



# *Investor Update*

## *First Quarter 2006 Review*

### *Thursday, May 4, 2006*

#### **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.

# Statement of Earnings for Continuing Operations

First Quarters Ended March 31<sup>st</sup>

(Millions of Cdn \$)



## Excludes Discontinued Operations - Custom Manufacturing North America sold May 17, 2005

	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>Net of currency translation &amp; divestitures</u>
1) Sales	<u>\$ 313.2</u>	<u>\$ 265.7</u>	+17.9%	+29%
Income before undernoted items	55.1	43.4	+27.0%	
Depreciation and amortization	<u>18.1</u>	<u>15.5</u>		<u>Net of currency translation, transactions</u>
Operating income	37.0	27.9	+32.6%	+47%
Interest expense, net	<u>5.6</u>	<u>5.3</u>		
	31.4	22.6	+38.9%	
2) Unusual items - net gain	<u>0.4</u>	-		
Earnings before income taxes	31.8	22.6	+40.7%	
3) Income taxes	<u>10.7</u>	<u>6.5</u>		
Net earnings from continuing operations	<u>\$ 21.1</u>	<u>\$ 16.1</u>	+31.1%	
<i>Tax rate before unusual items</i>	<u>29.0%</u>	<u>28.8%</u>		

Comparatives impacted by acquisitions – Label Prodesmaq (Jan/06); Label Inprint (Sep/05), Label Pachem 49% (Aug/05), Merroc (Aug/05), Container Libertyville 30% (Aug/05), Label Steinbeis (Feb/05); and by disposal – Dispensing closures, now part of Tube (Feb/06)

- 1) Sales, excluding negative currency translation and divestitures, were up 29% due to organic growth & acquisitions
- 2) 2006 unusual items relates to gain on net assets sale of Dispensing for \$1.7 million (\$1.3 million after tax), partly offset by Container business restructuring costs of \$1.3 million (\$0.9 million after tax)
- 3) Repayment of U\$120 million in unsecured senior notes in Mar/06 resulted in the utilization of a previously unrecognized capital loss; consequently generated a tax recovery of \$1.0 million (also an unusual item)

# Earnings per Class B Share

First Quarters Ended March 31<sup>st</sup>



	First Quarter		
	<u>2006</u>	<u>2005</u>	<u>% change</u>
<b>From Continuing Operations</b>	\$ 0.66	\$ 0.50	+32%
<b>From Discontinued Operations</b>	-	0.11	
<b>Net Earnings</b>	<u>\$ 0.66</u>	<u>\$ 0.61</u>	+8%
<b>Net Loss from Unusual Items</b>	<u>\$ 0.03</u>	<u>\$ -</u>	

## First Quarter 2006:

E.P.S. reduced by \$0.06 for the quarter on continuing operations due to currency translation and \$0.01 for currency transactions.



## Currency Translation:

2005 – U.S. dollar averaged \$1.21 vs. \$1.30 in 2004 for the year (down 7%) and euro was \$1.51 vs. 1.62 last year (also down 7%)

2006 – U.S. dollar averaged \$1.15 vs. \$1.23 in 2005 for the quarter (down 6%) and euro was \$1.39 vs. 1.61 last year (down 14%)

## Currency Transactions (U.S. \$ Forward Hedges):

2005 – Sold forward a major part of 2005 at \$1.23

2006 – Sold forward a good part of 2006 at \$1.24

	<u>Continuing Operations only</u>	<u>As Reported</u>	
	1Q06 Act vs. 1Q05 Act	2005 Act vs. 2004 Act	2004 Act vs. 2003 Act
<b><u>Negative Impact of Currency on E.P.S.</u></b>			
Currency translation	\$ 0.06	\$ 0.11	\$ 0.05
Currency transactions	\$ 0.01	\$ 0.09	\$ 0.27
<b>Total Negative Impact</b>	<b>\$ 0.07</b>	<b>\$ 0.20</b>	<b>\$ 0.32</b>

# Balance Sheet

## As At March 31<sup>st</sup>

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



	<u>2006</u>	<u>2005</u>	<u>Change</u>
Net working capital (receivables, inventory, prepaids, payables and accruals)	\$ 59.5	\$ 114.3	(47.9%)
Capital assets (net)	\$ 564.9	\$ 540.7	+4.5%
Intangible assets & goodwill	\$ 433.7	\$ 360.5	+20.3%
Total assets	\$ 1,443.6	\$ 1,411.9	+2.2%
1) Net debt (net of cash and cash equivalents)	\$ 361.5	\$ 445.0	(18.8%)
2) Shareholders' equity	\$ 588.7	\$ 464.4	+26.8%
3) Book value per B Share	\$ 18.30	\$ 14.31	+27.9%
Total shares outstanding ( <i>in millions</i> )	32.6	32.6	-

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As at Mar 31<sup>st</sup>: \$1 Cdn = \$0.86 U.S. in 2006 versus \$0.83 U.S. in 2005 (4% change)  
 \$1 Cdn = \$0.71 euro in 2006 versus \$0.64 euro in 2005 (11% change)

# Debt Summary

## As At March 31<sup>st</sup>

(Millions of Cdn \$)



	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>
<b>Bank advances</b>	\$ 9.6	\$ 73.2	\$ (63.6)
<b>Long-term debt - senior notes (2006 - US\$345.5 MM, 2005 - US\$304.9 MM)</b>	403.5	368.8	34.7
<b>Long-term debt - all other</b>	54.2	50.2	4.0
<b>Total debt</b>	467.3	492.2	(24.9)
<b>Cash and cash equivalents</b>	(105.8)	(47.2)	(58.6)
<b>Net debt</b>	<u>\$ 361.5</u>	<u>\$ 445.0</u>	<u>\$ (83.5)</u>
<b>Net debt to total capitalization</b>	<u>38.0%</u>	<u>48.9%</u>	

- Net debt included CCL's share of ColepCCL JV's net debt, acquisitions and Custom N.A. proceeds
- Long-term debt up by US\$50 million in 1Q06 due to new financing of US\$170 million (@ 5.47%) and repayment of US\$120 million of 1996 senior notes (@ 6.66%). Swapped US\$60 million to euros, bringing average rate down to below 5%
- Compared to March 2005, net debt has reduced by \$15.8 million due to currency translation
- Net debt to total capitalization: Dec/05 – 33.3%; Sep/05 – 34.8%; Jun/05 – 26.8%
- Next repayment on 1997 senior notes - US\$9.4 million due Sept. 2006, (\$0.02 positive EPS impact)

# Cash Flow Highlights

## Three Months Ended March 31<sup>st</sup>

(Millions of Cdn \$)



### Inflows:

	<u>2006</u>	<u>2005</u>
Net earnings from continuing operations (includes unusual items)	\$ 21.1	\$ 16.1
Depreciation and amortization (continuing)	18.1	15.5
Stock-based compensation	0.5	0.1
Future income taxes	2.8	3.3
Unusual items	1.2	-
Other	2.9	2.9
<b>Gross Cash Inflow</b>	<b>46.6</b>	<b>37.9</b>

### Outflows:

1) Net increase in non-cash operating working capital	39.7	24.5
Additions to capital assets (incl. discontinued operations)	42.5	44.1
Dividends	3.2	3.2
<b>Gross Cash Outflow</b>	<b>85.4</b>	<b>71.8</b>
<b>Net Cash Outflow - Normalized</b>	<b>(38.8)</b>	<b>(33.9)</b>
Net proceeds / cash flow from discontinued operations	-	7.0
Business acquisition including net debt assumed	(62.2)	(63.8)
Proceeds on disposals	24.4	-
Issuance of shares	0.7	1.3
<b>Net Cash Outflow</b>	<b>(75.9)</b>	<b>(89.4)</b>
Non-cash Item:		
Translation of foreign denominated debt, mainly U.S. dollars	(3.2)	(0.6)
<b>Increase in Net Debt</b>	<b>\$ (79.1)</b>	<b>\$ (90.0)</b>

1) Working Capital Days: 17 days in 2006 & 24 days in 2005

# Capital Spending Highlights

## Three Months Ended March 31<sup>st</sup>, 2006

(Millions of Cdn \$)



<u>Divisions</u>	<u>Capital Spending</u>	<u>Depreciation</u>	<u>Difference</u>
<b>Label</b>	<b>28.8</b>	<b>10.2</b>	<b>18.6</b>
<b>Container</b>	<b>9.7</b>	<b>2.5</b>	<b>7.2</b>
<b>Tube</b>	<b>3.1</b>	<b>1.9</b>	
<b>ColepCCL</b>	<b>\$ 0.9</b>	<b>\$ 1.5</b>	<b>\$ (0.6)</b>
<b>Corporate</b>	<b>-</b>	<b>0.1</b>	<b>(0.1)</b>
	<b><u>\$ 42.5</u></b>	<b><u>\$ 16.2</u></b>	<b><u>\$ 25.1</u></b>

<u>Major Investment Projects</u>	
Robbinsville, NJ (Plant relocation)	\$ 1.8
Infrastructure	1.8
Shelton, CN (2 Nilpeter presses)	4.1
Cold Spring, KY (2 Arsoma presses)	2.6
Charlotte, NC (Arsoma press)	1.9
Etobicoke, ON (Heidelberg press)	1.5
Capacity	10.1
<b>Label Division</b>	<b><u>\$ 11.9</u></b>
Hermitage, PA (2 new Aerosol lines)	8.3
<b>Container Division</b>	<b><u>\$ 8.3</u></b>
<b>Total Major Spending</b>	<b><u>\$ 20.2</u></b>

# Income From Operations for Continuing Operations

First Quarters Ended March 31<sup>st</sup>

(Millions of Cdn \$)



	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>Excl. currency translation, transactions &amp; divestitures</u>
Label	\$ 29.2	\$ 19.1	+52.9%	+64.9%
Container	6.2	5.3	+17.0%	+26.4%
Tube	1.0	0.9	+11.1%	+71.4%
ColepCCL	<u>4.1</u>	<u>5.4</u>	(24.1%)	(12.7%)
	40.5	30.7	+31.9%	+47.3%
Corporate expense	<u>(3.5)</u>	<u>(2.8)</u>	+25.0%	
Operating Income	37.0	27.9	+32.6%	
1) Interest expense (net)	<u>5.6</u>	<u>5.3</u>	5.7%	
Earnings before unusual items and income taxes	31.4	22.6	+38.9%	
Unusual items - net gain	<u>0.4</u>	<u>-</u>		
Earnings before income taxes	<u>\$ 31.8</u>	<u>\$ 22.6</u>	+40.7%	

- 1) Interest expense higher mainly due to higher floating interest rates and interest allocated for discontinued operations for 2005 which is not presented above



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation</u>
<b>1) Sales</b>	<u>\$ 205.1</u>	<u>\$ 157.3</u>	<b>+30.4%</b>	<b>+40.9%</b>
<b>Operating Income</b>	<u>\$ 29.2</u>	<u>\$ 19.1</u>	<b>+52.9%</b>	<b>+64.9%</b>
<b>Return on Sales</b>	<u>14.2%</u>	<u>12.1%</u>		
<b>EBITDA</b>	<u>\$ 40.9</u>	<u>\$ 28.1</u>	<b>+45.6%</b>	
<b>% of Sales</b>	<u>19.9%</u>	<u>17.9%</u>		

- 1) Excluding foreign exchange and dispositions, sales were up 41%
- Sales growth in the first quarter mainly due to the Steinbeis (only 2 months in 2005), Inprint, Pachem and Prodesmaq acquisitions. Base business also experienced continued volume growth
  - Volume growth in Personal Care North America was well ahead of last year, with continued growth from its global customers
  - Sales for the Specialty business in North America were also well ahead compared to last year with good growth in agricultural chemical labels while promotional label market was flat but with a good current order level
  - European sales were much improved in personal care, and there was good growth in food and beverage
  - Healthcare volume was down slightly although business remains very profitable, battery business continued to show strong performance
  - The Steinbeis, Merroc and Inprint acquisitions, along with the increased ownership of Pachem have significantly improved CCL's European position in all categories
  - Thailand was over 60% ahead of last year with further growth expected
  - Poland is now shipping product
  - The Guangzhou China operation has commenced trading in 2Q06, the Hefei China plant continues to progress
  - The Prodesmaq acquisition in Brazil had a very strong sales performance as it is being integrated into the CCL Label network
  - Overall, current order levels are in good shape for 2Q

# Container

First Quarters Ended March 31<sup>st</sup>  
(Millions of Cdn \$)



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation &amp; transactions</u>
<b>1) Sales</b>	<u>\$ 44.4</u>	<u>\$ 36.1</u>	<b>23.0%</b>	<b>+25.5%</b>
<b>Operating Income</b>	<u>\$ 6.2</u>	<u>\$ 5.3</u>	<b>17.0%</b>	<b>+26.4%</b>
<b>Return on Sales</b>	<u>14.0%</u>	<u>14.7%</u>		
<b>EBITDA</b>	<u>\$ 8.7</u>	<u>\$ 7.4</u>	<b>17.6%</b>	
<b>% of Sales</b>	<u>19.6%</u>	<u>20.5%</u>		

- 1) Excluding foreign currency translation, sales were up 26% for the quarter compared to 2005
- Container continues to benefit from strong demand for aluminum aerosol containers and other new applications for shaped-can technology. Personal care volume in the aerosol format continues to grow. Added internal capacity and lower demand for smaller diameter products reduced backlogs to more acceptable levels and also reduced outsourcing to overseas suppliers. Mexican aerosol container sales were substantially higher in the first quarter compared to last year
  - Penetanguishene, ON operation's profit margins were affected by the weak U.S. \$ and reduced income in the first quarter by \$0.4 million compared to 2005
  - The Division reorganized its operations by bringing a new management team to improve operational effectiveness and to be more responsive to its customers. The restructuring includes a complete review of all operations and assets which is expected to be completed during 2Q06. This restructuring resulted in severance costs totaling \$1.3 million for the first quarter
  - Backlogs have been reduced; orders intake levels are satisfactory for 2Q although some softness in beverage



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation</u>
<b>1) Sales</b>	<u>\$ 19.1</u>	<u>\$ 21.0</u>	<b>(9.0%)</b>	<b>+16.1%</b>
<b>Operating Income</b>	<u>\$ 1.0</u>	<u>\$ 0.9</u>	<b>11.1%</b>	<b>+71.4%</b>
<b>Return on Sales</b>	<u>5.2%</u>	<u>4.3%</u>		
<b>EBITDA</b>	<u>\$ 2.9</u>	<u>\$ 3.0</u>	<b>(3.3%)</b>	
<b>% of Sales</b>	<u>15.2%</u>	<u>14.3%</u>		

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- 1) Excluding foreign currency translation, sales were up 16% for the quarter compared to 2005
- Tube sales were down 9% compared to 2005. Decrease was due to 22% foreign currency translation and divestiture of CCL Dispensing, partly offset by 13% internal growth
  - Demand for plastic tubes showed good improvement in the quarter, and new orders to be manufactured for the busy summer season appear to be strong
  - CCL Dispensing was sold in February 2006 for \$24 million in cash



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation</u>
<b>1) Sales</b>	<u>\$ 44.6</u>	<u>\$ 51.3</u>	(13.1%)	+0.4%
<b>Operating Income</b>	<u>\$ 4.1</u>	<u>\$ 5.4</u>	(24.1%)	(12.7%)
<b>Return on Sales</b>	<u>9.2%</u>	<u>10.5%</u>		
<b>EBITDA</b>	<u>\$ 5.9</u>	<u>\$ 7.6</u>	(22.4%)	
<b>% of Sales</b>	<u>13.2%</u>	<u>14.8%</u>		

- 1) ColepCCL sales flat for the quarter compared to last year's results excluding currency translation (euro down 14%)
- Increase in sales in the metal packaging segment offset by reductions in the contract manufacturing business
  - Operating income below last year due to currency translation, the inability to fully pass through cost increases and unfavourable product mix
  - New order levels are slightly stronger and expectations are for income improvement for the balance of the year
  - The Madrid, Spain plant was closed in June 2005 and production lines moved to the U.K., Poland & Portugal. The land & building were up for sale, and an agreement to purchase the property was reached with a developer with closing of the sale expected in 3Q06