

CCL INDUSTRIES INC.

Investor Update

Second Quarter 2003 Review

Thursday, July 31, 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 June 30th

(Millions of Cdn \$, except per share data)

	<u>2 0 0 3</u>	<u>2 0 0 2</u>	<u>Change</u>
1) Sales	<u>\$ 390.4</u>	<u>\$ 426.6</u>	(8.5%)
EBITDA	44.6	47.6	(6.3%)
Depreciation, and amortization of other assets	<u>17.1</u>	<u>19.0</u>	
Operating Income	27.5	28.6	(3.8%)
Interest expense (net)	<u>6.0</u>	<u>7.9</u>	
Earnings before unusual items and income taxes	21.5	20.7	+3.9%
2) Unusual items - net loss	<u>1.3</u>	<u>2.0</u>	
Earnings before income taxes	20.2	18.7	+8.0%
Income taxes	<u>5.5</u>	<u>5.4</u>	
Net earnings	<u>\$ 14.7</u>	<u>\$ 13.3</u>	+10.5%
<i>Tax rate before unusual items</i>	<u>27.5%</u>	<u>26.0%</u>	

Per Class B Share

3) Earnings before unusual items	<u>\$ 0.49</u>	<u>\$ 0.45</u>	+8.9%
Net earnings	<u>\$ 0.46</u>	<u>\$ 0.39</u>	+17.9%
Cash flow before unusual items	<u>\$ 1.02</u>	<u>\$ 1.04</u>	(1.9%)

1) Sales decreased 2% excluding negative currency translation**2) Unusual item – Grimsby provision (U.K.) for asset write-down as a result of the disposal in July 2003. Further disposition costs of approx. \$1 million (3¢ E.P.S.) expected in balance of year****3) E.P.S. reduced by \$0.04 due to currency translation. Otherwise, before unusual items, would have been up 18%**

CCL INDUSTRIES INC.Statement of Earnings
Six Months Ended June 30th

(Millions of Cdn \$, except per share data)

	<u>2 0 0 3</u>	<u>2 0 0 2</u>	<u>Change</u>
1) Sales	<u>\$ 817.2</u>	<u>\$ 854.4</u>	(4.4%)
EBITDA	<u>90.5</u>	<u>94.7</u>	(4.4%)
Depreciation, and amortization of other assets	<u>35.4</u>	<u>38.1</u>	
Operating Income	<u>55.1</u>	<u>56.6</u>	(2.7%)
Interest expense (net)	<u>12.1</u>	<u>16.4</u>	
Earnings before unusual items and income taxes	<u>43.0</u>	<u>40.2</u>	+7.0%
2) Unusual items - net loss	<u>3.7</u>	<u>0.4</u>	
Earnings before income taxes	<u>39.3</u>	<u>39.8</u>	(1.3%)
Income taxes	<u>10.5</u>	<u>11.7</u>	
Net earnings	<u>\$ 28.8</u>	<u>\$ 28.1</u>	+2.5%
<i>Tax rate before unusual items</i>	<u>27.5%</u>	<u>26.0%</u>	

Per Class B Share

3) Earnings before unusual items	<u>\$ 0.96</u>	<u>\$ 0.87</u>	+10.3%
Net earnings	<u>\$ 0.89</u>	<u>\$ 0.82</u>	+8.5%
Cash flow before unusual items	<u>\$ 2.05</u>	<u>\$ 1.99</u>	+3.0%

1) Sales growth 1% excluding negative currency translation and divestitures**2) Unusual item – “Series 400” closure restructuring (LA) in 1Q03 & Grimsby provision (U.K.) in 2Q03****3) E.P.S. reduced by \$0.06 due to currency translation. Otherwise, before unusual items, would have been up 17%**

CCL INDUSTRIES INC.

Balance Sheet

As At June 30th

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

	<u>2 0 0 3</u>	<u>2 0 0 2</u>	<u>Change</u>
Net working capital (receivables, inventory, prepaids, payables and accruals)	<u>\$ 106.5</u>	<u>\$ 131.6</u>	(19.1%)
Capital assets (net)	<u>\$ 464.4</u>	<u>\$ 483.0</u>	(3.9%)
Goodwill	<u>\$ 255.1</u>	<u>\$ 259.9</u>	(1.8%)
Total assets	<u>\$ 1,188.8</u>	<u>\$ 1,333.3</u>	(10.8%)
1) Net debt (net of cash and cash equivalents)	<u>\$ 354.6</u>	<u>\$ 379.9</u>	(6.7%)
2) Shareholders' equity	<u>\$ 400.4</u>	<u>\$ 444.6</u>	(9.9%)
3) Book value per B Share	<u>\$ 12.47</u>	<u>\$ 12.99</u>	(4.0%)
4) Total shares outstanding (in millions)	<u>32.1</u>	<u>34.2</u>	(6.1%)

Shareholders' Equity

As at June 30th: \$1 Cdn = \$0.742 U.S. 2003 versus \$0.660 U.S. 2002 (12%)

All balance sheet items reduced due to currency translation

- 1) net debt by \$52.6 million
- 2) shareholders' equity by \$15.8 million compared to June 30th, 2002
- 3) Currency translation effect on Book Value per share – reduction of \$0.49
- 4) Share Repurchases - acquired 1.2 million Class B shares in the first 6 months of 2003 for \$20.7 million (average \$17.39 per share) under Normal Course Issuer Bid. An additional 383,300 million shares can be repurchased under current NCIB by Aug 6/03

CCL INDUSTRIES INC.

Debt Summary
As At June 30th
(Millions of Cdn \$)

	<u>2003</u>	<u>2002</u>	<u>Decrease (Increase)</u>
Bank advances	\$ -	\$ 13.7	\$ 13.7
Long-term debt - senior notes (2003 - \$323.6 MM U.S., 2002 - \$333.0 MM U.S.)	436.1	504.9	68.8
Long-term debt - all other	10.7	7.3	(3.4)
Total debt	446.8	525.9	79.1
Cash and cash equivalents	(92.2)	(146.0)	(53.8)
Net debt	<u>\$ 354.6</u>	<u>\$ 379.9</u>	<u>\$ 25.3</u>
Net debt to total capitalization (2002 - restated for goodwill impairment)	<u>47.0%</u>	<u>46.1%</u>	

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- Net debt to total capitalization (2002 restated for goodwill impairment – recorded in 3Q02):
 - Sep/02 - 48.9%; Dec/02 - 45.6%; Mar/03 – 47.6%
 - Next repayment on senior notes - \$9.4 MM U.S. due Sept. 2003

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Cash Flow Highlights Six Months Ended June 30th (Millions of Cdn \$)

Inflows:

	<u>2 0 0 3</u>	<u>2 0 0 2</u>
Net earnings	\$ 28.8	\$ 28.1
Depreciation, & amortization of other assets	35.4	38.1
Future income taxes	7.2	3.4
Unusual items	2.8	(0.5)
Other	(0.2)	4.0
Gross Cash Inflow	<u>74.0</u>	<u>73.1</u>

Outflows:

1) Net increase in non-cash operating working capital	39.8	6.0
2) Additions to capital assets	56.0	28.6
Dividends	5.7	5.4
Gross Cash Outflow	<u>101.5</u>	<u>40.0</u>
Net Cash Inflow (Outflow) - Normalized	<u>(27.5)</u>	<u>33.1</u>
Proceeds and debt reduction on disposals	4.5	17.7
Business acquisitions including net debt assumed	(18.0)	(18.6)
Repurchase of shares, net of issuance	(19.3)	(0.1)
Net Cash Inflow (outflow)	<u>(60.3)</u>	<u>32.1</u>
Non-cash Item:		
Translation of foreign denominated debt, mainly U.S. dollars	<u>72.0</u>	<u>23.7</u>

Decrease In Net Debt

\$ 11.7 \$ 55.8

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- 1) Working Capital Days: 27 days in 2003 vs. 28 days in 2002 and 39 days in 2001. Seasonal build up in 2003 more typical from low year end position in Dec 2002**
 - 2) Capital spending in the first 6 months included \$10 million so far for two Container aerosol lines and \$4 million for Label gravure press in Sioux Falls, SD. Plan for 2003 is to spend depreciation (\$70+ million) plus growth projects (approximately \$90 million total)**

CCL INDUSTRIES INC.

Income From Operations
Six Months Ended June 30th
(Millions of Cdn \$)

	<u>2003</u>	<u>2002</u>	<u>Change</u>
Custom Manufacturing	\$ 22.8	\$ 29.3	(22.2%)
Container	19.8	14.6	+35.6%
Label	<u>17.4</u>	<u>16.4</u>	+6.1%
	60.0	60.3	(0.5%)
1) Corporate expense	<u>4.9</u>	<u>3.7</u>	+32.4%
Operating Income	55.1	56.6	(2.7%)
2) Interest expense (net)	<u>12.1</u>	<u>16.4</u>	(26.2%)
Earnings before unusual items and income taxes	43.0	40.2	+7.0%
Unusual items - net loss	<u>3.7</u>	<u>0.4</u>	
Earnings before income taxes	<u>\$ 39.3</u>	<u>\$ 39.8</u>	(1.3%)

1) Corporate expense higher due primarily to foreign exchange translation on US cash on hand

2) Interest expense lower due to savings on Sept 2002 debt repayment - \$0.5 million; interest rate swaps - \$1.9 million; and currency translation - \$1.9 million

Custom Manufacturing

Second Quarters Ended June 30th

(in million Cdn dollars)

	<u>2 0 0 3</u>	<u>2 0 0 2</u>	<u>%</u>
1) Sales	<u>\$ 202.8</u>	<u>\$ 234.8</u>	(13.6%)
Operating Income	<u>\$ 11.3</u>	<u>\$ 15.7</u>	(28.0%)
Return on Sales	<u>5.6%</u>	<u>6.7%</u>	
Return on Service Revenue	<u>17.8%</u>	<u>21.5%</u>	
EBITDA	<u>\$ 16.4</u>	<u>\$ 20.4</u>	(19.6%)

- 1) Excluding currency translation, sales down 10% for the quarter compared to a very strong 2002; unit volume was down 13%**
- North American sales were negatively affected by slowing customer orders, a mix of lower margin products and the decline in the value of the United States dollar
 - Contributions from the U.K. and German operations continued to be impacted by the soft European economy
 - Grimsby U.K. plant sold in July 2003, wrote down assets in 2nd quarter to the estimated net realizable value of the investment; will consolidate 2 aerosol lines into Scunthorpe facility in the last half of 2003. Should be accretive to earnings by 4Q03
 - R.O.I. for Custom 21% in 2003

Custom Manufacturing

[p://www.cclind.com/corp_investor_2003q2.html](http://www.cclind.com/corp_investor_2003q2.html)

Unit Volume - Millions
Second Quarters Ended June 30th

	2ND QUARTER			YTD		
	2003 <u>ACT</u>	2002 <u>ACT</u>	<u>Change</u>	2003 <u>ACT</u>	2002 <u>ACT</u>	<u>Change</u>
Aerosol / sticks - North America	101.4	112.6	(9.9%)	214.0	205.4	4.2%
Liquid - North America	76.9	90.5	(15.0%)	167.2	178.0	(6.1%)
U.K.	45.7	50.0	(8.6%)	88.3	103.8	(14.9%)
Germany	15.0	20.6	(27.2%)	29.3	40.3	(27.3%)
Total - continuing operations	239.0	273.7	(12.7%)	498.8	527.5	(5.4%)
K-G Packaging (sold Mar 2002)	-	-	N/A	-	7.2	N/A
Total	239.0	273.7	(12.7%)	498.8	534.7	(6.7%)

Container

Second Quarters Ended June 30th

<u>(in millions of Cdn dollars)</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
1) Sales	<u>\$ 88.1</u>	<u>\$ 88.9</u>	(0.9%)
Operating Income	<u>\$ 10.4</u>	<u>\$ 6.8</u>	+52.9%
Return on Sales	<u>11.8%</u>	<u>7.6%</u>	
EBITDA	<u>\$ 16.8</u>	<u>\$ 14.6</u>	+15.1%
% of Sales	<u>19.1%</u>	<u>16.4%</u>	

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- 1) Excluding foreign currency translation, sales up 10% for the quarter compared to 2002**
- **Aerosol sales strong, mainly beverage bottles and barrier packs, with an improved income contribution. Adding two new lines in 2003 and 2004 in Penetang, ON, to handle growing volumes in the beverage and specialty shaped aluminum aerosol markets**
 - **Excellent performance in Costa Rica - improved over a very good 2002**
 - **Mexico is affected by low domestic demand**
 - **Plastic performance dramatically improved with impact of management actions in last 18 months in L.A. and focus on tubes and closures (sale of Series 400)**
 - **Aluminum tube sales and income below last year on lower customer demand**
 - **Laminate tube and plastic jar results are very strong**

Container

Actual Unit Volume Comparison

	Q2 2003 vs. <u>Q2 2002</u>	Year 2002 vs. <u>Year 2001</u>
Aerosol	5.5%	2.6%
Laminate Tube	6.2%	7.5%
Plastic Tube	11.7%	18.8%
Aluminum Tube	(9.9%)	(16.8%)

Label

Second Quarters Ended June 30th

<u>(in millions of Cdn dollars)</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
1) Sales	<u>\$ 99.5</u>	<u>\$ 102.9</u>	(3.3%)
Operating Income	<u>\$ 8.2</u>	<u>\$ 7.6</u>	+7.9%
Return on Sales	<u>8.2%</u>	<u>7.4%</u>	
EBITDA	<u>\$ 13.5</u>	<u>\$ 13.9</u>	(2.9%)
% of Sales	<u>13.6%</u>	<u>13.5%</u>	

1) Excluding foreign exchange, sales up 5%

- The new European plants acquired February 1, 2002 made a solid improvement in sales and operating income for the quarter
- 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 (\$0.9 million for the second quarter)
- All North American plants showing improvement except for Mexican plant and one U.S. plant continuing to experience lower than expected performance due to both decreased volumes and related operational issues. Management changes are addressing issues
- Purchased Lucas-Insertco in early June. Manufactures instructional leaflets for the pharmaceutical industry. Nominal sales and income recorded in 2Q03
- In process of selling existing plant in Leeds, U.K. to a developer at a significant gain; relocating nearby in 2004
- Finalized Pachem JV in July; located in Austria and Wales, CCL has a 51% ownership stake with existing management owning the balance
- Purchased a Greenfield facility in Thailand to supply global customers initially in the personal care markets – start up by the end of year. Investment of approximately \$6 million
- Announced in July the purchase of Avery Dennison's European label converting business for \$85 million. Expected to be completed in 3rd quarter and will be immediately accretive to earnings

Label

Second Quarter 2003 Business Unit Performance

<u>U.S.</u>	Sales	
	<u>% of Total</u>	<u>ROS %</u>
US - Personal Care	35%	14%
US - Healthcare	14%	9%
US - Specialty	22%	7%
Canada / Mexico	15%	10%
Europe	14%	3%
	<u>100%</u>	8.7%