



Investor Update

First Quarter 2007 Review

Friday, May 4, 2007

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

First Quarters Ended March 31st

(Millions of Cdn \$)



	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>Net of currency translation & divestitures</u>
1) Sales	<u>\$ 373.1</u>	<u>\$ 313.2</u>	+19.1%	+14%
Income before undernoted items	67.8	55.1	+23.0%	
Depreciation and amortization	<u>20.8</u>	<u>18.1</u>		
Operating income	47.0	37.0	+27.0%	
Interest expense, net	<u>6.6</u>	<u>5.6</u>		
	40.4	31.4	+28.7%	
2) Restructuring & other items - net gain (loss)	<u>(0.3)</u>	<u>0.4</u>		
Earnings before income taxes	40.1	31.8	+26.1%	
3) Income taxes	<u>10.1</u>	<u>10.7</u>		
Net earnings	<u>\$ 30.0</u>	<u>\$ 21.1</u>	+42.2%	
3) <i>Tax rate before restructuring & other items and favourable tax adjustments</i>	<u>29.7%</u>	<u>29.0%</u>		

Comparatives impacted by acquisition – Label ITW (Jan/07), Label Prodesmaq (Jan/06); and by disposals – CCL Dispensing (Feb/06), Label Houten (Oct/06)

- 1) Sales, excluding negative currency translation and divestitures, were up 14% due to organic growth & acquisitions
- 2) 2007 restructuring & other items relate to Container business restructuring costs of \$1.0 million (\$0.7 million after tax), offset by a gain on sale of non-operational land of \$0.7 million (\$0.9 million after tax)
- 3) 2007 included favourable tax adjustments of \$1.4 million tax settlement in a subsidiary

Earnings per Class B Share

Quarters Ended March 31st



	First Quarter		
	<u>2007</u>	<u>2006</u>	<u>change</u>
Net earnings	<u>\$ 0.93</u>	<u>\$ 0.66</u>	+41%
Diluted earnings	<u>\$ 0.90</u>	<u>\$ 0.64</u>	+41%
Net gain (loss) from restructuring & other items and favourable tax adjustments	<u>\$ 0.05</u>	<u>\$(0.03)</u>	

First Quarter 2007:

E.P.S. increased by \$0.05 for the quarter due to currency translation but reduced by \$0.01 for currency transactions compared to 2006, for a net \$0.04 impact.



Currency Translation:

2006 – U.S. dollar averaged \$1.13 vs. \$1.21 in 2005 for the year (down 6%) and euro was \$1.42 vs. 1.51 the previous year (also down 6%)

2007 – U.S. dollar averaged \$1.17 vs. \$1.15 in 2006 for the quarter (up 1%) and euro was \$1.54 vs. 1.39 same quarter last year (up 11%)

Currency Transactions (Forward Hedges):

2006 – Sold forward nearly half of 2006 U.S. dollars inflows at \$1.22, average including spot transactions was \$1.17 for the whole year

2007 – Sold forward a small portion of U.S. dollars at \$1.13 (U.S. dollar), discontinued due to reduced risk and materiality

Sold forward Brazilian Reais 20.8 million in 2007 at \$0.48 – unwound in April at \$0.55

	<u>As Reported</u>			
	1Q07 Act	2006 Act	2005 Act	2004 Act
	vs. 1Q06 Act	vs. 2005 Act	vs. 2004 Act	vs. 2003 Act
<u>Impact of Currency on E.P.S.</u>				
Currency translation	\$ (0.05)	\$ 0.15	\$ 0.11	\$ 0.05
Currency transactions	\$ 0.01	\$ 0.07	\$ 0.09	\$ 0.27
Total Negative (Positive) Impact	\$ (0.04)	\$ 0.22	\$ 0.20	\$ 0.32



<u>Potential Impact</u>	2006 Year Average	1Q07 Rate	% Change	May 2/07 Rate	% Change from 2006 Average
U.S. dollar	\$ 1.13	\$ 1.17	+4%	\$ 1.11	(2%)
Euro	\$ 1.42	\$ 1.54	+8%	\$ 1.51	+6%

- Picked up \$0.04 EPS in 1Q07 vs. 1Q06
- If rates stay at current levels, exchange pickup in last three quarters will be only a few pennies

Balance Sheet (selected items)

As At March 31st

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



	<u>2007</u>	<u>2006</u>	<u>Change</u>
Net working capital (receivables, inventory, prepaids, payables and accruals)	\$ 67.8	\$ 59.5	+13.9%
Property, plant & equipment (net)	\$ 675.9	\$ 564.9	+19.6%
Intangible assets & goodwill	\$ 477.5	\$ 433.7	+10.1%
Total assets	\$ 1,646.0	\$ 1,474.0	+11.7%
Net debt (net of cash and cash equivalents)	\$ 448.6	\$ 361.5	+24.1%
Shareholders' equity	\$ 672.6	\$ 588.7	+14.3%
Book value per B Share	\$ 20.95	\$ 18.30	+14.5%
Total shares outstanding (<i>in millions</i>)	32.7	32.6	+0.3%

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- As at Mar 31st: U.S. dollar slightly stronger than last year compared to Canadian dollar. Euro 11% stronger than a year ago compared to Canadian dollar.
 - ITW sleeve acquisition added \$16 million of net working capital and \$106 million of net debt

Debt Summary

As At March 31st

(Millions of Cdn \$)



	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>
Bank advances	\$ 6.1	\$ 9.6	\$ (3.5)
Long-term debt - senior notes (2007 - US\$336.2 MM, 2006 - US\$345.5 MM)	388.2	403.5	(15.3)
Long-term debt - all other	140.9	54.2	86.7
Total debt	535.2	467.3	67.9
Cash and cash equivalents	(86.6)	(105.8)	19.2
Net debt	<u>\$ 448.6</u>	<u>\$ 361.5</u>	<u>\$ 87.1</u>
Net debt to total capitalization	<u>40.0%</u>	<u>38.0%</u>	

- Net debt includes CCL's share of ColepCCL JV's net debt (2007 - \$27.0 million) and impacted by ITW acquisition (\$106 million)
- Other long-term debt up by \$90 million due to new bank line to acquire ITW sleeve business
- Compared to Mar/06, net debt has increased by \$7.7 million due to currency translation
- Net debt to total capitalization: Dec/06 – 32.7%, Sep/06 – 34.7%, Jun/06 – 36.2%
- Next annual repayment on 1997 senior notes - US\$9.4 million due Sep/07. Other than the annual US\$9.4 million repayment, no other repayments of senior notes or new bank line until 2010

Cash Flow Highlights

Three Months Ended March 31st

(Millions of Cdn \$)



Inflows:

	<u>2007</u>	<u>2006</u>
Net earnings (incl. restructuring & other items)	\$ 30.0	\$ 21.1
Depreciation and amortization	20.8	18.1
Stock-based compensation	1.1	0.5
Restructuring & other items, net of tax	(0.2)	1.2
Other (incl. proceeds on disposal of property, plant & equipment)	5.9	2.9
Gross Cash Inflow	<u>57.6</u>	<u>43.8</u>

Outflows:

1) Net increase in non-cash operating working capital	45.8	39.7
Additions to property, plant & equipment	31.2	42.5
Future income taxes	0.7	(2.8)
Dividends	3.8	3.2
Gross Cash Outflow	<u>81.5</u>	<u>82.6</u>
Net Cash Outflow - Normalized	<u>(23.9)</u>	<u>(38.8)</u>
Business acquisitions including net debt assumed	(105.6)	(62.2)
Proceeds on business disposals	-	24.4
Purchase of shares held in trust	(4.4)	-
Issuance of shares	0.7	0.7
Net Cash Outflow	<u>(133.2)</u>	<u>(75.9)</u>
Non-cash item:		
Translation of foreign denominated debt, mainly U.S. dollars	1.7	(3.2)
Increase in Net Debt	<u><u>\$(131.5)</u></u>	<u><u>\$ (79.1)</u></u>

1) Working Capital Days: 16 days in 2007 & 17 days in 2006

Capital Spending Highlights

Three Months Ended March 31st, 2007

(Millions of Cdn \$)



<u>Divisions</u>	<u>Capital Spending</u>	<u>Depreciation</u>	<u>Difference</u>
Label	\$ 26.9	\$ 12.6	\$ 14.3
Container	0.5	2.9	(2.4)
Tube	0.3	1.9	(1.6)
ColepCCL	3.5	1.6	1.9
Corporate	-	0.1	(0.1)
	<u>\$ 31.2</u>	<u>\$ 19.1</u>	<u>\$ 12.1</u>

* excludes amortization of intangibles and other assets

Major Investment Projects

Label Division	\$	2.1	Memphis, Tennessee (plant relocation)
		1.8	Vinhedo, Brazil (Tube plant)
		4.6	Other major capacity expansions / equipment
	<u>\$</u>	<u>8.5</u>	TOTAL MAJOR SPENDING

Income From Operations for Continuing Operations

First Quarters Ended March 31st

(Millions of Cdn \$)



	<u>2007</u>	<u>2006</u>	<u>Change</u>
Label	\$ 37.8	\$ 29.2	+29.5%
Container	6.0	6.2	(3.2%)
Tube	1.4	1.0	+40.0%
ColepCCL	<u>5.3</u>	<u>4.1</u>	+29.3%
	50.5	40.5	+24.7%
Corporate expense	<u>(3.5)</u>	<u>(3.5)</u>	-
Operating income	47.0	37.0	+27.0%
Interest expense (net)	<u>6.6</u>	<u>5.6</u>	17.9%
Earnings before restructuring & other items and income taxes	40.4	31.4	+28.7%
Restructuring & other items - net gain (loss)	<u>(0.3)</u>	<u>0.4</u>	
Earnings before income taxes	<u>\$ 40.1</u>	<u>\$ 31.8</u>	+26.1%



	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>Excl. currency translation & divestiture</u>
1) Sales	<u>\$ 245.1</u>	<u>\$ 205.1</u>	+19.5%	+14.1%
Operating income	<u>\$ 37.8</u>	<u>\$ 29.2</u>	+29.5%	
Return on sales	<u>15.4%</u>	<u>14.2%</u>		
EBITDA	<u>\$ 51.6</u>	<u>\$ 40.9</u>	+26.2%	
% of Sales	<u>21.1%</u>	<u>19.9%</u>		

- 1) Sales growth of 20% in the first quarter mainly due to the ITW acquisition and organic growth totalling 14%, further improved by currency translation of 6%
- Sales volume in Personal Care North America was flat as customers experienced a softer market
 - Sales for the Specialty business in North America were well ahead of last year with good growth in agricultural chemical labels, a strong promotional label market and modest growth in battery labels
 - Healthcare volume in North America was also flat due in part to a slow insert business caused by FDA-driven label design changes; insert sales expected to pickup later in the year when new designs are finalized
 - Considerable growth in the Beverage business in Europe and steady growth in Personal Care particularly in Germany
 - Sales at the European Healthcare & Specialty business was strong and remains very profitable; the European Battery business was affected by the move of a key customer's operation to China, but this was largely compensated by strong volume from beverage customers
 - Thailand was over 20% ahead of last year
 - The Guangzhou China operation made its first commercial sales in 2Q06; it was very busy in Personal Care and made a small profit in 1Q07; the Hefei China plant continued to progress with growth in the battery business
 - Latin America continued to show strong sales growth in Brazil and Mexico with improved income performance due in part to the Prodesmaq acquisition in for a full three months
 - Return on sales for the quarter continued to exceed our internal targets and last year's level

Container

First Quarters Ended March 31st
(Millions of Cdn \$)



	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>Excl. currency translation</u>
1) Sales	<u>\$ 52.9</u>	<u>\$ 44.4</u>	19.1%	+18.8%
Operating income	<u>\$ 6.0</u>	<u>\$ 6.2</u>	(3.2%)	
Return on sales	<u>11.3%</u>	<u>14.0%</u>		
EBITDA	<u>\$ 8.9</u>	<u>\$ 8.7</u>	2.3%	
% of Sales	<u>16.8%</u>	<u>19.6%</u>		

- 1) Sales were up 19% for the quarter compared to 2006, mainly due to organic growth and price increases
- The Division experienced an improvement in sales volume benefited from the strong demand for aluminum aerosol containers and other applications for shaped-can and bag-in-can technologies
 - Despite significant price increases in the last year, the aluminum container continues to flourish and capacity for these products in North America and Europe could become tighter in later quarters
 - Personal Care volume in the aerosol format continues to grow modestly
 - Although beverage volume has been light, there are many interesting opportunities under discussion with potential customers for this niche product
 - Mexican aerosol container sales volumes were also substantially higher in the first quarter compared to last year, with further volume opportunities with the opening of our new Mexican aerosol operation in 2008
 - Penetanguishene, Ontario operation's profit margins were affected by the foreign exchange rate impact on the U.S. currency transactions and negatively impacted income in the first quarter by \$0.5 million compared to 2006; the Division is not planning to hedge the U.S. dollar in the future due to materiality and the reduction in the risk of further weakening of the U.S. dollar
 - The Division reorganized its operations by bringing in a new management team in early 2006 to improve operational effectiveness and to be more responsive to its customers. This restructuring included a complete review of all operations and assets with a goal of improving financial returns and cash flows. The restructuring resulted in costs totalling \$11.4 million (\$7.2 million after tax) for 2006, and further \$1.0 million (\$0.7 million after tax) in 1Q07, consisting primarily of non-cash asset write-downs and severances.



	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>Excl. currency translation & divestiture</u>
1) Sales	<u>\$ 18.2</u>	<u>\$ 19.1</u>	(4.7%)	(4.3%)
Operating income	<u>\$ 1.4</u>	<u>\$ 1.0</u>	40.0%	
Return on sales	<u>7.7%</u>	<u>5.2%</u>		
EBITDA	<u>\$ 3.3</u>	<u>\$ 2.9</u>	13.8%	
% of Sales	<u>18.1%</u>	<u>15.2%</u>		

- 1) Sales were down 4% for the quarter compared to 2006 excluding foreign currency translation and divestiture
- Tube sales were lower due to disposal of CCL Dispensing and slower order intake at the end of 2006; CCL Dispensing's sales and operating loss in the first quarter of 2006 were \$0.4 million and \$0.1 million, respectively
 - Demand for plastic tubes slowed down in the last couple of quarters due to the weak consumer economy in the U.S.; however, modest improvement is expected in 2Q07
 - Improved margins and manufacturing efficiency contributed to the increased operating income
 - CCL Dispensing was sold in February 2006 for \$24.4 million in cash



	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>Excl. currency translation</u>
1) Sales	<u>\$ 56.9</u>	<u>\$ 44.6</u>	27.6%	+15.6%
Operating income	<u>\$ 5.3</u>	<u>\$ 4.1</u>	29.3%	
Return on sales	<u>9.3%</u>	<u>9.2%</u>		
EBITDA	<u>\$ 7.3</u>	<u>\$ 5.9</u>	23.7%	
% of Sales	<u>12.8%</u>	<u>13.2%</u>		

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- 1) ColepCCL sales were up for the quarter compared to last year's results due primarily to robust markets in Europe and Eastern Europe and the positive effect of currency translation (euro up 11%)
 - New order levels continue to be strong and sales are expected to grow in 2Q07
 - Operating income above last year due to higher margins, improved manufacturing performance and the higher euro



- Note that Q1 2005 was 27% of total year EPS and Q1 2006 was 29%. The trend continues to be upward and is likely to be over 30% in 2007
- Q1: Full work days in North America and Europe and also biggest quarter in the year for profitable Specialty label business
- Q2: Easter and May-June statutory vacations reduce work days by 6%-8%, depending on location in Europe vs Q1. Europe is expected to be 47% of CCL sales in 2007 vs 29% in 2002
- Q3: July-August vacation season in Europe, reduces customer demand and capacity by at least 8-10% vs Q1. In addition low season in the Specialty business and slowest quarter in the US. Partially offset by strong sales in Brazil and Asia
- Q4: Work days impacted by Xmas shut downs in Europe/North America and Thanksgiving in the US. Specialty business strong season returns mid quarter. Demand volatility driven by strength of Xmas sell in for consumer products customers



- Q1 by far the biggest quarter of the year
- Q2 drops off, with a further drop in Q3
- Q4 recovers but the most volatile and difficult to predict due to the importance of Xmas sell in. Always better than Q3, but comparisons to Q2 vary...some years better (06 and 04), some years comparable or worse (05 and 03)
- Most important take away is the seasonal positive skew to Q1