



# *Investor Update*

## *Third Quarter 2006 Review*

### *Friday, November 3, 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

Third Quarters Ended September 30<sup>th</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>\$ 293.5</u>	<u>\$ 281.9</u>	+4.1%	+9%
Income before undernoted items	46.6	43.8	+6.4%	
Depreciation and amortization	<u>18.1</u>	<u>17.4</u>		
Operating income	28.5	26.4	+8.0%	<u>Net of currency translation, transactions</u> +16%
Interest expense, net	<u>5.3</u>	<u>4.4</u>		
	23.2	22.0	+5.5%	
2) Unusual items - net loss	<u>(3.7)</u>	<u>0.0</u>		
Earnings before income taxes	19.5	22.0	(11.4%)	
3) Income taxes	<u>5.9</u>	<u>6.7</u>		
Net earnings from continuing operations	<u>\$ 13.6</u>	<u>\$ 15.3</u>	(11.1%)	
4) Tax rate before unusual & one-time items	<u>27.4%</u>	<u>30.5%</u>		

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

- 1) Sales, excluding negative currency translation and divestitures, were up 9% due to organic growth & acquisitions
- 2) 2006 unusual items relates to Container business restructuring costs of \$0.2 million (\$0.1 million after tax) and repatriation of capital from a foreign subsidiary for \$3.5 million loss (no tax effect)
- 3) 2006 included a one-time tax benefit of \$0.4 million from previously unrecognized capital losses
- 4) Tax rate lower due primarily to mix (more taxable income in jurisdictions with relatively lower tax rates and less taxable income in higher taxed jurisdictions)

# Statement of Earnings for Continuing Operations

Nine Months Ended September 30<sup>th</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>\$ 903.3</u>	<u>\$ 827.7</u>	+9.1%	+18%
Income before undernoted items	151.3	130.9	+15.6%	
Depreciation and amortization	<u>54.7</u>	<u>49.1</u>		<u>Net of currency translation, transactions</u>
Operating income	96.6	81.8	+18.1%	+30%
Interest expense, net	<u>16.2</u>	<u>15.0</u>		
	80.4	66.8	+20.4%	
2) Unusual items - net loss	<u>(4.3)</u>	<u>(15.5)</u>		
Earnings before income taxes	76.1	51.3	+48.3%	
3) Income taxes	<u>23.8</u>	<u>14.8</u>		
Net earnings from continuing operations	<u>\$ 52.3</u>	<u>\$ 36.5</u>	+43.3%	
<i>Tax rate before unusual &amp; one-time items</i>	<u>26.7%</u>	<u>28.7%</u>		

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

- 1) Sales, excluding negative currency translation and divestitures, were up 18% due to organic growth & acquisitions
- 2) 2006 unusual items relates to gain on disposition of Dispensing of \$1.6 million (\$1.5 million loss after tax), offset by Container business restructuring costs of \$2.4 million (\$1.6 million after tax) and loss on repatriation of capital from a foreign subsidiary of \$3.5 million (no tax effect)
- 3) Repayment of unsecured senior notes resulted in the utilization of a previously unrecognized capital loss; consequently generated a tax recovery of \$1.4 million; 2005 included a one-time tax benefit of \$4.3 million from previously unrecognized losses

# Earnings per Class B Share

Periods Ended September 30<sup>th</sup>



	Third Quarter			YTD		
	<u>2006</u>	<u>2005</u>	<u>% change</u>	<u>2006</u>	<u>2005</u>	<u>% change</u>
Continuing Operations	\$ 0.43	\$ 0.48	(10%)	\$ 1.63	\$ 1.14	+43%
Discontinued Operations	-	-		-	0.17	
	0.43	0.48	(10%)	1.63	1.31	+24%
Gain on sale of Discontinued Operations	-	-		-	3.31	
Net Earnings	<u>\$ 0.43</u>	<u>\$ 0.48</u>	(10%)	<u>\$ 1.63</u>	<u>\$ 4.62</u>	(65%)
Net Loss from Unusual & One-Time Items	<u>\$ 0.10</u>	<u>\$ -</u>		<u>\$ 0.16</u>	<u>\$ 0.35</u>	

## Third Quarter 2006:

E.P.S. reduced by \$0.02 for the quarter on continuing operations due to currency translation and \$0.03 for currency transactions compared to 2005.



## 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 for the same period (also down 7%)

2006 – U.S. dollar averaged \$1.12 vs. \$1.20 in 2005 for the quarter (down 7%) and euro was \$1.43 vs. 1.46 last year (down 3%)

## 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>	
	3Q06 Act vs. 3Q05 Act	06 YTD Act vs. 06 YTD 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	\$ 0.02	\$ 0.13	\$ 0.11	\$ 0.05
Currency transactions	\$ 0.03	\$ 0.06	\$ 0.09	\$ 0.27
<b>Total Negative Impact</b>	<b>\$ 0.05</b>	<b>\$ 0.19</b>	<b>\$ 0.20</b>	<b>\$ 0.32</b>

# Balance Sheet (selected items)

As At September 30<sup>th</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)	\$ 47.6	\$ 40.4	+17.8%
Capital assets (net)	\$ 562.3	\$ 512.7	+9.7%
Intangible assets & goodwill	\$ 428.6	\$ 398.1	+7.7%
Total assets	\$ 1,414.2	\$ 1,355.7	+4.3%
Net debt (net of cash and cash equivalents)	\$ 324.0	\$ 293.1	+10.5%
Shareholders' equity	\$ 608.6	\$ 549.7	+10.7%
Book value per B Share	\$ 18.90	\$ 17.18	+10.0%
Total shares outstanding ( <i>in millions</i> )	32.6	32.4	+0.6%

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As at Sep 30<sup>th</sup>: U.S. dollar 4% weaker than a year ago compared to Canadian dollar.  
Euro flat from a year ago compared to Canadian dollar.

# Debt Summary

## As At September 30<sup>th</sup>

(Millions of Cdn \$)



	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>
<b>Bank advances</b>	\$ 9.5	\$ 9.8	\$ (0.3)
<b>Long-term debt - senior notes</b> (2006 - US\$336.2 MM, 2005 - US\$295.5 MM)	375.8	343.6	32.2
<b>Long-term debt - all other</b>	41.4	59.0	(17.6)
<b>Total debt</b>	426.7	412.4	14.3
<b>Cash and cash equivalents</b>	(102.7)	(119.3)	16.6
<b>Net debt</b>	<u>\$ 324.0</u>	<u>\$ 293.1</u>	<u>\$ 30.9</u>
<b>Net debt to total capitalization</b>	<u>34.7%</u>	<u>34.8%</u>	

- Net debt includes CCL's share of ColepCCL JV's net debt (2006 - \$18.8 million) and impacted by Prodesmaq acquisition
- 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% on new financing
- Compared to September 2005, net debt has reduced by \$7.9 million due to currency translation
- Net debt to total capitalization: Jun/06 – 36.2%; Mar/06 – 38.0%; Dec/05 – 33.3%
- Next annual repayment on 1997 senior notes - US\$9.4 million due Sept. 2007. No repayments on any other senior notes until 2010

# Cash Flow Highlights

## Nine Months Ended September 30<sup>th</sup>

(Millions of Cdn \$)



### Inflows:

	<u>2006</u>	<u>2005</u>
Net earnings from continuing operations (includes unusual items)	\$ 52.3	\$ 36.5
Depreciation and amortization (continuing)	54.7	49.1
Stock-based compensation	1.7	1.3
Future income taxes	0.6	1.7
Unusual items	6.6	15.4
Other (incl. proceeds on disposal of capital assets)	13.6	(2.2)
<b>Gross Cash Inflow</b>	<b>129.5</b>	<b>101.8</b>

### Outflows:

1) Net increase in non-cash operating working capital	34.6	37.9
Additions to capital assets (incl. discontinued operations)	95.4	117.9
Dividends	10.3	9.6
<b>Gross Cash Outflow</b>	<b>140.3</b>	<b>165.4</b>
<b>Net Cash Outflow - Normalized</b>	<b>(10.8)</b>	<b>(63.6)</b>
Net proceeds / cash flow from discontinued operations	-	276.0
Business acquisition including net debt assumed	(62.2)	(151.5)
Proceeds on disposals	24.4	-
Purchase of shares held in trust	-	(5.5)
Repurchase of shares, net of issuance	1.1	(10.2)
<b>Net Cash Outflow</b>	<b>(47.5)</b>	<b>45.2</b>
Non-cash Item:		
Translation of foreign denominated debt, mainly U.S. dollars	5.9	16.7

### Decrease (increase) in Net Debt

**\$ (41.6)    \$ 61.9**

1) Working Capital Days: 15 days in 2006 & 13 days in 2005

# Capital Spending Highlights

## Nine Months Ended September 30<sup>th</sup>, 2006

(Millions of Cdn \$)



<u>Divisions</u>	<u>Capital Spending</u>	<u>Depreciation</u>	<u>Difference</u>
<b>Label</b>	\$ 69.3	\$ 31.5	\$ 37.8
<b>Container</b>	17.4	7.9	9.5
<b>Tube</b>	5.5	5.4	0.1
<b>ColepCCL</b>	2.8	4.3	(1.5)
<b>Corporate</b>	0.4	0.2	0.2
	<u>\$ 95.4</u>	<u>\$ 49.3</u>	<u>\$ 46.1</u>

### Major Investment Projects

<b>Label Division</b>	\$ 7.7	Robbinsville, NJ & Memphis, TN (plant relocations)
	5.2	Hefei, China (growth - new equipment)
	20.0	Other major capacity expenditures
<b>Total Label Division</b>	<u>32.9</u>	
<b>Container Division</b>	12.6	Hermitage, PA (3 new Aerosol lines)
<b>Tube Division</b>	3.1	Los Angeles, CA & Wilkes-Barre, PA (printing equipment)
	<u>\$ 48.6</u>	<b>TOTAL MAJOR SPENDING</b>

# Income From Operations for Continuing Operations

## Third Quarters Ended September 30<sup>th</sup>

(Millions of Cdn \$)



	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>Excl. currency translation, transactions &amp; divestitures</u>
Label	\$ 21.7	\$ 19.1	+13.6%	+18.4%
Container	1.9	5.4	(64.8%)	(49.1%)
Tube	1.4	1.5	(6.7%)	+33.3%
ColepCCL	<u>5.0</u>	<u>3.6</u>	+38.9%	+38.9%
	30.0	29.6	+1.4%	+16.0%
Corporate expense	<u>(1.5)</u>	<u>(3.2)</u>	(53.1%)	
Operating Income	28.5	26.4	+8.0%	
Interest expense (net)	<u>5.3</u>	<u>4.4</u>	20.5%	
Earnings before unusual items and income taxes	23.2	22.0	+5.5%	
Unusual items - net loss	<u>(3.7)</u>	<u>-</u>		
Earnings before income taxes	<u>\$ 19.5</u>	<u>\$ 22.0</u>	(11.4%)	

# Income From Operations for Continuing Operations

## Nine Months Ended September 30<sup>th</sup>

(Millions of Cdn \$)



	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>Excl. currency translation, transactions &amp; divestitures</u>
Label	\$ 74.1	\$ 57.5	+28.9%	+37.7%
Container	13.8	16.7	(17.4%)	(3.6%)
Tube	3.9	3.5	+11.4%	+63.0%
ColepCCL	<u>13.0</u>	<u>13.1</u>	(0.8%)	+8.3%
	104.8	90.8	+15.4%	+30.4%
Corporate expense	<u>(8.2)</u>	<u>(9.0)</u>	(8.9%)	
Operating Income	96.6	81.8	+18.1%	
Interest expense (net)	<u>16.2</u>	<u>15.0</u>	8.0%	
Earnings before unusual items and income taxes	80.4	66.8	+20.4%	
Unusual items - net loss	<u>(4.3)</u>	<u>(15.5)</u>		
Earnings before income taxes	<u>\$ 76.1</u>	<u>\$ 51.3</u>	+48.3%	



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation</u>
<b>Sales</b>	<u>\$ 188.1</u>	<u>\$ 169.2</u>	+11.2%	+15.1%
<b>Operating Income</b>	<u>\$ 21.7</u>	<u>\$ 19.1</u>	+13.6%	+18.4%
<b>Return on Sales</b>	<u>11.5%</u>	<u>11.3%</u>		
<b>EBITDA</b>	<u>\$ 33.5</u>	<u>\$ 29.6</u>	+13.2%	
<b>% of Sales</b>	<u>17.8%</u>	<u>17.5%</u>		

- Sales growth of 11% in the third quarter mainly due to the Inprint, Pachem and Prodesmaq acquisitions and organic growth totalling 15%, offset by currency translation of 4%
- Sales in Personal Care North America showed some softness in 3Q and were slightly lower than 3Q05; customers have reduced the level of new product introductions in recent months
- Sales for the Specialty business in North America were very strong compared to last year with good growth in agricultural chemical labels and promotional labels
- Healthcare volume in North America showed good growth, particularly in the insert market, as the business has continued to make steady progress with customers in the pharmaceutical industry
- European sales showed continued improvements in the food and beverage business
- Healthcare volume in Europe was flat and personal care sales were slightly lower; battery sales showed modest growth
- The Merroc and Inprint acquisitions, along with the increased ownership of Pachem have significantly improved CCL's European position in all categories
- Thailand was over 50% ahead of last year with further growth expected
- The Guangzhou China operation made its first commercial sales in 2Q06 and started to ramp up production in 3Q; the Hefei China plant continues to progress
- The Prodesmaq acquisition in Brazil had a very strong sales and income performance serving CCL's global customers in the South American market
- Return on sales for the quarter continued to exceed our internal targets and last year's level
- Sold non-core Houten, the Netherlands business in early October 2006 for \$3.5 million. A small gain on disposal is anticipated



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation</u>
<b>1) Sales</b>	<u>\$ 584.7</u>	<u>\$ 493.7</u>	<b>+18.4%</b>	<b>+26.4%</b>
<b>Operating Income</b>	<u>\$ 74.1</u>	<u>\$ 57.5</u>	<b>+28.9%</b>	<b>+37.7%</b>
<b>Return on Sales</b>	<u>12.7%</u>	<u>11.6%</u>		
<b>EBITDA</b>	<u>\$ 109.9</u>	<u>\$ 86.5</u>	<b>+27.1%</b>	
<b>% of Sales</b>	<u>18.8%</u>	<u>17.5%</u>		

1) Excluding foreign exchange and dispositions, sales were up 26%

➤ Return on sales exceeded our internal targets

# Container

Third Quarters Ended September 30<sup>th</sup>  
(Millions of Cdn \$)



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation &amp; transactions</u>
<b>1) Sales</b>	<u>\$ 41.5</u>	<u>\$ 45.4</u>	(8.6%)	(5.3%)
<b>Operating Income</b>	<u>\$ 1.9</u>	<u>\$ 5.4</u>	(64.8%)	(49.1%)
<b>Return on Sales</b>	<u>4.6%</u>	<u>11.9%</u>		
<b>EBITDA</b>	<u>\$ 4.6</u>	<u>\$ 7.7</u>	(40.3%)	
<b>% of Sales</b>	<u>11.1%</u>	<u>17.0%</u>		

- 1) Sales were down 5% for the quarter compared to 2005 excluding foreign currency translation
- The Division continued to experience a significant reduction in demand for beverage containers and only modest sales gains in aerosols, largely driven by price increases
  - Huge increases in aluminum costs have resulted in higher container costs which impacted on marketers' plans for outsourcing their products; price increases were not sufficient to offset the higher product costs and reduced level of aluminum hedges
  - Penetanguishene, ON operation's profit margins were affected by the weak U.S. \$ and negatively impacted income in the third quarter by \$0.7 million compared to 2005 (\$1.8 million YTD)
  - The Division reorganized its operations by bringing a new management team in early 2006 to improve operational effectiveness and to be more responsive to its customers. This restructuring includes a complete review of all operations and assets with a goal of improving financial returns & cash flows. The restructuring resulted in costs totalling \$0.2 million (\$0.1 million after tax) for the third quarter, consisting primarily of severance expenses with further costs to be incurred by the end of the year when the restructuring plan is completed
  - The impact of added internal capacity and substantially lower demand has resulted in the Division continuing to reduce its order backlog and improving customer service
  - Current high level of aluminum costs will continue to be difficult to recover from selling price increases

# Container

Nine Months Ended September 30<sup>th</sup>  
(Millions of Cdn \$)



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation &amp; transactions</u>
<b>Sales</b>	<u>\$ 134.2</u>	<u>\$ 126.3</u>	6.3%	+10.2%
<b>Operating Income</b>	<u>\$ 13.8</u>	<u>\$ 16.7</u>	(17.4%)	(3.6%)
<b>Return on Sales</b>	<u>10.3%</u>	<u>13.2%</u>		
<b>EBITDA</b>	<u>\$ 21.6</u>	<u>\$ 23.6</u>	(8.5%)	
<b>% of Sales</b>	<u>16.1%</u>	<u>18.7%</u>		

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	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation &amp; divestiture</u>
1) Sales	<u>\$ 17.0</u>	<u>\$ 20.8</u>	(18.3%)	+8.3%
Operating Income	<u>\$ 1.4</u>	<u>\$ 1.5</u>	(6.7%)	+33.3%
Return on Sales	<u>8.2%</u>	<u>7.2%</u>		
EBITDA	<u>\$ 3.2</u>	<u>\$ 4.1</u>	(22.0%)	
% of Sales	<u>18.8%</u>	<u>19.7%</u>		

- 1) Sales were up 8% for the quarter compared to 2005 excluding divestiture and foreign currency translation
- Tube sales were higher due to organic growth and improved mix to more highly decorated tubes by 8% (as described above). This was more than offset by foreign currency translation and the divestiture of CCL Dispensing. CCL Dispensing's sales and operating income in the third quarter of 2005 were \$4.0 million and \$0.3 million, respectively
  - Demand for plastic tubes showed good improvement in the quarter, particularly the Los Angeles plant, and new orders appear to be generally firm
  - Division is focused on developing new customers and products in the high-end market with highly decorated complex tubes
  - CCL Dispensing was sold in February 2006 for \$24 million in cash



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation &amp; divestiture</u>
1) Sales	<u>\$ 53.8</u>	<u>\$ 62.0</u>	(13.2%)	+16.0%
Operating Income	<u>\$ 3.9</u>	<u>\$ 3.5</u>	11.4%	+63.0%
Return on Sales	<u>7.2%</u>	<u>5.6%</u>		
EBITDA	<u>\$ 9.3</u>	<u>\$ 10.3</u>	(9.7%)	
% of Sales	<u>17.3%</u>	<u>16.6%</u>		

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	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation</u>
<b>1) Sales</b>	<u>\$ 46.9</u>	<u>\$ 46.5</u>	<b>0.9%</b>	<b>+3.4%</b>
<b>Operating Income</b>	<u>\$ 5.0</u>	<u>\$ 3.6</u>	<b>38.9%</b>	<b>+38.9%</b>
<b>Return on Sales</b>	<u>10.7%</u>	<u>7.7%</u>		
<b>EBITDA</b>	<u>\$ 6.6</u>	<u>\$ 5.3</u>	<b>24.5%</b>	
<b>% of Sales</b>	<u>14.1%</u>	<u>11.4%</u>		

- 1) ColepCCL sales in local currency were up for the quarter compared to last year's results (euro down 3%), due to increases in metal packaging, partially offset by reductions in contract manufacturing
- Operating income above last year despite currency translation, due to higher sales, improved product mix and the reduced cost impact of plant shutdown in Madrid, Spain in 2Q05
- The Madrid, Spain plant was closed in June 2005 and production lines moved to the U.K., Poland & Portugal. The land & building have been sold and proceeds of approximately \$22 million were received in July 2006 (CCL's proportional share was \$9 million)



	<u>2006</u>	<u>2005</u>	<u>%</u>	<u>Excl. currency translation</u>
<b>1) Sales</b>	<u>\$ 130.6</u>	<u>\$ 145.7</u>	<b>(10.4%)</b>	<b>(1.7%)</b>
<b>Operating Income</b>	<u>\$ 13.0</u>	<u>\$ 13.1</u>	<b>(0.8%)</b>	<b>+8.3%</b>
<b>Return on Sales</b>	<u>10.0%</u>	<u>9.0%</u>		
<b>EBITDA</b>	<u>\$ 18.3</u>	<u>\$ 19.0</u>	<b>(3.7%)</b>	
<b>% of Sales</b>	<u>14.0%</u>	<u>13.0%</u>		

1) Excluding foreign currency translation, sales were down only 2% compared to 2005