earnings per Class B share excluding gains on business dispositions, goodwill impairment loss, non-cash acquisition accounting adjustments to finished goods inventory, restructuring and other items, and tax adjustments.

Reconciliation of Basic Earnings per Class B Share to Adjusted Basic Earnings per Class B Share

Unaudited

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Basic earnings per class B Share	\$ 0.69	\$ 0.63	\$ 1.36	\$ 1.13
Net loss from restructuring and other items	0.01	0.02	0.03	0.06
Non-cash acquisition accounting adjustment related to finished goods inventory	-	0.03	-	0.06
<b>Adjusted Basic Earnings per Class B Share</b>	<b>\$ 0.70</b>	<b>\$ 0.68</b>	<b>\$ 1.39</b>	<b>\$ 1.25</b>

<sup>(4)</sup> Leverage ratio is a measure that indicates the Company's ability to service its existing debt. Leverage ratio is calculated as net debt divided by EBITDA.

June 30, 2018

Unaudited (In millions of Canadian dollars)	
Current debt	\$ 328.9
Long-term debt	2,344.7
Total debt	\$ 2,673.6
Cash and cash equivalents	(822.4)
Net debt	\$ 1,851.2
EBITDA for 12 months ending June 30, 2018 (see below)	1,003.4
<b>Leverage Ratio</b>	<b>1.84</b>

EBITDA for 12 months ended December 31, 2017	\$ 959.2
less: EBITDA for six months ended June 30, 2017	(460.1)
add: EBITDA for six months ended June 30, 2018	504.3
<b>EBITDA for 12 months ended June 30, 2018</b>	<b>\$ 1,003.4</b>

## Supplemental Financial Information

### Sales Change Analysis Revenue Growth Rates (%)

	Three Months Ended June 30, 2018				Six Months Ended June 30, 2018			
	Organic Growth	Acquisition Growth	FX Translation	Total	Organic Growth	Acquisition Growth	FX Translation	Total
CCL	3.3%	1.2%	(1.5%)	3.0%	3.5%	3.9%	(0.1%)	7.3%
Avery	(6.2%)	1.6%	(2.6%)	(7.2%)	(7.9%)	2.0%	(2.1%)	(8.0%)
Checkpoint	4.7%	-	(1.0%)	3.7%	10.4%	-	0.4%	10.8%
Innovia	(5.2%)	-	2.0%	(3.2%)	(3.6%)	53.0%	2.6%	52.0%
Total	1.3%	1.0%	(1.4%)	0.9%	2.3%	5.7%	(0.3%)	7.7%

### Business Description

**CCL Industries Inc.** employs approximately 20,000 people operating 168 production facilities in 40 countries with corporate offices in Toronto, Canada, and Framingham, Massachusetts. **CCL** is the world's largest converter of pressure sensitive and specialty extruded film materials for a wide range of decorative, instructional, functional and security applications for government institutions and large global customers in the consumer packaging, healthcare & chemicals, consumer electronic device and automotive markets. Extruded & laminated plastic tubes, aluminum aerosols & specialty bottles, folded instructional leaflets, precision decorated & die cut components, electronic displays, polymer bank note substrate and other complementary products and services are sold in parallel to specific end-use markets. **Avery** is the world's largest supplier of labels, specialty converted media and software solutions for short-run digital printing applications for businesses and consumers available alongside complementary products sold through distributors, mass market stores and e-commerce retailers. **Checkpoint** is a leading developer of RF and RFID based technology systems for loss prevention and inventory management applications, including labeling and tagging solutions, for the retail and apparel industries worldwide. **Innovia** is a leading global producer of specialty, high performance, multi-layer, surface engineered films for label, packaging and security applications. The **Company** is partly backward integrated into materials science with capabilities in polymer extrusion, adhesive development, coating & lamination, surface engineering and metallurgy; deployed as needed across the four business segments.