



building on **our strengths**

Investor Update

Second Quarter 2008 Review

Thursday, August 7, 2008

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.

Statements of Earnings

Second Quarter Ended June 30th

(Millions of Cdn \$)



	<u>2008</u>	<u>2007</u>	<u>Change</u>
<u>Continuing Operations (excludes ColepCCL)</u>			
1) Sales	<u>\$ 312.8</u>	<u>\$ 303.5</u>	+3.1%
Income before undernoted items	59.3	56.3	+5.3%
Depreciation and amortization	<u>20.7</u>	<u>19.5</u>	
	38.6	36.8	+4.9%
Interest expense, net	<u>5.9</u>	<u>6.2</u>	
	32.7	30.6	+6.9%
2) Restructuring & other items - net gain (loss)	<u>(0.5)</u>	<u>-</u>	
Earnings before income taxes	32.2	30.6	+5.2%
3) Income taxes	<u>8.1</u>	<u>4.7</u>	
Net earnings from continuing operations	<u>\$ 24.1</u>	<u>\$ 25.9</u>	(6.9%)
<i>Tax rate before restructuring & other items and favourable tax adjustments</i>	<u>27.1%</u>	<u>27.3%</u>	

Comparatives impacted by acquisitions – CD-Design (February 2008), Clear Image (April 2008)

- 1) Sales, excluding currency translation, up 4% due to acquisitions and organic growth versus a strong 2Q07
- 2) Restructuring and other items – gain on sale of Container ABS product line more than offset by shutdown of Label Rhyl, Wales operation
- 3) Taxes were positively affected in 2007 by a favourable tax settlement and lower rates in Canada, U.K. and Denmark - \$3.6 million so effective rate was 15.4% in 2007

Statements of Earnings
Six Months Ended June 30th
(Millions of Cdn \$)



Excluding currency translation

+3%

Continuing Operations (excludes ColepCCL)

	<u>2008</u>	<u>2007</u>	<u>Change</u>
1) Sales	<u>\$ 607.9</u>	<u>\$ 619.7</u>	(1.9%)
Income before undernoted items	118.7	116.9	+1.5%
Depreciation and amortization	<u>39.8</u>	<u>38.4</u>	
	78.9	78.5	+0.5%
Interest expense, net	<u>10.1</u>	<u>12.6</u>	
	68.8	65.9	+4.4%
Restructuring & other items - net gain (loss)	<u>1.8</u>	<u>(0.3)</u>	
Earnings before income taxes	70.6	65.6	+7.6%
2) Income taxes	<u>19.0</u>	<u>13.4</u>	
Net earnings from continuing operations	<u>\$ 51.6</u>	<u>\$ 52.2</u>	(1.1%)
<i>Tax rate before restructuring & other items and favourable tax adjustments</i>	<u>27.6%</u>	<u>28.6%</u>	

Comparatives impacted by acquisitions – Label ITW (January 2007), CD-Design (February 2008) and Clear Image (April 2008)

- 1) Sales, excluding currency translation, were up 3% due to acquisitions compared to a robust first half in 2007
- 2) Income taxes positively affected in 2007 by \$3.6 million (effective rate was 25.8%)

Earnings per Class B Share

Periods Ended June 30th



	Second Quarter			YTD		
	<u>2008</u>	<u>2007</u>	<u>change</u>	<u>2008</u>	<u>2007</u>	<u>change</u>
Net earnings	<u>\$0.75</u>	<u>\$ 0.89</u>	(16%)	<u>\$1.60</u>	<u>\$ 1.82</u>	(12%)
Diluted earnings	<u>\$0.73</u>	<u>\$ 0.86</u>	(15%)	<u>\$1.55</u>	<u>\$ 1.76</u>	(12%)
Net earnings - continuing operations	\$0.75	\$ 0.80	(6%)	\$1.60	\$ 1.62	(1%)
Net earnings - discontinued operations	<u>\$ -</u>	<u>\$ 0.09</u>		<u>\$ -</u>	<u>\$ 0.20</u>	
Net earnings - total operations	<u>\$0.75</u>	<u>\$ 0.89</u>	(16%)	<u>\$1.60</u>	<u>\$ 1.82</u>	(12%)
Net gain (loss) from restructuring & other items and favourable tax adjustments	<u>\$0.01</u>	<u>\$ 0.11</u>		<u>\$0.06</u>	<u>\$ 0.16</u>	

Impact of Changes in Exchange Rates



Currency Translation:

2Q 2008 – U.S. dollar averaged \$1.01 vs. \$1.10 in 2007 for the quarter (down 8%) and euro was \$1.58 vs. \$1.48 same quarter last year (up 7%) and U.K. pound was down 9%

Currency Transactions:

2Q 2008 - Canadian Container operation sells vast majority of product in US\$ (8% impact versus 2Q07)

	<u>As Reported</u>					
	2Q08 Act vs. 2Q07 Act	1H 2008 vs. 1H 2007	2007 Act vs. 2006 Act	2006 Act vs. 2005 Act	2005 Act vs. 2004 Act	2004 Act vs. 2003 Act
Impact of Currency on E.P.S						
Currency translation	\$ 0.02	\$ 0.10	\$ -	\$ 0.15	\$ 0.11	\$ 0.05
Currency transactions	\$ 0.02	\$ 0.05	\$ 0.09	\$ 0.07	\$ 0.09	\$ 0.27
Total Negative Impact	\$ 0.04	\$ 0.15	\$ 0.09	\$ 0.22	\$ 0.20	\$ 0.32

- Based on current exchange rates, for the balance of year 2008 currency exchange would have a positive impact on EPS

Balance Sheet (selected items)

As At June 30th

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



	<u>2008</u>	<u>2007</u>	<u>Change</u>
1) Net working capital (receivables, inventory, prepaids, payables, accruals and taxes payable)	\$ 41.5	\$ 61.2	(32.2%)
Property, plant & equipment (net)	\$ 735.0	\$ 655.8	+12.1%
Intangible assets & goodwill	\$ 432.6	\$ 462.2	(6.4%)
Total assets	\$ 1,632.8	\$ 1,588.5	+2.8%
2) Net debt (net of cash and cash equivalents)	\$ 356.4	\$ 416.3	(14.4%)
Shareholders' equity	\$ 775.1	\$ 668.2	+16.0%
Book value per B share	\$ 24.33	\$ 20.71	+17.5%
Total shares outstanding (<i>in millions</i>)	31.9	32.3	(1.2%)

1) Sale of ColepCCL – elimination of its working capital from the total working capital relative to 2007

2) Down primarily due to sale of ColepCCL

Debt Summary

As At June 30th

(Millions of Cdn \$)



	<u>2008</u>	<u>2007</u>	<u>Increase</u> <u>(Decrease)</u>
Bank advances	\$ -	\$ 7.5	\$ (7.5)
Long-term debt - senior notes (2008 - US\$ 326.8 MM, 2007 - US\$ 336.2 MM)	333.3	358.2	(24.9)
Long-term debt - all other	127.5	137.5	(10.0)
Total debt	460.8	503.2	(42.4)
Cash and cash equivalents	(104.4)	(86.9)	(17.5)
Net debt	\$ 356.4	\$ 416.3	\$ (59.9)
Net debt to total capitalization	31.5%	38.4%	

- Net debt includes ColepCCL proceeds (100 million euro) compared to last year
- Other than the repayment on the 1997 senior notes (US \$9.4 million annually in September), no other repayments of senior notes or the bank revolver is required before 2010

Cash Flow Highlights

Six Months Ended June 30th

(Millions of Cdn \$)
Inflows (Outflows)



	<u>2008</u>	<u>2007</u>
Net earnings	\$ 51.6	\$ 58.8
Depreciation and amortization	39.8	38.4
Earnings from discontinued operations	-	(6.6)
Net change in non-cash working capital ⁽¹⁾	38.4	(41.3)
Additions to property, plant & equipment	(103.1)	(70.2)
Future income taxes	4.0	(1.1)
Dividends	(9.1)	(7.7)
Repurchase of shares ⁽²⁾	(18.1)	-
Business acquisitions	(35.2)	(105.6)
Proceeds on business and asset disposals	11.7	4.6
Net proceeds from bank advances and long term debt	32.8	90.9
All other (net)	<u>(5.0)</u>	<u>1.7</u>
Increase (decrease) in cash and cash equivalents	<u><u>7.8</u></u>	<u><u>(38.1)</u></u>

(1) Cash inflow in 2008 due to collection of ColepCCL receivable (50 million euro) in Feb 2008

(2) Repurchased 618,000 Class B shares in 2008 at an average price of \$29.28 per share

Capital Spending Highlights

Six Months Ended June 30th, 2008

(Millions of Cdn \$)



<u>Divisions</u>	<u>Capital Spending</u>	<u>Depreciation</u>	<u>Difference</u>
Label	\$ 88.5	\$ 28.1	\$ 60.4
Container	11.4	4.9	\$ 6.5
Tube	2.8	3.4	\$ (0.6)
Corporate	0.4	0.2	\$ 0.2
	<u>\$ 103.1</u>	<u>\$ 36.6</u>	<u>\$ 66.5</u>

* excludes amortization of intangibles and other assets

Major Investment Projects (over \$1 million)

Label Division	\$ 4.3	Sao Paolo - print machinery
	5.3	Paris move
	8.4	Hohenems, Austria press/building
	11.0	Solingen, Germany building
Container Division	7.1	Guanajuato, Mexico building
All Divisions	31.4	Other major capacity expansions / equipment
	<u>\$ 67.5</u>	TOTAL MAJOR SPENDING

Income From Operations
 Second Quarter Ended June 30th
 (Millions of Cdn \$)



	<u>2008</u>	<u>2007</u>	<u>Change</u>
Label	\$ 39.7	\$ 32.7	+21.4%
Container	2.8	6.0	(53.3%)
Tube	<u>0.3</u>	<u>0.2</u>	
Operating income	42.8	38.9	+10.0%
Corporate expense	<u>(4.2)</u>	<u>(2.1)</u>	+100.0%
	38.6	36.8	+4.9%
Interest expense (net)	<u>5.9</u>	<u>6.2</u>	(4.8%)
Earnings before restructuring & other items and income taxes	32.7	30.6	+6.9%
Restructuring & other items - net loss	<u>(0.5)</u>	<u>-</u>	
Earnings before income taxes	<u><u>\$ 32.2</u></u>	<u><u>\$ 30.6</u></u>	+5.2%

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



	<u>2008</u>	<u>2007</u>	<u>Change</u>
Label	\$ 76.9	\$ 71.6	+7.4%
Container	8.2	12.0	(31.7%)
Tube	<u>0.4</u>	<u>1.6</u>	
Operating income	85.5	85.2	+0.4%
Corporate expense	<u>(6.6)</u>	<u>(6.7)</u>	(1.5%)
	78.9	78.5	+0.5%
Interest expense (net)	<u>10.1</u>	<u>12.6</u>	(19.8%)
Earnings before restructuring & other items and income taxes	68.8	65.9	+4.4%
Restructuring & other items - net gain (loss)	<u>1.8</u>	<u>(0.3)</u>	
Earnings before income taxes	<u>\$ 70.6</u>	<u>\$ 65.6</u>	+7.6%

Label

Second Quarter Ended June 30th
(Millions of Cdn \$)



	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>Excl. currency translation</u>
1) Sales	<u>\$ 258.4</u>	<u>\$ 238.4</u>	+8.4%	+8%
Operating income	<u>\$ 39.7</u>	<u>\$ 32.7</u>	+21.4%	
Return on sales	<u>15.4%</u>	<u>13.7%</u>		
EBITDA	<u>\$ 55.9</u>	<u>\$ 47.8</u>	+16.9%	
% of Sales	<u>21.6%</u>	<u>20.1%</u>		

- 1) Sales were up 8% in second quarter excluding currency translation due to acquisitions and organic growth
- Moving costs for the quarter were \$0.7 million in Paris, Mexico and Memphis, slightly more than 2Q07
 - Operating income up 21% due to organic growth plus acquisitions

Label

Second Quarter Ended June 30th
(Millions of Cdn \$)



North America (32% of sales)

- Excluding translation, overall sales rose slightly as did profits with a weak consumer sector offset by strong results in Healthcare & Specialty
- Strong quarter in Healthcare continuing the Q1 trend: sales up double digit and continuing excellent margin performance
- Specialty sales were up mid single digits driven by strong promotional sales, Ag Chem sales were below prior year influenced by a soft Lawn and Garden season
- Difficult market conditions in Home and Personal Care (HPC) continued into Q2 with sales declining low single digits and no sign of any improvement going into Q3
- Headcount reductions implemented at 2 HPC facilities to bring capacity in line with revenue
- Battery business seasonally slow and impacted by production moving to Asia, headcount reduced to bring capacity in line with revenues
- Shrink Sleeve business grew double digits on a small base, a bright spot on the North American consumer side
- Order intake remains stable overall, with strong performance in the Healthcare business balancing softer results in the Consumer related sectors
- Cost inflation is challenging due to the weak US\$, but mitigated by improved mix so overall margins were consistent with prior year and slightly ahead of the CCL Label average
- Outlook dependent on US macro economic picture, and consumer expenditure in particular, stabilizing. Expect Healthcare business to continue strong performance

Label

Second Quarter Ended June 30th
(Millions of Cdn \$)



Europe (54% of sales)

- Overall volume up less than 2% excluding acquisitions and currency, but profits improved significantly driven by better business mix
- Very strong quarter in Healthcare and Specialty businesses (continuing in Q3)...up double digits excluding translation effect and with above average margins
- Home and Personal Care (HPC) business mixed depending on country, but overall down on prior year
- New HPC business wins give cause for greater optimism in 2009 to improve margins well below CCL Label average
- New HPC facility opened in Paris, recorded \$500k in one time move costs, announced closure of small HPC plant in the UK to consolidate with main facility near Leeds
- Battery business below prior year due to Asian impact, margins above average
- Double digit beverage growth driven by wash-off labels for beer bottles resulted in significant improvement in profits to ratios slightly above CCL Label average
- Sleeve business grew low single digits with excellent margins, some softness in the UK and resin price impact in Stretch Sleeves, more than offset by a very strong performance in Central Europe
- CD Design acquisition performed above expectations
- Cost inflation partly mitigated by strong euro: issue largely contained to the UK (weak Pound)
- Outlook is mixed: UK looking very similar to the US situation, continental Europe wary about the impact of global credit crunch and commodity prices

Label

Second Quarter Ended June 30th
(Millions of Cdn \$)



Emerging Markets (14% of sales)

- Underlying growth in the low teens excluding acquisitions and currency, with corresponding improvement in profits
- Q2 included results from Clear Image acquisition in Australia which performed in line with expectations
- Excellent profit performance in Brazil offsetting move disruptions to a new facility in Mexico, although margins there remain at CCL Label average
- Overall sales in Latin America flat driven by Mexico and some loss of business in the stretch sleeve category in Brazil
- Significant improvement in Poland driven by sales gains and operational progress, business generating cash but not profits, new business wins should see a breakthrough late this year
- HPC sales in Asia up double digits drive by particularly strong gains in China offset by a weaker quarter in Thailand compared to an exceptional prior year quarter
- Battery and Beverage label sales in China increased very significantly with excellent profitability
- Announced new plants investments in Tianjin and Hefei in China, a second plant in Bangkok and first sites in Vietnam, India and Japan
- Sales from our 50% equity investment in our Russian JV:CCL-Kontur are not consolidated, a small profit was recorded for our interest in the venture during its first 5 months of trading
- Outlook is very positive with strengthening order intake, and minimal impact, so far, from the global economic situation

Label

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



	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>Excl. currency translation</u>
Sales	<u>\$ 496.3</u>	<u>\$ 483.5</u>	+2.6%	+7%
Operating income	<u>\$ 76.9</u>	<u>\$ 71.6</u>	+7.4%	
Return on sales	<u>15.5%</u>	<u>14.8%</u>		
EBITDA	<u>\$ 108.1</u>	<u>\$ 100.5</u>	+7.6%	
% of Sales	<u>21.8%</u>	<u>20.8%</u>		

Container

Second Quarter Ended June 30th

(Millions of Cdn \$)



	<u>2008</u>	<u>2007</u>	<u>Change</u>
Sales	<u>\$ 39.2</u>	<u>\$ 49.3</u>	(20.5%)
Operating income	<u>\$ 2.8</u>	<u>\$ 6.0</u>	(53.3%)
Return on sales	<u>7.1%</u>	<u>12.2%</u>	
EBITDA	<u>\$ 5.3</u>	<u>\$ 8.8</u>	(39.8%)
% of Sales	<u>13.5%</u>	<u>17.8%</u>	

- Unit can volume in the US and Canada dropped by 10% due in part to the loss of one large piece of low margin business at the Penetang plant...top line impact approximately \$5 million in the quarter. Prior year comps relating to this business loss anniversary at end Q2
- Margins over material cost were slightly better than prior year as we successfully mitigated rising aluminum and chemical costs in all locations in a very difficult environment
- Sales of sun care aerosol cans dropped very significantly in June with all key customers, this impacted sales by \$3 million in the quarter, with almost all the impact in Penetang
- Sales for ABS in Q2 2007 were \$2.5 million with a profit contribution of \$230k. For the year of 2007, sales were approximately \$9 million with no profit contribution
- Sale of ABS business raised cash of approximately \$10 million with a \$3 million one time below the line gain

Container

Second Quarter Ended June 30th
(Millions of Cdn \$)



(continued)

- **Combined effect of low sales volume (\$6 million or 30% below prior year quarter in cans), US\$/C\$ exchange rate, and the ABS sale resulted in a \$3 million profit swing at the Penetang plant for the quarter. Negative effect of currency transactions was \$0.8 million**
- **Strong sales and profit growth at the Hermitage, PA, plant offset approximately \$1.2 million of the Penetang shortfall, balance is all in translation**
- **Cost improvements including headcount reductions are underway in Penetang and will be implemented over Q3 (and Q4 if necessary) as business conditions dictate**
- **We expect the Penetang situation to improve in September as the sun care build season begins for 2009 and new beverage business kicks in**
- **Mexican business remains sold out, and we have had to turn some business away, profits in line with last year. Additional capacity transferred from Penetang comes on line in Q2**
- **New Guanajuato plant will come on line at the end of 2008; many opportunities in Mexico as major customers look to move filling volume out of the US and other Latin American locations**
- **Overall order intake remains reasonable with new beverage opportunities offsetting a soft personal care market in the United States, expect things to be weak in Penetang for July and August**

Container

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



	<u>2008</u>	<u>2007</u>	<u>Change</u>
Sales	<u>\$ 80.7</u>	<u>\$ 102.2</u>	(21.0%)
Operating income	<u>\$ 8.2</u>	<u>\$ 12.0</u>	(31.7%)
Return on sales	<u>10.2%</u>	<u>11.7%</u>	
EBITDA	<u>\$ 13.1</u>	<u>\$ 17.7</u>	(26.0%)
% of Sales	<u>16.2%</u>	<u>17.3%</u>	

- Negative effect of currency transactions was \$2.3 million

Tube

Second Quarter Ended June 30th
(Millions of Cdn \$)



	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>Excl. currency translation</u>
Sales	<u>\$ 15.2</u>	<u>\$ 15.8</u>	(3.8%)	+4%
Operating income	<u>\$ 0.3</u>	<u>\$ 0.2</u>		
Return on sales	<u>2.0%</u>	<u>1.3%</u>		
EBITDA	<u>\$ 2.0</u>	<u>\$ 2.0</u>	0.0%	
% of Sales	<u>13.2%</u>	<u>12.7%</u>		

- Sales continued to improve and rose 4% before translation vs prior year quarter
- Return to profit experienced in Q1 was sustained in Q2 and strong backlog plus new business wins give us cautious optimism for the coming quarter
- Prior year comps will be favorable in Q3 due to the poor prior year performance
- LA plant will be moved to a new and significantly smaller facility in Q4 2008, and we expect to post some one time costs associated with the move
- Results remain far from acceptable but we are encouraged with the performance in very difficult external market conditions

Tube

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



	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>Excl. currency translation</u>
Sales	<u>\$ 30.9</u>	<u>\$ 34.0</u>	(9.1%)	+2%
Operating income	<u>\$ 0.4</u>	<u>\$ 1.6</u>		
Return on sales	<u>1.3%</u>	<u>4.7%</u>		
EBITDA	<u>\$ 3.8</u>	<u>\$ 5.2</u>	(26.9%)	
% of Sales	<u>12.3%</u>	<u>15.3%</u>		
