

# *CCL INDUSTRIES INC.*

## *Investor Update*

### *First Quarter 2003 Review*

*Friday, May 2, 2003*

#### **Disclaimer**

Any forward-looking statements contained in this presentation involve risks, uncertainties and assumptions and should not be taken as guarantees of future performance. Actual results could vary materially from those anticipated in forward-looking statements.

# CCL INDUSTRIES INC.

## Statement of Earnings

Three Months Ended March 31st  
(Millions of Cdn \$, except per share data)

	<u>2 0 0 3</u>	<u>2 0 0 2</u>	<u>Change</u>
Sales	<u>\$ 426.8</u>	<u>\$ 427.8</u>	(0.2%)
EBITDA	45.9	47.1	(2.5%)
Depreciation, and amortization of other assets	18.3	19.1	
Interest expense (net)	<u>6.1</u>	<u>8.5</u>	
Earnings before unusual items and income taxes	21.5	19.5	+10.3%
Unusual items - net (loss) gain	<u>(2.4)</u>	<u>1.6</u>	
Earnings before income taxes	19.1	21.1	(9.5%)
Income taxes	<u>5.0</u>	<u>6.3</u>	
Net earnings	<u>\$ 14.1</u>	<u>\$ 14.8</u>	(4.7%)
<i>Tax rate before unusual items</i>	<u>27.5%</u>	<u>26.0%</u>	
 <u>Per Class B Share</u>			
Earnings before unusual items	<u>\$ 0.47</u>	<u>\$ 0.42</u>	+11.9%
Net earnings	<u>\$ 0.43</u>	<u>\$ 0.43</u>	-
Cash flow before unusual items	<u>\$ 1.03</u>	<u>\$ 0.95</u>	+8.4%

- Sales growth 5% excluding negative currency translation and divestitures
- E.P.S. reduced by \$0.02 due to currency translation
- Unusual item – “Series 400” restructuring costs – Los Angeles – as previously anticipated

# CCL INDUSTRIES INC.

## Balance Sheet

As At March 31st

(Millions of Cdn \$, except Book Value per Share)

	<u>2003</u>	<u>2002</u>	<u>Change</u>
Net working capital (receivables, inventory, prepaids, payables and accruals)	\$ <u>117.0</u>	\$ <u>156.4</u>	(25.2%)
Capital assets (net)	\$ <u>480.2</u>	\$ <u>503.0</u>	(4.5%)
Goodwill	\$ <u>259.5</u>	\$ <u>276.1</u>	(6.0%)
Total assets	\$ <u>1,255.0</u>	\$ <u>1,358.1</u>	(7.6%)
Net debt (net of cash and cash equivalents)	\$ <u>370.1</u>	\$ <u>438.1</u>	(15.5%)
Shareholders' equity	\$ <u>406.6</u>	\$ <u>449.9</u>	(9.6%)
Book value per B Share	\$ <u>12.62</u>	\$ <u>13.16</u>	(4.1%)
<b>Total shares outstanding (in millions)</b>	<u><b>32.2</b></u>	<u><b>34.2</b></u>	<b>(5.8%)</b>

### Shareholders' Equity

- All balance sheet items reduced due to currency translation – net debt by \$38.5 million and shareholders' equity by \$15.3 million
- Currency translation effect on Book Value per share – reduction of \$0.48
- Share Repurchases - acquired 1.0 million Class B shares in 1st quarter 2003 for \$17.2 million (average \$17.31 per share) under Normal Course Issuer Bid.
- An additional 0.6 million shares can be repurchased under current NCIB by August 6, 2003.

# CCL INDUSTRIES INC.

Debt Summary  
As At March 31st  
(Millions of Cdn \$)

	<u>2003</u>	<u>2002</u>	<u>Decrease (Increase)</u>
Bank advances	\$ -	\$ 5.5	\$ 5.5
Long-term debt - senior notes (2003 - \$323.6 MM U.S., 2002 - \$333.0 MM U.S.)	475.0	530.9	55.9
Long-term debt - all other	9.6	5.4	(4.2)
Total debt	484.6	541.8	57.2
Cash and cash equivalents	(114.5)	(103.7)	10.8
<b>Net debt</b>	<b>\$ 370.1</b>	<b>\$ 438.1</b>	<b>\$ 68.0</b>
<b>Net debt to total capitalization</b> (2002 - restated for goodwill impairment)	<b><u>47.6%</u></b>	<b><u>49.3%</u></b>	

- Net debt to total capitalization (2002 restated for goodwill impairment – recorded in 3Q02)
  - Jun/02 - 46.1%; Sep/02 - 48.9%; Dec/02 - 45.6%
- Next repayment on senior notes - \$9.4 MM U.S. due Sept. 2003
- Completed favourable renegotiation of debt covenants with Senior Note holders re: accounting change for goodwill impairment and sale of assets

# CCL INDUSTRIES INC.

## Cash Flow Highlights Three Months Ended March 31st (Millions of Cdn \$)

<u>Inflows:</u>	<u>2003</u>	<u>2002</u>
Net earnings	\$ 14.1	\$ 14.8
Depreciation, & amortization of other assets	18.3	19.1
Future income taxes	2.5	1.5
Unusual items	1.9	(1.6)
Other	(0.6)	0.9
<b>Gross Cash Inflow</b>	<b>36.2</b>	<b>34.7</b>
<u>Outflows:</u>		
Net increase in non-cash operating working capital	28.1	23.0
Additions to capital assets	27.2	10.6
Dividends	2.8	2.7
<b>Gross Cash Outflow</b>	<b>58.1</b>	<b>36.3</b>
<b>Net Cash Outflow - Normalized</b>	<b>21.9</b>	<b>1.6</b>
Proceeds and debt reduction on disposals	(1.2)	(17.7)
Business acquisitions including net debt assumed	-	18.6
Repurchase of shares, net of issuance	17.1	(0.4)
<b>Net Cash Outflow</b>	<b>37.8</b>	<b>2.1</b>
Non-cash Item:		
Translation of foreign denominated debt, mainly U.S. dollars	(34.0)	0.3
<b>Increase In Net Debt</b>	<b>\$ 3.8</b>	<b>\$ 2.4</b>

- Capital spending in First Quarter included \$4 million for part of one Container aerosol line and \$4 million for Label gravure press. Plan for 2003 is to spend depreciation plus growth projects (\$90 million total)
- Working Capital Days: 25 days in 2003 vs. 33 days in 2002 and 46 days in 2001

# CCL INDUSTRIES INC.

Income From Operations  
Three Months Ended March 31st  
(Millions of Cdn \$)

	<u>2003</u>	<u>2002</u>	<u>Change</u>
Custom Manufacturing	\$ 11.5	\$ 13.6	(15.4%)
Container	9.4	7.8	+20.5%
Label	9.2	8.8	+4.5%
	<u>30.1</u>	<u>30.2</u>	<u>(0.3%)</u>
Corporate expense	2.5	2.2	+13.6%
Interest expense (net)	<u>6.1</u>	<u>8.5</u>	<u>(28.2%)</u>
Earnings before unusual items and income taxes	21.5	19.5	+10.3%
Unusual items - net (loss) gain	<u>(2.4)</u>	<u>1.6</u>	
<b>Earnings before income taxes</b>	<u><b>\$ 19.1</b></u>	<u><b>\$ 21.1</b></u>	<b>(9.5%)</b>

- Corporate expense higher due primarily to additional insurance costs
- Interest expense lower due to savings on debt repayment - \$0.3 million; interest rate swaps - \$1.0 million; and currency translation - \$1.1 million

# Custom Manufacturing

First Quarters Ended March 31st

<u>(in million Cdn dollars)</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
Sales	<u>\$ 229.3</u>	<u>\$ 235.2</u>	(2.5%)
Operating Income	<u>\$ 11.5</u>	<u>\$ 13.6</u>	(15.4%)
Return on Sales	<u>5.0%</u>	<u>5.8%</u>	
Return on Service Revenue	<u>16.2%</u>	<u>18.4%</u>	
<b>EBITDA</b>	<u><b>\$ 16.6</b></u>	<u><b>\$ 18.8</b></u>	(11.7%)
<b>EBITDA (excluding K-G)</b>		<u><b>\$ 18.7</b></u>	
<b>EBITDA as a % of Sales (2002 - excluding K-G)</b>	<u><b>7.2%</b></u>	<u><b>8.3%</b></u>	

- Excluding dispositions (K-G: sold 1Q02) and currency translation, sales up 3% for the quarter compared to 2002; unit volume was up 2%.
- North America continues to be stable.
- Contributions from the U.K. and German operations continued to be negatively impacted by the slowdown in the European economy & customer mix.
- Return on net assets very satisfactory for this business.
- Working capital days: 13 average vs. 18 in 2002.

# Custom Manufacturing

Unit Volume - Millions  
First Quarters Ended March 31st

	1ST QUARTER			FULL YEAR		
	2003 <u>ACT</u>	2002 <u>ACT</u>	<u>Change</u>	2002 <u>ACT</u>	2001 <u>ACT</u>	<u>Change</u>
Aerosol / sticks	112.6	101.4	11.0%	447.6	452.1	(1.0%)
Liquid	90.3	78.8	14.6%	331.2	270.0	22.7%
UK Custom	42.6	53.8	(20.8%)	201.7	208.2	(3.1%)
Germany	14.3	19.7	(27.4%)	66.3	72.2	(8.2%)
<b>Total - continuing operations</b>	<b>259.8</b>	<b>253.7</b>	<b>2.4%</b>	<b>1,046.8</b>	<b>1,002.5</b>	<b>4.4%</b>
K-G Packaging (sold Mar 2002)	-	7.2	N/A	7.2	24.4	N/A
Shanghai (sold Feb 2001)	-	-	N/A	-	0.4	N/A
UK Pharma (sold Apr 2001)	-	-	N/A	-	10.0	N/A
<b>Total</b>	<b>259.8</b>	<b>260.9</b>	<b>(0.4%)</b>	<b>1,054.0</b>	<b>1,037.3</b>	<b>1.6%</b>

# Container

First Quarters Ended March 31st

<u>(in millions of Cdn dollars)</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
<b>Sales</b>	<u>\$ 88.7</u>	<u>\$ 84.2</u>	+5.3%
<b>Operating Income</b>	<u>\$ 9.4</u>	<u>\$ 7.8</u>	+20.5%
<b>Return on Sales</b>	<u>10.6%</u>	<u>9.3%</u>	
<b>EBITDA</b>	<u>\$ 16.5</u>	<u>\$ 15.6</u>	+5.8%
<b>% of Sales</b>	<u>18.6%</u>	<u>18.5%</u>	

- Excluding foreign currency translation, sales up 12% for the quarter compared to 2002.
- Aerosol sales strong, mainly beverage bottles, with an improved income contribution. Adding two new lines in 2003 and 2004 to handle growing volumes in the beverage and specialty shaped aluminum aerosol markets.
- Performance in Costa Rica and Mexico improved over last year.
- Improved metal tube efficiencies even on lower sales relative to last year.
- Laminate tube and plastic jar results were very good; generating a high return on net assets.
- Plastic tube volume continues to grow over record levels in 2002.
- Los Angeles plant completed restructuring in first quarter, with sale of “series 400” closures. As a result, the LA and Wilkes-Barre plants will now focus strictly on plastic tube manufacturing and decorating.
- Back orders were higher than plan across all Container businesses.

# Container

## Actual Unit Volume Comparison

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	<b>Q1 2003 vs. <u>Q1 2002</u></b>	<b>Year 2002 vs. <u>Year 2001</u></b>
<b>Aerosol</b>	<b>2.7%</b>	<b>2.6%</b>
<b>Laminate Tube</b>	<b>5.1%</b>	<b>7.5%</b>
<b>Plastic Tube</b>	<b>12.5%</b>	<b>18.8%</b>
<b>Aluminum Tube</b>	<b>1.0%</b>	<b>(16.8%)</b>

# Label

First Quarters Ended March 31st

<u>(in millions of Cdn dollars)</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
Sales	<u>\$108.8</u>	<u>\$108.4</u>	+0.4%
Operating Income	<u>\$ 9.2</u>	<u>\$ 8.8</u>	+4.5%
Return on Sales	<u>8.5%</u>	<u>8.1%</u>	
EBITDA	<u>\$ 15.0</u>	<u>\$ 14.7</u>	+2.0%
% of Sales	<u>13.8%</u>	<u>13.6%</u>	

- Excluding foreign exchange, sales up 4%.
- Mexican plant and one U.S. plant had lower than expected performance due to both decreased volume and a mix of lower margin products.
- Cost reductions and operational performance sequentially improving.
- The new European plants acquired February 1, 2002 made a solid improvement in sales and operating income.
- Results included costs to move plant in Monrovia, CA to a newer, but smaller pharmaceutical-focused location nearby, and start-up losses of gravure operation in Sioux Falls, SD.
- In process of selling existing plant in Leeds, U.K. to a developer at a significant gain; relocating nearby in 2004.
- Negotiations with Pachem JV in Austria are continuing.
- Negotiations for the start-up operation in Thailand to supply global customers in the personal and health care markets completed in first quarter. Investment of approximately \$6 million.

# Label

## 2003 Business Unit Performance

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<u>U.S.</u>	<b>Sales</b> <u>% of Total</u>	<u>ROS %</u>
Personal Care	33%	11%
Healthcare	14%	8%
Specialty	26%	10%
Canada / Mexico	13%	3%
Europe	14%	3%
	<u><b>100%</b></u>	<b>8.5%</b>