

# *CCL INDUSTRIES INC.*

## *Investor Update*

### *Fourth Quarter 2003 Review*

*Thursday, February 19, 2004*

#### **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 December 31<sup>st</sup>**  
**(Millions of Cdn \$, except per share data)**

	<u>2 0 0 3</u>	<u>2 0 0 2</u>	<u>Change</u>	<u>Net of FX &amp; divestitures</u>
<b>1) Sales</b>	<u>\$ 346.7</u>	<u>\$ 406.1</u>	(14.6%)	+3%
EBITDA	37.2	43.5	(14.5%)	
Depreciation, and amortization of other assets	<u>15.4</u>	<u>18.7</u>		
Operating Income	21.8	24.8	(12.1%)	
Interest expense (net)	<u>5.3</u>	<u>7.1</u>		
Earnings before unusual items and income taxes	16.5	17.7	(6.8%)	
<b>2) Unusual items - net gain (loss)</b>	<u>4.3</u>	<u>(8.3)</u>		
Earnings before income taxes	20.8	9.4	+121.3%	
Income taxes	<u>3.4</u>	<u>-</u>		
Net earnings	<u>\$ 17.4</u>	<u>\$ 9.4</u>	+85.1%	
<b>3) Tax rate before unusual items</b>	<u>20.3%</u>	<u>25.5%</u>		
<b><u>Per Class B Share</u></b>				
<b>4) Net earnings</b>	<u>\$ 0.54</u>	<u>\$ 0.28</u>	+92.9%	Net of FX
Earnings before unusual items	<u>\$ 0.41</u>	<u>\$ 0.39</u>	+5.1%	+10%
Cash flow before unusual items	<u>\$ 0.89</u>	<u>\$ 0.96</u>	(7.3%)	

**1) Sales increased 3% excluding negative currency translation and divestitures**

**2) Unusual items -**

- Container: disposal of 4 non-core business units (gain of 14¢ E.P.S.) final closing adj.
- Custom Mfg.: additional disposition costs related to disposal of Grimsby (U.K.) (1¢ E.P.S.)
- Total income of 13¢ E.P.S. in 4Q03 vs. loss of 11¢ E.P.S. in 4Q02
- Operating income from Avery Europe acquisition was \$3.9 million in 4Q03; disposed Container operations in 4Q02 was \$2.7million of operating income

**3) Tax rate lower due to lower tax rates in new jurisdictions (Denmark, etc.) vs. U.S. rates and year-end adj.**

**4) E.P.S. before unusual items reduced by \$0.02 compared to 2002 due to currency translation. Otherwise, would have been up 10%; positive effect of European currencies more than offset by U.S. \$ decline**

# CCL INDUSTRIES INC.

## Statement of Earnings

Years Ended December 31<sup>st</sup>

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

	2003	2002	Change	Net of FX & divestitures
<b>1) Sales</b>	<u>\$ 1,518.4</u>	<u>\$ 1,684.9</u>	(9.9%)	0%
EBITDA	168.8	184.1	(8.3%)	
Depreciation, and amortization of other assets	<u>67.4</u>	<u>75.8</u>		
Operating Income	101.4	108.3	(6.4%)	
Interest expense (net)	<u>23.0</u>	<u>30.9</u>		
Earnings before unusual items and income taxes	78.4	77.4	+1.3%	
<b>2) Unusual items - net loss</b>	<u>(6.6)</u>	<u>(39.1)</u>		
Earnings before income taxes	71.8	38.3	+87.5%	
Income taxes	<u>18.8</u>	<u>16.5</u>		
Net earnings	<u>\$ 53.0</u>	<u>\$ 21.8</u>	+143.1%	
<i>Tax rate before unusual items</i>	<u>26.0%</u>	<u>25.5%</u>		
<b><u>Per Class B Share</u></b>				
Net earnings	<u>\$ 1.64</u>	<u>\$ 0.65</u>	+152.3%	Net of FX
<b>3) Earnings before unusual items</b>	<u>\$ 1.80</u>	<u>\$ 1.70</u>	+5.9%	+13%
Cash flow before unusual items	<u>\$ 3.88</u>	<u>\$ 3.94</u>	(1.5%)	

**1) Sales, excluding negative currency translation and divestitures, were basically flat**

**2) Unusual items – Container’s disposal of non-core businesses 3Q03 & 4Q03, Grimsby (U.K.) disposition costs, repatriation of cash (income) and “Series 400” closure restructuring (LA)**

**3) E.P.S. reduced by \$0.12 for year due to currency translation. Otherwise, before unusual items, would have been up 13% (negative translation impact: 1Q03 - 2¢, 2Q03 - 4¢, 3Q03 - 4¢, 4Q03 - 2¢)**

# **CCL INDUSTRIES INC.**

## **2003 - Earnings Per Class B Share**

	<b>Q4</b>	<b>Total</b>
	<b>2003</b>	<b>Year 2003</b>
<b>Before Unusual Items</b>	<b>\$ 0.41</b>	<b>\$ 1.80</b>
Foreign exchange gain on repatriation of capital	-	+0.02
Grimsby disposition costs (U.K.)	(0.01)	(0.04)
"Series 400" closure restructuring (Plastic - L.A.)	-	(0.04)
Container - disposal of non-core businesses	+0.14	(0.10)
<b>Net Earnings</b>	<b>\$ 0.54</b>	<b>\$ 1.64</b>

## Impact of Changes in Exchange Rates 2003 - 2004

### Currency Translation:

**2003 – Negative effect of U.S. dollar (down 11% on average); partly offset by European currency strength**

**2004 – Assume U.S. dollar averages \$1.33 vs. \$1.40 in 2003, with no change in other currencies (Europe, Mexico, etc.)**

### Currency Transactions (U.S. \$ Forwards):

**2003 – Benefited by having sold forward U.S. dollars at \$1.59 for full year (vs. \$1.40 actual)**

**2004 – Sold forward 1Q04 and part of 2Q04 at \$1.34; assume full year at \$1.33**

	<u>2003</u>	<u>2004</u>	<u>2002 to 2004</u> <u>Total</u>
<b><u>Negative Impact of Currency - \$ E.P.S.</u></b>			
Currency translation	\$ 0.12	\$ 0.05	\$ 0.17
Currency transactions	-	\$ 0.14	\$ 0.14
<b>Total Negative Impact</b>	<b>\$ 0.12</b>	<b>\$ 0.19</b>	<b>\$ 0.31</b>

# CCL INDUSTRIES INC.

## Balance Sheet

As At December 31<sup>st</sup>

(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)	\$ 56.9	\$ 97.8	(41.8%)
Capital assets (net)	\$ 442.8	\$ 507.9	(12.8%)
Goodwill	\$ 298.0	\$ 275.1	+8.3%
Total assets	\$ 1,191.9	\$ 1,342.7	(11.2%)
1) Net debt (net of cash and cash equivalents)	\$ 345.0	\$ 366.3	(5.8%)
2) Shareholders' equity	\$ 418.9	\$ 437.0	(4.1%)
3) Book value per B Share	\$ 13.00	\$ 13.10	(0.8%)
4) Total shares outstanding (in millions)	32.2	33.4	(3.6%)

### Shareholders' Equity

As at December 31<sup>st</sup>: \$1 Cdn = \$0.771 U.S. in 2003 versus \$0.634 U.S. in 2002 (22% change)

Balance sheet items negatively affected compared to Dec. 31<sup>st</sup>, 2002 due to currency translation

- 1) Net debt by \$74.6 million
- 2) Shareholders' equity by \$39.8 million
- 3) Currency translation effect on Book Value per share – reduction of \$1.24; otherwise 8.7% growth
- 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. No additional shares were repurchased in Q3 & Q4. Normal Course Issuer Bid not renewed at this time

**CCL INDUSTRIES INC.**

**Debt Summary**  
**As At December 31<sup>st</sup>**  
**(Millions of Cdn \$)**

	<u>2 0 0 3</u>	<u>2 0 0 2</u>	<u>Decrease</u> <u>(Increase)</u>
Bank advances	\$ 7.5	\$ 0.4	\$ (7.1)
Long-term debt - senior notes (2003 - \$314.3 MM U.S., 2002 - \$323.6 MM U.S.)	407.4	510.5	103.1
Long-term debt - all other	11.9	11.5	(0.4)
<b>Total debt</b>	<b>426.8</b>	<b>522.4</b>	<b>95.6</b>
Cash and cash equivalents	(81.8)	(156.1)	(74.3)
<b>Net debt</b>	<b>\$ 345.0</b>	<b>\$ 366.3</b>	<b>\$ 21.3</b>
<b>Net debt to total capitalization</b>	<b><u>45.2%</u></b>	<b><u>45.6%</u></b>	

- Net debt to total capitalization: Mar/03 – 47.6%; Jun/03 – 47.0%; Sep/03 – 42.0%  
(before Avery acquisition Oct 1/03 – would have been 48% pro-forma)
- Next repayment on senior notes - \$9.4 MM U.S. due Sept. 2004

# CCL INDUSTRIES INC.

## Cash Flow Highlights Years Ended December 31<sup>st</sup> (Millions of Cdn \$)

	<u>2 0 0 3</u>	<u>2 0 0 2</u>
<b><u>Inflows:</u></b>		
Net earnings	\$ 53.0	\$ 21.8
Depreciation, & amortization of other assets	67.4	75.8
Future income taxes	8.0	4.7
Unusual items	4.3	36.9
Gross Cash Inflow	<u>132.7</u>	<u>139.2</u>
<b><u>Outflows:</u></b>		
1) Net increase (decrease) in non-cash operating working capital	3.2	(32.9)
Additions to capital assets	112.2	71.4
Dividends	11.5	11.4
Other	2.5	5.0
Gross Cash Outflow	<u>129.4</u>	<u>54.9</u>
<b>Net Cash Inflow - Normalized</b>	<b>3.3</b>	<b>84.3</b>
2) Proceeds and debt reduction on disposals	77.2	17.7
3) Business acquisitions including net debt assumed	(115.8)	(18.8)
Repurchase of shares, net of issuance	(18.0)	(18.1)
<b>Net Cash Inflow (Outflow)</b>	<u>(53.3)</u>	<u>65.1</u>
Non-cash Item:		
Translation of foreign denominated debt, mainly U.S. dollars	<u>74.6</u>	<u>4.3</u>
<b>Decrease In Net Debt</b>	<b><u>\$ 21.3</u></b>	<b><u>\$ 69.4</u></b>

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- 1) Working Capital Days at year end: 15 days in 2003 vs. 22 days in 2002 and 35 days in 2001.
  - 2) Primarily four Container plants sold to IntraPac in 2003 (Cash of \$71.5 and Equity of \$12.5)
  - 3) Label acquisitions: Avery Europe \$81.3; Pachem (51% JV) \$16.5; Lucas Insertco \$18.0

**CCL INDUSTRIES INC.**
**Capital Spending Highlights**  
**Years Ended December 31<sup>st</sup>, 2003**  
**(Millions of Cdn \$)**

<u>Divisions</u>	<u>Capital Spending</u>	<u>Depreciation</u>	<u>Difference</u>	<u>Major Investment Projects</u>
<b>Custom Manufacturing</b>	<b>\$ 29.1</b>	<b>\$ 19.2</b>	<b>\$ 9.9</b>	Danville line upgrade \$ 2.2 UK consolidation 2.2 German expansion 3.8 <u>\$ 8.2</u>
<b>Container</b>	<b>34.2</b>	<b>21.7</b>	<b>12.5</b>	2 Aerosol lines \$ 15.6 Hermitage line upgrade 2.4 Wilkes-Barre PA plastic tube 2.5 <u>\$ 20.5</u>
<b>Label</b>	<b>48.8</b>	<b>24.0</b>	<b>24.8</b>	Gravure press \$ 3.9 Hightstown upgrade 2.4 Upland, CA plant purchase 2.8 Thailand (equip, land & bldg) 8.9 Paris Nilpeter press & Rotoflexes 5.0 Leeds Nilpeter press 2.1 <u>\$ 25.1</u>
<b>Corporate</b>	<b>0.1</b>	<b>0.8</b>	<b>(0.7)</b>	
	<b>\$ 112.2</b>	<b>\$ 65.7</b>	<b>\$ 46.5</b>	<b>TOTAL \$ 53.8</b>

**CCL INDUSTRIES INC.****Income From Operations  
Years Ended December 31<sup>st</sup>  
(Millions of Cdn \$)**

	<u>2003</u>	<u>2002</u>	<u>Change</u>	<u>Excl. FX &amp; Divestitures</u>
Custom Manufacturing	\$ 44.1	\$ 54.5	(19.1%)	(16.4%)
Container	31.3	29.7	+5.4%	+26.1%
Label	<u>35.1</u>	<u>32.6</u>	+7.7%	+16.9%
	<b>110.5</b>	<b>116.8</b>	<b>(5.4%)</b>	<b>+1.3%</b>
1) Corporate expense	<u>9.1</u>	<u>8.5</u>	+7.1%	
Operating Income	101.4	108.3	(6.4%)	
2) Interest expense (net)	<u>23.0</u>	<u>30.9</u>	(25.6%)	
Earnings before unusual items and income taxes	78.4	77.4	+1.3%	
Unusual items - net loss	<u>(6.6)</u>	<u>(39.1)</u>		
<b>Earnings before income taxes</b>	<b><u>\$ 71.8</u></b>	<b><u>\$ 38.3</u></b>	<b>+87.5%</b>	

- 1) Additional insurance and internal audit costs
- 2) Interest expense lower due to savings on Sept 2002 and 2003 debt repayment - \$0.9 million; interest rate swaps - \$2.7 million; and currency translation - \$5.4 million; offset in part by lower interest income and acquisition debt assumed

# Custom Manufacturing

Fourth Quarters Ended December 31<sup>st</sup>

<u>(in millions of Cdn dollars)</u>	<u>2 0 0 3</u>	<u>2 0 0 2</u>	<u>%</u>	<u>Excl. FX &amp; Divestitures</u>
<b>1) Sales</b>	<u>\$ 185.3</u>	<u>\$ 220.2</u>	(15.8%)	(6.7%)
Operating Income	<u>\$ 11.3</u>	<u>\$ 12.0</u>	(5.8%)	+1.7%
Return on Sales	<u>6.1%</u>	<u>5.4%</u>		
Return on Service Revenue	<u>18.3%</u>	<u>17.1%</u>		
<b>EBITDA</b>	<u>\$ 15.5</u>	<u>\$ 17.1</u>	(9.4%)	

- 1) Excluding currency translation & divestitures, sales were down 7% for the quarter compared to a very strong 2002; unit volume was down 12%**
- North American and U.K. sales were negatively affected by reduced volumes
  - Contribution from the German operations were positively affected by a mix of higher margin products and new product volume
  - Grimsby U.K. plant sold in July 2003. Consolidation 2 aerosol lines into Scunthorpe facility, was completed at Dec 31, 2003. Positive earnings impact in 2004
  - Volume outlook in line with second half of 2003 without the benefit of U.S.\$ hedging program

# Custom Manufacturing

Years Ended December 31<sup>st</sup>

<u>(in millions of Cdn dollars)</u>	<u>2 0 0 3</u>	<u>2 0 0 2</u>	<u>%</u>	<u>Excl. FX &amp; Divestitures</u>
<b>1) Sales</b>	<u>\$ 801.0</u>	<u>\$ 919.4</u>	(12.9%)	(6.8%)
Operating Income	<u>\$ 44.1</u>	<u>\$ 54.5</u>	(19.1%)	(16.4%)
Return on Sales	<u>5.5%</u>	<u>5.9%</u>		
Return on Service Revenue	<u>17.2%</u>	<u>18.9%</u>		
<b>EBITDA</b>	<u>\$ 63.3</u>	<u>\$ 74.7</u>	(15.3%)	

**1) Excluding currency translation & divestitures, sales were down 7% for the year compared to a record 2002**

➤ **10% less volume compared to a very strong 2002**

# Custom Manufacturing

[p://www.cclind.com/corp\\_investor\\_2003q4.html](http://www.cclind.com/corp_investor_2003q4.html)

## Unit Volume - Millions Fourth Quarters Ended December 31<sup>st</sup>

	4TH QUARTER			FULL YEAR		
	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	106.1	112.6	(5.8%)	421.8	447.6	(5.8%)
Liquid - North America	72.4	84.0	(13.8%)	312.1	331.2	(5.8%)
U.K.	27.2	43.5	(37.5%)	153.2	201.7	(24.0%)
Germany	17.5	12.6	38.9%	61.4	66.3	(7.4%)
<b>Total - continuing operations</b>	<b>223.2</b>	<b>252.7</b>	<b>(11.7%)</b>	<b>948.5</b>	<b>1,046.8</b>	<b>(9.4%)</b>
K-G Packaging (sold Mar 2002)	-	-	N/A	-	7.2	N/A
<b>Total</b>	<b>223.2</b>	<b>252.7</b>	<b>(11.7%)</b>	<b>948.5</b>	<b>1,054.0</b>	<b>(10.0%)</b>

# Container

## Fourth Quarters Ended December 31<sup>st</sup>

<u>(in millions of Cdn dollars)</u>	<u>2003</u>	<u>2002</u>	<u>%</u>	<u>Excl. FX &amp; Divestitures</u>
<b>1) Sales</b>	<u>\$ 47.9</u>	<u>\$ 86.3</u>	(44.5%)	(3.1%)
Operating Income	<u>\$ 4.0</u>	<u>\$ 7.2</u>	(44.4%)	(8.9%)
<b>Return on Sales</b>	<u>8.4%</u>	<u>8.3%</u>		
EBITDA	<u>\$ 7.9</u>	<u>\$ 14.8</u>	(46.6%)	
<b>% of Sales</b>	<u>16.5%</u>	<u>17.1%</u>		

- 1) Excluding foreign currency translation & divestitures, sales were down 3% for the quarter compared to 2002**
- **Aerosol sales strong, mainly beverage bottles and aerosol containers, 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**
  - **Mexico is continuing to be affected by low domestic demand**
  - **Plastic is experiencing a drop in demand which parallels reports from industry players**
  - **Labour efficiencies and scrap costs are unfavourable**
  - **4 non-core business units were sold to IntraPac at end of Aug/03.**

# Container

## Years Ended December 31<sup>st</sup>

<u>(in millions of Cdn dollars)</u>	<u>2003</u>	<u>2002</u>	<u>%</u>	<u>Excl. FX &amp; Divestitures</u>
<b>1) Sales</b>	<u>\$ 294.8</u>	<u>\$ 351.2</u>	(16.1%)	+4.1%
Operating Income	<u>\$ 31.3</u>	<u>\$ 29.7</u>	+5.4%	+26.1%
Return on Sales	<u>10.6%</u>	<u>8.5%</u>		
EBITDA	<u>\$ 53.5</u>	<u>\$ 59.9</u>	(10.7%)	
% of Sales	<u>18.1%</u>	<u>17.1%</u>		

- 1) Excluding foreign currency translation & divestitures, sales were up 4% for the year compared to 2002**
- Major improvement in Aerosol with introduction of the new beverage package & increased demand for standard aerosols. Plastic business also improved operating income despite volume challenges in second half of 2003

# Container

## Actual Unit Volume Comparison

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	Q4 2003 vs. <u>Q4 2002</u>	Year 2003 vs. <u>Year 2002</u>	Year 2002 vs. <u>Year 2001</u>
Aerosol Cans & Beverage Bottles	+12.3%	+14.8%	+2.6%
Plastic Tubes	(16.2%)	(2.7%)	+18.8%

# Label

## Fourth Quarters Ended December 31<sup>st</sup>

<u>(in millions of Cdn dollars)</u>	<u>2003</u>	<u>2002</u>	<u>%</u>	<u>Excl. FX</u>
<b>1) Sales</b>	<u>\$ 113.5</u>	<u>\$ 99.6</u>	<b>+14.0%</b>	<b>+27.4%</b>
<b>Operating Income</b>	<u>\$ 9.2</u>	<u>\$ 8.3</u>	<b>+10.8%</b>	<b>+21.7%</b>
<b>Return on Sales</b>	<u>8.1%</u>	<u>8.3%</u>		
<b>EBITDA</b>	<u>\$ 16.2</u>	<u>\$ 14.0</u>	<b>+15.7%</b>	
<b>% of Sales</b>	<u>14.3%</u>	<u>14.1%</u>		

**1)** Excluding foreign exchange, sales were up 27%

- North American sales slowed during second half with the exception of Charlotte and Sioux Falls personal care & Canadian plants
- Results included start-up losses of gravure operation in Sioux Falls, SD (\$0.6 million for the fourth quarter in 2003) – Return on Sales would have been 8.6%
- Purchased Lucas-Insertco in early June. Manufactures instructional leaflets for the pharmaceutical industry. Positive impact on sales and operating income recorded in 4Q03
- In process of selling existing plant in Leeds, U.K. to a developer at a significant gain; purchased land and commenced building to relocate nearby in 2004 – startup target: Dec/04
- Finalized Pachem JV in July; located in Austria and Wales, CCL has a 51% ownership stake with existing management owning the balance; Pachem management has taken over gravure plant in France
- Purchased a Greenfield facility in Thailand to supply global customers initially in the personal care markets – will be in operation in 2004. Investment of \$9 million
- Completed in early October the purchase of Avery Dennison's European label converting business for \$84 million. Accretive to earnings and more than offset 3<sup>rd</sup> quarter divestitures in the Container Division
- Order levels and customer activity look strong to start 2004

# Label

## Years Ended December 31<sup>st</sup>

<u>(in millions of Cdn dollars)</u>	<u>2003</u>	<u>2002</u>	<u>%</u>	<u>Excl. FX</u>
<b>1) Sales</b>	<u>\$ 422.6</u>	<u>\$ 414.3</u>	<b>+2.0%</b>	<b>+10.7%</b>
<b>Operating Income</b>	<u>\$ 35.1</u>	<u>\$ 32.6</u>	<b>+7.7%</b>	<b>+16.9%</b>
<b>Return on Sales</b>	<u>8.3%</u>	<u>7.9%</u>		
<b>EBITDA</b>	<u>\$ 59.9</u>	<u>\$ 57.0</u>	<b>+5.1%</b>	
<b>% of Sales</b>	<u>14.2%</u>	<u>13.8%</u>		

**1)** Excluding foreign exchange, sales were up 11%

- International results improved, but dampened by poor performance in Mexico
- Sales shortfall in US, but partially offset by strong performance in the personal care group
- Results include start-up losses of gravure operation in Sioux Falls, S.D. (\$3.9 million in 2003) – Return on Sales would have been 9.2%)
- Increase in operating income mainly due to acquisitions