Consolidated Condensed Interim Financial Statements
(In millions of Canadian dollars)

CCL INDUSTRIES INC.

Interim periods ended March 31, 2017 and 2016
Unaudited

CCL Industries Inc.

Consolidated condensed interim statements of financial position

Unaudited

In millions of Canadian dollars

	As at March 31 2017	As at December 31 2016
Assets		
Current assets		
Cash and cash equivalents	$ 519.0	$ 585.1
Trade and other receivables	813.5	672.2
Inventories	447.4	351.5
Prepaid expenses	33.7	25.8
Income tax recoverable	23.3	26.2
Derivative instruments	-	0.1
Total current assets	1,836.9	1,660.9
Property, plant and equipment	1,512.2	1,216.9
Goodwill	1,750.5	1,131.8
Intangible assets	889.4	549.6
Deferred tax assets	13.3	21.2
Equity accounted investments	66.6	64.1
Other assets	38.0	34.3
Total non-current assets	4,270.0	3,017.9
Total assets	**$ 6,106.9**	**$ 4,678.8**
Liabilities		
Current liabilities		
Trade and other payables	890.0	844.5
Current portion of long-term debt (note 8)	71.1	4.2
Income taxes payable	62.7	58.3
Derivative instruments	7.4	-
Total current liabilities	1,031.2	907.0
Long-term debt (note 8)	2,683.0	1,597.1
Deferred tax liabilities	160.3	67.8
Employee benefits	333.9	279.3
Provisions and other long-term liabilities	47.1	52.4
Total non-current liabilities	3,224.3	1,996.6
Total liabilities	4,255.5	2,903.6
Equity		
Share capital	273.2	261.4
Contributed surplus	70.0	64.2
Retained earnings	1,518.0	1,450.5
Accumulated other comprehensive loss (note 5)	(9.8)	(0.9)
Total equity attributable to shareholders of the Company	1,851.4	1,775.2
Total equity	1,851.4	1,775.2
Acquisitions (note 3)		
Subsequent events (note 9)		
Total liabilities and equity	**$ 6,106.9**	**$ 4,678.8**

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.

Consolidated condensed interim income statements

Unaudited

In millions of Canadian dollars, except per share data

		Three Months Ended March 31		
		2017		**2016**
Sales	$	1,061.5	$	866.8
Cost of sales		750.0		615.5
Gross profit		311.5		251.3
Selling, general and administrative		166.1		112.2
Restructuring and other items (note 6)		7.4		3.0
Earnings in equity accounted investments		(0.6)		(0.8)
		138.6		**136.9**
Finance cost		16.6		8.8
Finance income		(2.0)		(0.9)
Net finance cost		14.6		7.9
Earnings before income taxes		**124.0**		**129.0**
Income tax expense		36.2		39.3
Net earnings	**$**	**87.8**	**$**	**89.7**
Attributable to:				
Shareholders of the Company	$	87.8	$	89.9
Non-controlling interest	$	-	$	(0.2)
Net earnings for the period	**$**	**87.8**	**$**	**89.7**
Basic earnings per Class B share	**$**	**2.50**	**$**	**2.57**
Diluted earnings per Class B share	**$**	**2.47**	**$**	**2.53**

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.

Consolidated condensed interim statements of comprehensive income

Unaudited

In millions of Canadian dollars

	Three Months Ended March 31	
	2017	2016
Net earnings	**$ 87.8**	**$ 89.7**
Other comprehensive income (loss), net of tax:		
Items that may subsequently be reclassified to income:		
Foreign currency translation adjustment for foreign operations, net of tax expense of $0.6 for the three-month period ending March 31, 2017 (2016 - tax recovery of $4.8)	(3.6)	(122.8)
Net gains (losses) on hedges of net investment in foreign operations, net of tax recovery of $0.8 for the three-month period ending March 31, 2017 (2016 - tax expense of $6.1)	(5.8)	63.6
Effective portion of changes in fair value of cash flow hedges, net of tax expense of $0.4 for the three-month period ending March 31, 2017 (2016 - tax expense of $0.1)	0.8	0.1
Net change in the fair value of cash flow hedges transferred to the income statement, net of tax expense of $0.1 for the three-month period ending March 31, 2017 (2016 - tax recovery of $0.1)	(0.3)	0.1
Other comprehensive loss, net of tax	**(8.9)**	**(59.0)**
Total comprehensive income	**$ 78.9**	**$ 30.7**
Attributable to:		
Shareholders of the Company	$ 78.9	$ 30.9
Non-controlling interest	$ -	$ (0.2)
Total comprehensive income	**$ 78.9**	**$ 30.7**

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.

Consolidated condensed interim statements of changes in equity

Unaudited

In millions of Canadian dollars

	Attributable to Shareholders of the Company									
	Class A shares	Class B shares	Shares held in trust	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling interest	Total equity
Balances, January 1, 2016	$ 4.5	$ 279.8	$ (7.4)	$ 276.9	$ 50.6	$ 1,182.7	$ 111.7	$ 1,621.9	$ -	$ 1,621.9
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	-	-	2.5	2.5
Net earnings	-	-	-	-	-	89.9	-	89.9	(0.2)	89.7
Dividends declared										
Class A	-	-	-	-	-	(1.1)	-	(1.1)	-	(1.1)
Class B	-	-	-	-	-	(16.4)	-	(16.4)	-	(16.4)
Shares redeemed from trust	-	-	6.6	6.6	(6.6)	-	-	-	-	-
Stock option expense	-	-	-	-	1.5	-	-	1.5	-	1.5
Income tax effect related to stock options	-	-	-	-	2.8	-	-	2.8	-	2.8
Other comprehensive loss	-	-	-	-	-	-	(59.0)	(59.0)	-	(59.0)
Balances, March 31, 2016	$ 4.5	$ 279.8	$ (0.8)	$ 283.5	$ 48.3	$ 1,255.1	$ 52.7	$ 1,639.6	$ 2.3	$ 1,641.9

	Attributable to Shareholders of the Company									
	Class A shares	Class B shares	Shares held in trust	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Non-controlling interest	Total equity
Balances, January 1, 2017	$ 4.5	$ 286.5	$ (29.8)	$ 261.4	$ 64.2	$ 1,450.5	$ (0.9)	$ 1,775.2	$ -	$ 1,775.2
Net earnings	-	-	-	-	-	87.8	-	87.8	-	87.8
Dividends declared										
Class A	-	-	-	-	-	(1.3)	-	(1.3)	-	(1.3)
Class B	-	-	-	-	-	(19.0)	-	(19.0)	-	(19.0)
Stock-based compensation plan	-	-	-	-	2.6	-	-	2.6	-	2.6
Shares purchased and held in trust	-	-	(0.1)	(0.1)	0.1	-	-	-	-	-
Stock option expense	-	-	-	-	2.0	-	-	2.0	-	2.0
Stock options exercised	-	11.9	-	11.9	(2.1)	-	-	9.8	-	9.8
Income tax effect related to stock options	-	-	-	-	3.2	-	-	3.2	-	3.2
Other comprehensive loss	-	-	-	-	-	-	(8.9)	(8.9)	-	(8.9)
Balances, March 31, 2017	$ 4.5	$ 298.4	$ (29.9)	$ 273.2	$ 70.0	$ 1,518.0	$ (9.8)	$ 1,851.4	$ -	$ 1,851.4

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.

Consolidated condensed interim statements of cash flows

Unaudited

In millions of Canadian dollars

	Three Months Ended March 31	
	2017	**2016**
Cash provided by (used for)		
Operating activities		
Net earnings	$ 87.8	$ 89.7
Adjustments for:		
Depreciation and amortization	$ 57.4	$ 46.8
Earnings in equity accounted investments, net of dividends received	(0.6)	(0.8)
Net finance cost	14.6	7.9
Current income tax expense	31.1	27.2
Deferred taxes	5.1	12.1
Equity-settled share-based payment transactions	7.9	1.5
Gain on sale of property, plant and equipment	(2.5)	(0.7)
	200.8	183.7
Change in inventories	(12.1)	(6.9)
Change in trade and other receivables	(31.5)	(10.4)
Change in prepaid expenses	(7.9)	4.0
Change in trade and other payables	(84.5)	(128.1)
Change in income taxes receivable and payable	15.8	0.9
Change in employee benefits	11.6	3.0
Change in other assets and liabilities	6.0	(5.3)
	98.2	40.9
Net interest paid	(11.6)	(12.9)
Income taxes paid	(32.6)	(13.1)
Cash provided by operating activities	**54.0**	**14.9**
Financing activities		
Proceeds on issuance of long-term debt	1,185.9	233.4
Repayment of debt	(38.1)	(148.3)
Exercise of stock options	9.9	-
Dividends paid	(20.3)	(17.5)
Cash provided by financing activities	**1,137.4**	**67.6**
Investing activities		
Additions to property, plant and equipment	(111.8)	(70.5)
Proceeds on disposal of property, plant and equipment	3.1	5.6
Business acquisitions and other long-term investments (note 3)	(1,153.1)	(86.1)
Cash used for investing activities	**(1,261.8)**	**(151.0)**
Net decrease in cash and cash equivalents	(70.4)	(68.5)
Cash and cash equivalents at beginning of period	585.1	405.7
Translation adjustment on cash and cash equivalents	4.3	(17.1)
Cash and cash equivalents at end of period	**$ 519.0**	**$ 320.1**

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

In millions of Canadian dollars, unless otherwise noted

1. Reporting entity

CCL Industries Inc. ("CCLInd" or "Company") is a public company, listed on the Toronto Stock Exchange, and is incorporated and domiciled in Canada. These consolidated condensed interim financial statements of the Company as at and for the interim period ended March 31, 2017 and 2016, comprise the Company, its subsidiaries and its interest in joint ventures and associates. The Company has manufacturing facilities around the world and is primarily involved in the manufacture of labels, containers, consumer printable media products, technology driven label solutions and specialty films.

2. Basis of preparation

(a) Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

These consolidated condensed interim financial statements should be read in conjunction with the Company's 2016 annual financial statements.

The accounting policies and methods of computation followed in the preparation of these consolidated condensed interim financial statements are consistent with those used in the preparation of the most recent annual report, unless otherwise noted.

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on May 8, 2017.

(b) Basis of measurement

These consolidated condensed interim financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- assets related to the defined benefit plans are measured at fair value and liabilities related to the defined benefit plans are calculated by qualified actuaries using the projected unit credit method.

(c) Functional and presentation currency

These consolidated condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest million, unless otherwise noted.

3. Acquisitions

(a) In February 2017, the Company completed the share acquisition of Innovia Group of Companies ("Innovia") for approximately $1.15 billion. Innovia is a leading global manufacturer of Biaxially Oriented Polypropylene films supplying highly differentiated specialty products into the packaging, labels, and securities markets. The Innovia acquisition significantly expands CCLInd's security products, customers, markets and technology. Innovia's film operation is included within the newly created Innovia segment. Innovia's security operation is included within the CCL (formerly CCL Label) segment.

Cash consideration, net of cash acquired of $30.9	$	786.4
Assumed debt		364.7
Total consideration	$	1,151.1
Trade and other receivables	$	109.9
Inventories		83.8
Property, plant and equipment		214.9
Other assets		6.4
Goodwill and intangible assets		991.7
Trade and other payables		(119.9)
Employee benefits		(43.1)
Provisions and other long-term liabilities		(92.6)
Net assets acquired	$	1,151.1

As a result of the inherent complexity associated with the valuation of non-current assets acquired, the determination of the fair value assets and liabilities acquired is based upon preliminary estimates and assumptions. The Company will continue to review information prior to finalizing the fair value of the assets acquired and liabilities assumed. The actual fair value of the assets acquired and liabilities assumed may differ from the amounts noted above.

Goodwill is comprised of the excess fair value of the consideration paid over the fair value of the net assets acquired. Factors that make up the amount of goodwill recognized include expected synergies and employee knowledge of operations. The total amount of goodwill and intangibles for Innovia is $991.7 million and is not deductible for tax purposes.

In millions of Canadian dollars, unless otherwise noted

3. Acquisitions (continued)

(b) The following table summarizes the combined sales and net loss that the newly acquired Innovia has contributed to CCL Industries Inc. for the current reporting period. The net loss includes the recognition of $8.8 million ($6.4 million, net of tax) relating to the incremental fair value allocated to inventory.

	Three months ended March 31, 2017
Sales	$ 48.3
Net loss	$ (0.7)

(c) Pro Forma Information

The unaudited pro forma consolidated financial information below has been prepared following the accounting policies of CCL Industries Inc. as if the acquisition took place January 1, 2017.

The unaudited pro forma consolidated financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations and financial position that would have been achieved had the pro forma events taken place on the dates indicated, or the future consolidated results of operations or financial position of the consolidated company. Future results may vary significantly from the pro forma results presented.

The historical consolidated financial information has been adjusted in preparing the unaudited pro forma consolidated financial information to give effect to events that are: (i) directly attributable to the acquisition; (ii) factually supportable; and (iii) with respect to revenues and earnings, expected to have a continuing impact on the results of CCL Industries Inc. As such, the impact from acquisition related expenses is not included in the accompanying unaudited pro forma consolidated financial information. The unaudited pro forma consolidated financial information does not reflect any cost savings (or associated costs to achieve such savings) from operating efficiencies, synergies or other restructuring that could result from the acquisition.

The following table summarizes the sales and earnings of CCL Industries Inc. combined with Innovia as though the acquisition took place on January 1, 2017:

	Three months ended March 31, 2017
Sales	$ 1,158.1
Net earnings	$ 111.3

In millions of Canadian dollars, unless otherwise noted

4. Segment reporting

As a result of the acquisition of Innovia, a new reportable segment was created for Innovia's film operation and Innovia's security operation is included within the newly named CCL (formerly CCL Label) segment. The Company has five reportable segments, as described below, which are the Company's main business units. The business units offer different products and services, and are managed separately as they require different technology and marketing strategies. For each of the business units, the Company's CEO, the chief operating decision maker, reviews internal management reports regularly.

The Company is comprised of the following main business segments:

- CCL - The Segment's product line includes pressure sensitive, shrink sleeve, stretch sleeve, expanded content, heat transfer and in-mould labels, precision printed and die cut metal, plastic and pressure sensitive components, electronic displays, pharmaceutical instructional leaflets, plastic tubes, postage stamps, anti-counterfeit security technologies and polymer banknote substrate.

- Avery – Includes the manufacturing and selling of various consumer products, including labels, binders, dividers, sheet protectors and writing instruments in North America, Latin America, Asia Pacific and Europe.

- Checkpoint – Includes the manufacturing and selling of technology-driven, loss prevention, inventory management and labeling solutions, including radio-frequency and radio-frequency identification-based, to the retail and apparel industry.

- Innovia – Includes the manufacturing of specialty high performance, multi-layer, surface engineered specialty films for label, packaging and security applications.

- Container – Includes the manufacturing of impact extruded aluminum aerosols and specialty bottles for the consumer products and healthcare industries in North America and Mexico.

	Three Months Ended March 31			
	Sales		Operating income (loss)	
	2017	2016	2017	2016
CCL	$ 673.1	$ 622.3	$ 110.3	$ 103.9
Avery	160.8	179.6	28.5	35.4
Checkpoint	149.3	-	15.3	-
Innovia	29.8	-	(1.3)	-
Container	48.5	64.9	6.1	10.6
Total operations	$ 1,061.5	866.8	$ 158.9	$ 149.9
Corporate expense			(13.5)	(10.8)
Restructuring and other items			(7.4)	(3.0)
Earnings in equity accounted investments			0.6	0.8
Finance cost			(16.6)	(8.8)
Finance income			2.0	0.9
Income tax expense			(36.2)	(39.3)
Net earnings			$ 87.8	89.7

	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	March 31 2017	December 31 2016	March 31 2017	December 31 2016	Three Months Ended March 31 2017	2016	Three Months Ended March 31 2017	2016
CCL	$ 3,100.7	$ 2,451.9	$ 740.3	$ 639.5	$ 39.5	$ 38.7	$ 93.7	$ 53.9
Avery	588.9	566.6	173.0	201.3	3.9	4.0	7.2	8.0
Checkpoint	896.4	935.8	412.3	441.8	7.4	-	2.9	-
Innovia	860.5	-	156.3	-	2.7	-	0.8	-
Container	158.1	156.1	44.8	42.3	3.7	3.8	7.2	8.6
Equity accounted investments	66.6	64.1	-	-	-	-	-	-
Corporate	435.7	504.3	2,728.8	1,578.7	0.2	0.3	-	-
Total	$ 6,106.9	$ 4,678.8	$ 4,255.5	$ 2,903.6	$ 57.4	$ 46.8	$ 111.8	$ 70.5

Due to the seasonality of CCLInd's business, the Company's operating results for the three months ended March 31, 2017, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2017. The first and second quarters are traditionally higher sales periods for the CCL, Innovia and Container Segments as a result of the greater number of work days and various customer activities undertaken during this period versus the third and fourth quarters of the year. For Avery, the third quarter has historically been its strongest, as it benefits from the increased demand related to back-to-school activities in North America. For the Checkpoint Segment, the second half of the calendar year is typically healthier as the business substantially follows the retail cycle of its customers, which traditionally experiences more consumer activity from September through the end of the year and prepares for the same in its supply chain from mid-year on.

In millions of Canadian dollars, unless otherwise noted

5. Accumulated other comprehensive loss

	March 31 2017	December 31 2016
Unrealized foreign currency translation losses, net of tax recovery of $1.7 (2016 – tax recovery of $1.5)	$ (10.4)	$ (1.0)
Gains on derivatives designated as cash flow hedges, net of tax expense of $0.3 (2016 – tax expense of nil)	0.6	0.1
	$ (9.8)	$ (0.9)

6. Restructuring and other items

	Three months ended March 31 2017	2016
CCL Segment restructuring	$ 0.9	$ 1.5
Checkpoint Segment restructuring	3.6	-
Innovia Segment restructuring	1.6	-
Acquisition costs	1.3	1.5
Total restructuring and other items	$ 7.4	$ 3.0

The Company recorded an expense of $7.4 million for restructuring and other items in the first quarter of 2017 compared to $3.0 million for the first quarter of 2016. The first quarter of 2017 included severance related restructuring costs of $3.6 million for the 2016 Checkpoint acquisition and $3.8 million severance and transaction costs associated with the 2017 Innovia acquisition. Restructuring and other expenses for the prior year period were primarily for severance costs associated with the November 2015 Worldmark acquisition.

7. Financial instruments

(a) Fair value hierarchy

The table below summarizes level of hierarchy for financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
March 31, 2017				
Available-for-sale financial assets	$ -	$ 22.0	$ -	$ 22.0
December 31, 2016				
Available-for-sale financial assets	$ -	$ 22.5	$ -	$ 22.5

(b) Fair values versus carrying amounts

The carrying values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate fair values due to the short-term maturities of these financial instruments.

The fair value of financial liabilities together with carrying amounts shown in the statement of financial position, are as follows:

	March 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 2,754.1	$ 2,734.1	$ 1,601.3	$ 1,581.5

The interest rates used to discount estimated cash flows for the long-term debt are based on the government yield curve at the reporting date plus an adequate credit spread.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. The estimates are subjective in nature and involve uncertainties and matters of judgment.

8. Long-term debt

During the first quarter of 2017, the Company utilized a new US$450.0 million non-revolving credit term facility with a syndicate of banks to aid in the financing of the Innovia acquisition (note 3) . This facility, maturing in February 2019, with principal repayments of US$12.0 million per quarter commencing June 30, 2017, incurs interest at the applicable domestic rate plus an interest rate margin linked to the Company's net debt to EBITDA consistent with the existing syndicated revolving facility that matures December of 2020. The balance of the Innovia acquisition was financed by a drawdown of the Company's existing syndicated revolving facility.

Subsequent to the acquisition of Innovia, the Company utilized a cross-currency interest rate swap agreement to effectively convert notional US$264.7 million 3.25% fixed rate debt into 1.23% fixed rate euro debt also hedging its euro-based assets and cash flows.

9. Subsequent events

The Board of Directors has declared a dividend of $0.5750 for the Class B non-voting shares and $0.5625 on the Class A voting shares that will be payable to shareholders of record at the close of business on June 16, 2017, to be paid on June 30, 2017.

In April of 2017, the Company acquired two European direct-to-consumer, software-powered online digital printing businesses for the Avery Segment. Goed Gemerkt B.V. and Goed Gewerkt B.V. (“GGW“) are privately owned companies with common shareholders based near Utrecht in the Netherlands. Founded in 2003, Goed Gemerkt is a manufacturer of durable, personalized “kids' labels” for the Benelux and German markets. badgepoint GmbH, badgetech GmbH and Name Tag Systems Inc. (“Badgepoint”) are privately owned companies with common shareholders based near Hamburg, Germany. Founded in 1999, Badgepoint is a manufacturer of patented, premium name tag systems and accessories for the German market. The total consideration of the two transactions, net of cash and debt but including the acquisition of related real estate, is approximately $34.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS
First Quarters Ended March 31, 2017 and 2016

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") of CCL Industries Inc. ("CCLInd" or the "Company") relates to the first quarters ended March 31, 2017 and 2016. The information in this interim MD&A is current to May 8, 2017, and should be read in conjunction with the Company's May 8, 2017, unaudited first quarter consolidated condensed interim financial statements released on May 8, 2017, and the 2016 Annual MD&A document and consolidated financial statements, which form part of the CCL Industries Inc.'s 2016 Annual Report, dated February 22, 2017.

Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and unless otherwise noted, both the financial statements and this interim MD&A are expressed in Canadian dollars as the reporting currency. The major measurement currencies of CCLInd's operations are the Canadian dollar, U.S. dollar, euro, Argentine peso, Australian dollar, Bangladeshi taka, Brazilian real, Chilean peso, Chinese renminbi, Danish krone, Indian rupee, Japanese yen, Malaysian ringgit, Mexican peso, Polish zloty, Russian ruble, Singaporean dollar, South African rand, Swiss franc, Thai baht, U.K. pound sterling and Vietnamese dong. All per Class B non-voting share ("Class B share") amounts in this document are expressed on an undiluted basis, unless otherwise indicated. CCLInd's Audit Committee and its Board of Directors have reviewed this interim MD&A to ensure consistency with the approved strategy and the financial results of the Company.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains forward-looking information and forward-looking statements, as defined under applicable securities laws, (hereinafter collectively referred to as "forward-looking statements") that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this MD&A contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company's segments; the Company's anticipated improvement in market share; the Company's capital spending levels and planned capital expenditures in 2017; the adequacy of the Company's financial liquidity; earnings per share and EBITDA growth rates; the Company's effective tax rate; the Company's ongoing business strategy; the Company's planned restructuring expenditures; and the Company's expectations regarding general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the uncertainty of the recovery from the global financial crisis and its impact on the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological changes; changes in government regulations; risks associated with operating and product hazards; and CCLInd's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: global economic recovery and higher consumer spending; improved customer demand for the Company's products; continued historical growth trends, market growth in specific sectors and entering into new markets; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the achievement of the Company's plans for improved efficiency and lower costs, including stable aluminum costs; the availability of cash and credit; fluctuations of currency exchange rates; the Company's continued relations with its customers; the Company's ability to realize targeted operational synergies and cash flows from restructuring the Canadian Container operation; the Company's expectation that the closure of the Canadian Container operation will be complete at the end of 2017; the Company's expectation that the Avery Segment's new product innovations, consumer digital e-commerce opportunities and cross selling programs with recent acquisitions will provide incremental growth opportunities; the Company's expectation that its new operations in Argentina, Philippines, Thailand and Turkey, will post profitable returns in 2017 or 2018; the Company's expectation that recent acquisitions will provide future opportunities for margin expansion; the Company's recent acquisitions will continue to meet management expectations and will provide incremental growth opportunities; the Company's expectation that continued capital investment in Rheinfelden will result in full production capability and a qualified alternate supply of aluminum slugs in North America; the Company's expectation that the North American in-mould label joint venture will commence trading in 2017; the Company's expectation that there will be more restructuring within CCL Design that will lead to optimal financial returns; the Company's expectation that $30 million in restructuring initiatives at the Checkpoint Segment will lead to $40 million in annual savings; the Company's expectation that $5 million in restructuring initiatives within the new Innovia acquisition will lead to $5 million in annual savings; the Company's expectation that the Avery Segment is poised for stronger financial results in the second half of 2017; the Company's expectation that leverage will be reduced in future from principal debt repayments; the Company's expectation that operations will stabilize in the second half of 2017 in the Container Segment and results will be more aligned to the comparative periods; the Company's expected order intake levels; and general business and economic conditions. Should one or more risks materialize or should any assumption prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: "Risks and Uncertainties" of the 2016 Annual MD&A.

Except as otherwise indicated, forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on CCLInd's business. Such statements do not, unless otherwise specified by the Company, reflect the impact of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them and therefore cannot be described in a meaningful way in advance of knowing specific facts.

The forward-looking statements are provided as of the date of this MD&A and the Company does not assume any obligation to update or revise the forward-looking statements to reflect new events or circumstances, except as required by law.

Subsequent to the acquisition of Innovia on February 28, 2017, CCLInd modified its Segment reporting disclosure. The Label Segment, or CCL Label, was renamed the CCL Segment or CCL, and now includes the results of the former Innovia security (now CCL Secure) operations. The new Innovia Segment includes the results of the Innovia films operations as well as the legacy films businesses, which were previously included in the CCL Segment.

1. Overview

The first quarter of 2017 was noteworthy, with the acquisition of the Innovia Group of Companies ("Innovia") for $1.15 billion, the largest acquisition in CCLInd's history driving the Company deeper into polymer science and security products. Although these newly acquired businesses posted solid results for the first month of ownership, strong performance in the legacy businesses that make up the new CCL Segment and the recently acquired Checkpoint Segment backstopped a solid quarter for the Company. The CCL Segment tallied an organic growth rate of 6.8%, overtaking the moderate negative impact of currency translation this quarter. The Checkpoint Segment, in its historically loss making quarter in the low retail season, posted an operating profit of $15.3 million, far ahead of expectations. The Avery Segment saw a decline in operating income compared to a strong prior year first quarter, but anticipates a comparatively better upcoming back-to-school season. The Container Segment saw the expected decline in operating profits as it commenced the closure of its Canadian facility against the backdrop of a low margin large contract loss. Accordingly, the Company posted first quarter adjusted basic earnings per Class B share (a non-IFRS financial measure; refer to definition in Section 14) of $2.85 compared to adjusted basic earnings per Class B share of $2.65 in the 2016 first quarter. Basic earnings per Class B share for the first quarters of 2017 and 2016 were $2.50 and $2.57, respectively. Finally, the first quarter of 2017 marked the twenty-sixth consecutive quarter of year-over-year improvement in quarterly adjusted basic earnings per Class B share for CCLInd.

2. Review of Consolidated Financial Results

The following acquisitions affected the financial comparisons to 2016:

- In January 2016, Woelco AG ("Woelco"), a privately owned company in Stuttgart, Germany, with subsidiaries in China and the United States for approximately $21.7 million. Woelco has integrated into CCL Design and has expanded its depth in the industrial and automotive durable goods markets.

- In January 2016, Label Art Ltd. and Label Art Digital Ltd. (collectively "LAL"), privately owned companies with common shareholders, based in Dublin, Ireland, for approximately $13.6 million. LAL expanded the CCL Healthcare & Specialty business in Ireland and the U.K.

- In January 2016, CCLInd invested $6.0 million in cash to increase its stake from 50% to 75% in its tube manufacturing joint venture in Bangkok, Thailand, with Taisei Kako Co. Ltd. of Japan. Finally, in August of 2016, CCLInd acquired the final 25% stake in the venture from its partner for $1.9 million. As a result of the change in control, financial results are no longer included in equity investments but fully consolidated with CCL Home & Personal Care business, without a portion of the earnings attributable to a non-controlling interest, since September 2016.

- In February 2016, Zephyr Company Limited of Singapore, and its Malaysian subsidiaries in Penang and Johor (collectively "Zephyr"), privately owned companies with multiple shareholders, for approximately $40.9 million. Zephyr expanded CCL Design's presence within the electronics industry to the ASEAN region.

- In March 2016, Powerpress Rotulo & Etiquetas Adesivas LTDA ("Powerpress"), a privately owned company based in Sao Paolo, Brazil, for approximately $11.4 million. Powerpress enhances CCL's product offering in the Healthcare & Specialty business in South America.

- In May 2016, the Company acquired all the outstanding shares of Checkpoint Systems Inc. (NYSE:CKP; "Checkpoint") at an enterprise value of approximately $531.9 million. Checkpoint is a leading global manufacturer and provider of hardware and software systems plus security labels and tags providing inventory control and loss prevention solutions to world leading retailers. Checkpoint formed the retail and apparel Checkpoint Segment of CCLInd.

- In July 2016, CCLInd acquired Eukerdruck GmbH & Co. KG and Pharma Druck CDm GmbH ("Euker"), privately held companies with common shareholders, and the associated facilities in Marburg and Dresden, Germany. Euker is a leading supplier of folded leaflets, specialty booklets and pressure sensitive labels to pharmaceutical companies in German-speaking Europe. The purchase price consideration, including debt assumed, was approximately $30.0 million.

- In August 2016, CCLInd acquired Labelone Ltd. ("Label1"), a privately owned company based in Belfast, Northern Ireland, for approximately $17.5 million including assumed debt. Label1 expands CCL product offerings in the Healthcare & Specialty business to Northern Ireland.

- On February 28, 2017, CCLInd acquired Innovia, headquartered in Wigton, U.K., for approximately $1.15 billion, debt free and net of cash acquired from a consortium of U.K.-based private equity investors. Innovia is a leading global producer of specialty high-performance, multi-layer, surface engineered biaxially oriented polypropylene ("BOPP") films for label, packaging and security applications. The business has film extrusion, coating and metallizing facilities across the U.K., Belgium and Australia, which will form the basis of CCLInd's new Innovia Segment. In the U.K., Australia and Mexico, the business has high-security, specialized polymer banknote operations that will be added to CCL Secure within the CCL Segment.

Sales for the first quarter of 2017 were $1,061.5 million, an increase of 22.5% compared to $866.8 million recorded in the first quarter of 2016. The increase in sales can be attributed to organic growth of 2.1%, acquisition-related growth of 25.1% and the negative impact from foreign currency translation of 4.7%.

Selling, general and administrative expenses ("SG&A") were $166.1 million for the first quarter of 2017, compared to $112.2 million for the same period in the prior year. The increases in SG&A for the aforementioned comparative period can be attributed to additional SG&A expenses associated with the nine above mentioned acquisitions. The Checkpoint mix impact influenced the increase as it has higher SG&A expenses as a percentage of its sales than the legacy CCLInd business.

The Company recorded an expense of $7.4 million ($5.9 million after tax) for restructuring and other items in the first quarter of 2017 compared to $3.0 million ($2.8 million after tax) for the first quarter of 2016. The first quarter of 2017 included severance related restructuring costs of $3.6 million for the 2016 Checkpoint acquisition and $3.8 million severance and transaction costs associated with the 2017 Innovia acquisition. Restructuring and other expenses for the prior year period were primarily for severance costs associated with the November 2015 acquisition of Worldmark Ltd.

Operating income (a non-IFRS financial measure; refer to definition in Section 14) for the first quarter of 2017 was $158.9 million, compared to $149.9 million for the first quarter of 2016. Excluding the $8.8 million non-cash acquisition accounting adjustment to fair value the finished goods inventory for the acquisition of Innovia, operating income improved 11.9% to $167.7 million. This increase was driven by improvements in the CCL Segment, reinforced by the new Checkpoint and Innovia Segments and partially offset by declines in the Avery and Container Segments. Foreign currency translation had a negative impact of 4.5% to the consolidated operating income.

Earnings before net finance cost, taxes, earnings in equity accounted investments, depreciation and amortization, non-cash acquisition accounting adjustments to finished goods inventory, restructuring and other items ("EBITDA," a non-IFRS financial measure; refer to definition in Section 14) was $211.6 million for the first quarter of 2017, an increase of 13.8% compared to $185.9 million for the first quarter of 2016. Foreign currency had a negative impact of 4.5% on EBITDA for the first quarter of 2017.

Net finance cost was $14.6 million for the first quarter of 2017 compared to $7.9 million for the same period in the prior year. The increase in net finance cost for first quarter 2017 was attributable to higher total debt balances primarily attributable to the Checkpoint and Innovia acquisitions.

The overall effective income tax rate was 29.3% for the first quarter of 2017 compared to 30.6% for the first quarter of 2016, reflecting a higher portion of CCLInd's taxable income being earned in lower tax jurisdictions in the quarter. The effective tax rate may increase in future periods if a higher portion of the Company's taxable income is earned in higher tax jurisdictions.

Net earnings for the first quarter of 2017 were $87.8 million compared to $89.7 million for the first quarter of 2016. Net earnings were impacted by the aforementioned non-cash acquisition accounting adjustment related to finished goods inventory and restructuring and other items primarily for the Checkpoint and Innovia acquisitions. This resulted in basic and diluted earnings of $2.50 and $2.47 per Class B share, respectively, in the 2017 first quarter compared to basic and diluted earnings of $2.57 and $2.53 per Class B share, respectively, for the prior year first quarter. The weighted average number of shares for the 2017 first quarter was 35.1 million basic and 35.6 million diluted shares compared to 35.0 million basic and 35.5 million diluted shares for the comparable period of 2016. Diluted shares include weighted average in-the-money stock options and equity settled director compensation totaling 0.5 million shares.

Adjusted basic earnings per Class B share (a non-IFRS financial measure – see Section 14) were $2.85 for the first quarter of 2017, compared to $2.65 for the same period of 2016.

The following table is presented to provide context to the comparative change in the adjusted basic earnings per share.

(in Canadian dollars)

	First Quarter	
Adjusted Basic Earnings per Class B Share	**2017**	**2016**
Basic earnings per Class B share	$ 2.50	$ 2.57
Restructuring and other items	0.17	0.08
Non-cash acquisition accounting adjustment related to finished goods inventory	0.18	-
Adjusted basic earnings [1] per class B share	$ 2.85	$ 2.65

(1) Adjusted Basic Earnings per Class B Share is a non-IFRS financial measure. Refer to definition in Section 14.

The following is selected financial information for the nine most recently completed quarters:

(In millions of Canadian dollars, except per share amounts)

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Sales					
2017	$ 1,061.5	$ -	$ -	$ -	$ 1,061.5
2016	866.8	960.2	1,089.3	1,058.4	3,974.7
2015	705.9	721.5	812.9	798.8	3,039.1
Net earnings					
2017	87.8	-	-	-	87.8
2016	89.7	72.2	86.1	98.3	346.3
2015	68.1	73.3	81.8	71.9	295.1
Net earnings per Class B share					
Basic					
2017	2.50	-	-	-	2.50
2016	2.57	2.06	2.47	2.80	9.90
2015	1.97	2.12	2.36	2.05	8.50
Diluted					
2017	2.47	-	-	-	2.47
2016	2.54	2.03	2.44	2.76	9.77
2015	1.93	2.09	2.33	2.03	8.38
Adjusted basic net earnings per Class B share					
2017	2.85	-	-	-	2.85
2016	2.65	2.80	2.98	2.98	11.41
2015	1.99	2.12	2.34	2.16	8.61

The quarterly financial results above are affected by the seasonality of the business Segments. The first and second quarters of a year are traditionally higher sales periods for the CCL, Innovia and Container Segments as a result of the greater number of work days and various customer activities undertaken during this period versus the third and fourth quarter. For Avery, the third quarter has historically been its strongest, as it benefits from the increased demand related to back-to-school activities in North

America. For the Checkpoint Segment, the second half of the calendar year is healthier as the business substantially follows the retail cycle of its customers, which traditionally experiences more consumer activity from September through the end of the year and prepares for the same in its supply chain from mid-year on.

3. Business Segment Review

CCL Segment

($ millions)	First Quarter				
		2017		2016	+/-
Sales	$	673.1	$	622.3	8.2%
Operating Income [(1)]	$	110.3	$	103.9	6.2%
Return on Sales [(1)]		16.4%		16.7%	
Capital Spending	$	93.7	$	53.9	73.8%
Depreciation and Amortization	$	39.5	$	38.7	2.1%

[(1)] Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 14.

CCL is a global leader of innovative label solutions for consumer product marketing companies in Home & Personal Care and Food & Beverage markets, and also supplies regulated labels to major pharmaceutical, healthcare and industrial chemical customers, long-life labels and components to automotive, electronics and other durable goods companies and security products for government institutions. The Segment's product lines include pressure sensitive, shrink sleeve, stretch sleeve, expanded content, heat transfer and in-mould labels, precision printed and die cut metal, plastic and pressure sensitive components, electronic displays, pharmaceutical instructional leaflets, plastic tubes, postage stamps, anti-counterfeit security technologies and polymer banknote substrate.

Sales for the CCL Segment were $673.1 million for the first quarter of 2017, compared to $622.3 million for the same quarter last year. The 8.2% increase in sales can be attributed to organic growth of 6.8%, the impact from the Woelco, LAL, Zephyr, Powerpress, Euker, Label1 and the Innovia security business acquisitions of 6.2% and the negative effect from foreign currency translation of 4.8%.

North American sales were up low single digit for the first quarter of 2017, excluding currency translation compared to the first quarter of 2016. Home & Personal Care sales improved modestly, driven by strong growth in tubes, but profitability declined on pricing challenges. Healthcare & Specialty sales were up on gains in Healthcare offsetting soft Ag-Chem and Specialty markets compared to the prior year period. CCL Design sales improved modestly with gains in electronics and laminates outpacing a slight decline in automotive coupled with continued productivity enhancements resulting in improved profitability. Food & Beverage posted strong growth and profitability improvement in the Wine & Spirits business and better results in Sleeves. CCL Secure, the security product vertical that includes the 2015 Banknote Corporation of America Inc. acquisition, posted sales and profitability gains for the quarter. Overall the impact of currency translation was negative with profitability and return on sales ("Return on Sales," a non-IFRS financial measure; refer to definition in Section 14) down modestly in North America.

Sales in **Europe** were up double digits for the first quarter of 2017, excluding currency translation and acquisitions, compared to the first quarter of 2016. Home & Personal Care sales and profits increased on strength in Germany and Poland more than offsetting soft results in the U.K. and France. Sales and profitability improved at Healthcare & Specialty, principally on contributions from acquisitions, with underlying legacy operations stable despite declining performance in Scandinavia. Food & Beverage results improved significantly on very strong performance in Sleeves and Beverage labels more than offsetting modest declines in Closure labels. CCL Design sales increased on strong automotive and improved electronics markets. Profitability improved as operational difficulties faded with a challenging program for one automotive OEM while improvements at the Worldmark acquisition continued. CCL Secure representing the acquired Innovia security business posted good results in its first month. Overall European operating income, excluding currency translation and acquisitions, was up substantially compared to the prior year first quarter, driving an uptick in return on sales ("Return on Sales," a non-IFRS financial measure; refer to definition in Section 14).

Sales in **Latin America**, excluding the Powerpress acquisition and currency translation, increased mid-single digit for the first quarter of 2017, compared to the first quarter of 2016. Strong organic sales growth in Mexico more than offset a decline in Brazil. However the translation impact of the strengthening Brazilian real offset the underlying decline in profitability and also the impact of a depreciating Mexican peso compared to the Canadian dollar. Sales & profitability gains were posted in all lines of business in Mexico. CCL Secure in Mexico representing the acquired Innovia security business posted solid results for first month. Start-up operations in Argentina posted a nominal profit. Excluding the impact of acquisitions and the positive impact of currency translation underlying operating income increased significantly, and return on sales ("Return on Sales," a non-IFRS financial measure; refer to definition in Section 14) remained above the Segment average.

Asia Pacific sales, excluding acquisitions and currency translation, were up double digit for the first quarter of 2017, compared to the corresponding quarter in 2016. Sales in China increased with gains in all lines of business especially at CCL Design but profitability declined on mix and pricing. Sales increased in the ASEAN region on the Zephyr acquisition but underlying results were down on lower pricing and compared to a robust prior year period benefitting from foreign exchange gains on strong export sales from Thailand. The new operation in Korea and the recently fully consolidated tube operation in Thailand continued to post start-up losses for the first quarter of 2017. Australian results were mixed with good progress in Wine & Spirits offsetting continuing losses in Healthcare while CCL Secure representing the acquired Innovia security business posted strong performance. Beverage sales in South Africa were up significantly. Overall operating income increased, benefiting from CCL Secure, but declined as a percentage of sales in the Asia Pacific region due to results in China and ASEAN.

Operating income for the first quarter of 2017 improved 6.2% to $110.3 million, including the $4.1 million non-cash acquisition accounting adjustment to fair value finished goods inventory of CCL Secure, compared to $103.9 million for the first quarter of 2016. Operating income as a percentage of sales was 16.4% or 17.0% excluding the aforementioned non-cash charge, compared to the 16.7% recorded for the same period in 2016.

Sales backlogs for the label business rarely exceed one month of sales, making forecasts one quarter ahead difficult. Management continues to watch the global economic situation closely along with associated volatility in foreign exchange rates.

The CCL Segment invested $93.7 million in capital spending for the first quarter of 2017 compared to $53.9 million in the same period in 2016. The investments for the first quarter of 2017 are in line with Company's planned capital expenditures for 2017. The major expenditures for the first quarter related to a new facility construction and associated equipment installations to support Home & Personal Care in North America as well as capacity additions for the Healthcare and Food & Beverage businesses globally. As in the past, investments in the CCL Segment are expected to continue in order to increase its capabilities, expand geographically, and replace or upgrade existing plants and equipment. Depreciation and amortization for the CCL Segment was $39.5 million for the first quarter of 2017, compared to $38.7 million for the same period of 2016.

Avery Segment

($ millions)	First Quarter		
	2017	**2016**	**+/-**
Sales	$ 160.8	$ 179.6	(10.5%)
Operating Income [1]	$ 28.5	$ 35.4	(19.5%)
Return on Sales [1]	17.7%	19.7%	
Capital Spending	$ 7.2	$ 8.0	(10.0%)
Depreciation and Amortization	$ 3.9	$ 4.0	(2.5%)

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 14.

The Avery Segment has two primary product groups, Printable Media and the newly defined Organization Products largely comprised of binders, indexes and dividers. The Avery Segment markets its products to individual consumers, small businesses and short run uses in larger companies. End consumers buy their products from distributors including mass-market and e-commerce retailers, office superstores, wholesalers, contract stationers, mail order companies and direct-to-consumer channels.

Avery Segment sales were $160.8 million for the first quarter of 2017, compared to $179.6 million for the same quarter last year. The 10.5% decline in sales can be attributed to the 4.3% negative effect from foreign currency translation and a 6.2% organic decline in sales.

Sales in **North America** for the first quarter of 2017 were down high single digit compared to the prior year period largely due to declines in the U.S. across brick-and-mortar retail, wholesale and contract channels exceeding significant growth on a lower base at leading e-tailers. Organization Products sales, particularly ring binders, were affected to a greater extent than Printable Media. Sales in the direct to consumer channel for badges, family identification and "WePrint" labels printed directly by Avery for consumers increased and profitability improved appreciably. U.S. operating income was negatively affected by currency translation on the strengthening Canadian dollar while return on sales ("Return on Sales," a non-IFRS financial measure; refer to definition in Section 14) declined on the profit reduction from lower sales. Canadian sales were down slightly but profitability improved, largely on the sourcing benefit of a stronger dollar.

International sales, principally generated in the Printable Media category, represented approximately 25% of the Avery Segment sales for the quarter. Sales in Europe increased low-single digit, excluding currency translation, driven by recovery in the UK wholesaler channel and improved performance in the German e-commerce business. Latin American sales excluding currency translation were flat to the 2016 first quarter while Australian revenues declined slightly. Overall profitability improvements due to organic revenue growth were more than offset by the negative impact of foreign currency translation due to the relative strengthening of the Canadian dollar versus foreign currency denominated results.

Operating income for the first quarter of 2017 was $28.5 million, compared to $35.4 million for the first quarter of 2016. Return on sales was 17.7%, compared to 19.7% recorded for the same quarter in 2016 ("Return on Sales," a non-IFRS financial measure; refer to definition in Section 14).

The Avery Segment invested $7.2 million in capital spending for the first quarter 2017 compared to $8.0 million in the same period a year ago. The majority of the expenditures were for capacity additions in North America to support the planned consolidation of label manufacturing in Tijuana and the growth of the direct-to-consumer digital print offering. Depreciation and amortization for the Avery Segment was $3.9 million for the first quarter of 2017 compared to $4.0 million for the comparable period of 2016.

Checkpoint Segment

($ millions)	First Quarter				
		2017		2016	+/-
Sales	$	149.3	$	-	n/a
Operating Income (loss) [(1)]	$	15.3	$	-	n/a
Return on Sales [(1)]		10.2%		-	
Capital Spending	$	2.9	$	-	n/a
Depreciation and Amortization	$	7.4	$	-	n/a

[(1)] Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 14.

Checkpoint was acquired May 13, 2016. This Segment has operations in North America, Europe, Asia, Australia and Latin America. The Segment has three primary product lines, Merchandise Availability Solutions ("MAS"), Apparel Labeling Solutions ("ALS") and Retail Merchandising Solutions ("RMS"). The larger MAS line focuses on hardware, software, labels and tags for loss prevention and inventory control systems including radio frequency identification ("RFID") solutions. ALS products are apparel labels and tags for branding, merchandising and inventory control purposes, some of which are RFID capable. RMS, a small European-centric product line, includes hand-held pricing tools and labels and promotional in-store displays. All MAS and ALS products are sold under the Checkpoint brand; RMS is sold under the Meto brand.

Sales for the Checkpoint Segment were $149.3 million for the first quarter of 2017, in line with management expectations while operating income of $15.3 million exceeded expectations in seasonally the weakest quarter for the Segment. The MAS product lines delivered strong profits for the Segment, while results were better than expected and solid for the quarter globally. RMS results although not material, were also profitable for the first quarter of 2017. Segment wide restructuring and integration initiatives implemented throughout 2016 and the first quarter of 2017 are influencing performance resulting in positive financial returns. Checkpoint generated a return on sales of 10.2% for a quarter that historically has experienced losses.

The Checkpoint Segment invested $2.9 million for the first three months of 2017, largely for capital equipment enhancement projects for MAS and ALS in Asia. Depreciation and amortization for the Checkpoint Segment was $7.4 million for the first quarter of 2017.

Innovia Segment

($ millions)	First Quarter		
	2017	**2016**	**+/-**
Sales	$ 29.8	$ -	n/a
Operating loss (1)	$ (1.3)	$ -	n/a
Return on Sales (1)	n/a		n/a
Capital Spending	$ 0.8	$ -	n/a
Depreciation and Amortization	$ 2.7	$ -	n/a

The Innovia Segment was formed after the February 28, 2017 acquisition of the Innovia Group of Companies. The Segment consists of the newly acquired Innovia facilities; two in Europe and one in Australia, manufacturing films sold to customers in the pressure sensitive label materials and consumer packaged goods industries globally with a small percentage of the total volume consumed internally by CCL Secure within the CCL Segment. As of January 1, 2017, two small legacy film manufacturing facilities were transferred from the CCL Segment that historically produced almost their entire output for the Segment's Food & Beverage and Home & Personal Care businesses.

Prior period segmented reporting numbers have not been restated to show the comparative results as financial results for the legacy film operations were immaterial.

Sales for the Innovia Segment were $29.8 million for the first quarter of 2017, almost entirely from the newly acquired operations. Operating loss for the first quarter was $1.3 million after including the $4.7 million non-cash acquisition accounting adjustment to fair value finished goods inventory. Excluding this adjustment, profitability met management expectations and return on sales ("Return on Sales," a non-IFRS financial measure; refer to definition in Section 14) was 11.4%.

The Innovia Segment invested $0.8 million in capital spending for the first quarter of 2017. Depreciation and amortization for the Innovia Segment was $2.7 million for the first quarter of 2017.

Container Segment

($ millions)		First Quarter		
		2017	**2016**	**+/-**
Sales	$	48.5	64.9	(25.3%)
Operating Income [1]	$	6.1	10.6	(42.4%)
Return on Sales [1]		12.6%	16.3%	
Capital Spending	$	7.2	8.6	(16.3%)
Depreciation and Amortization	$	3.7	3.8	(2.6%)

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 14.

The Container Segment is a leading manufacturer of impact extruded aluminum aerosols and specialty bottles for the consumer products and healthcare industries in North America and Mexico.

Sales for the Container Segment in the 2017 first quarter declined as anticipated to $48.5 million compared to $64.9 million in the first quarter 2016. The decline can be entirely attributed to the loss of a previously announced large Homecare application in the U.S. and comparatively lower sales to the same customer on their 2016 inventory build in advance of a business divestment of certain cosmetic brands. Mexican sales were up on volume gains and pass through of higher aluminum costs. Foreign currency translation had a 5.4% negative impact on sales while the sequential decline of the U.S. dollar to both the Mexican peso and the Canadian dollar also had a significant transactional impact on the respective profitability of our Mexican and Canadian operations. Disruptions to prepare the final closure of the Canadian plant by mid-year 2017 were also a factor. As a result, the Container Segment posted operating income of $6.1 million compared to $10.6 million for the 2016 first quarter.

The Container Segment invested $7.2 million for the first quarter of 2017 compared to $8.6 million for the three-month period ended March 31, 2016. The majority of the expenditures for the first quarter of 2017 were stage payments for a new manufacturing line and the related expansion of its plant in Guanajuato, Mexico. Depreciation and amortization for the Container Segment was $3.7 million for the first quarter of 2017 compared to $3.8 million for the comparable period of 2016.

The Container Segment continues to hedge some of its anticipated future aluminum purchases through futures contracts and has hedged 24.2% of its expected 2017 volume. All of these hedges are specifically tied to customer contracts. Existing hedges are priced in the US$1,600 to US$1,960 range per metric ton. The Company is encouraging customers to adopt 90-day pass-through pricing for changes in aluminum cost and is only adopting long-term hedges to stabilize input prices with large blue-chip multinationals willing to accept responsibility for the hedge.

Prices for aluminum in the first quarter of 2017 ranged from US$1,700 to US$1,960 per metric ton compared to US$1,400 to US$1,620 in the first quarter of 2016.

Joint Ventures

		First Quarter			
($ millions)					
		2017		**2016**	**+/-**
Sales (at 100%)					
CCL joint ventures	$	30.4	$	27.4	10.9%
Rheinfelden*		0.1		1.9	(94.7%)
*primarily sales to Container Segment	$	30.5	$	29.3	4.1%
Earnings (losses) in equity accounted investments					
CCL joint ventures	$	1.1	$	1.2	(8.3%)
Rheinfelden		(0.5)		(0.4)	(25.0%)
	$	0.6	$	0.8	(25.0%)

Results from the joint ventures in CCL-Kontur, Russia; Pacman-CCL, Middle East; Acrus-CCL, Chile; Rheinfelden and Korsini-CCL in the United States, are not proportionately consolidated into a Segment but instead are accounted for as equity investments. CCLInd's share of the joint ventures' net earnings is disclosed in "Earnings in Equity Accounted Investments" in the consolidated condensed interim income statements. CCL-Kontur posted a sales and profitability decline excluding impact of foreign currency translation due to cost and pricing challenges associated with the rise of the Russian ruble. Sales and profits at Pacman-CCL improved significantly and contributed meaningfully to overall earnings for the 2017 first quarter. For the first quarter of 2017, Acrus-CCL posted sales and profitability improvement compared to the first quarter of 2016. Rheinfelden and Korsini-CCL continued to incur expected start-up losses; additional tranches of capital investment are expected for both operations before profitable production capacity is reached. Earnings in equity accounted investments amounted to $0.6 million for the first quarter of 2017 compared to $0.8 million for the first quarter of 2016. As discussed in the "Review of Consolidated Financial Results" section, commencing September 2016, equity investments no longer include the financial results of Taisei Kako Co. Ltd. due to CCLInd's increase in ownership of the Taisei joint venture to 100%.

4. Currency Transaction Hedging and Currency Translation

Approximately 96% of sales made in the first quarter of 2017 to end-use customers were denominated in foreign currencies leaving the Company exposed to potentially significant translation variances when reporting results publicly in Canadian dollars. The Company does not hedge or manage such translation movements but does actively manage transaction exposures. Where possible, the Company contracts its business in local currencies with both customers and suppliers of raw materials.

The results of the first quarter of 2017 were negatively impacted by the appreciation of the Canadian dollar against the U.S. dollar, euro, U.K. pound, Mexican peso, and Chinese renminbi by 3.6%, 6.8%, 16.5%, 14.1% and 8.4%, respectively, compared to the rates in the same period in 2016. This negative impact was partially offset by a weakening of the Canadian dollar relative to the Brazilian real of 19.6% when comparing the rates in the first quarters of 2017 and 2016. For the first quarter of 2017, currency translation had a $0.21 negative impact on earnings per Class B share compared to last year's first quarter.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

($ Millions)

	March 31, 2017	December 31, 2016
Current debt	$ 71.1	$ 4.2
Long-term debt	2,683.0	1,597.1
Total debt	2,754.1	1,601.3
Cash and cash equivalents	(519.0)	(585.1)
Net debt [1]	$ 2,235.1	$ 1,016.2
EBITDA[1][2]	$ 818.4	$ 792.7
Net debt to EBITDA [1]	2.73	1.28

[1] Net debt, EBITDA and net debt to EBITDA are non-IFRS financial measures. Refer to definitions in Section 14.
[2] EBITDA is calculated on a trailing twelve month basis. Refer to definitions in Section 14.

In September 2016, the Company closed its initial public bond offering of US$500.0 million aggregate principal amount of 3.25% notes due October 2026. The notes are unsecured senior obligations. Net proceeds from the offering were used to repay amounts owing under the revolving credit facility.

In February 2017, the Company signed an additional US$450.0 million credit facility with a syndicate of banks to bolster financing for the Innovia acquisition. This new term loan facility, maturing in February of 2019 with principal repayments of US$12.0 million per quarter commencing June 30, 2017, incurs interest at the applicable domestic rate plus an interest rate margin linked to the Company's net debt to EBITDA consistent with the existing syndicated revolving facility that matures December of 2020.

The Company's debt structure at March 31, 2017, was primarily comprised of the aforementioned public bonds of US$500 million (C$665.9 million), two private debt placements completed in 1998 and 2008 for a total of US$129.0 million (C$171.8 million), outstanding debt totaling of $1,315.4 million under the syndicated revolving credit facility and a term loan of US$450.0 million (C$599.3 million). The Company's debt structure at December 31, 2016, was comprised of public bonds of US$500 million (C$662.1 million), two private debt placements completed in 1998 and 2008 for a total of US$129.0 million (C$173.0 million) and outstanding debt under the syndicated revolving credit facility of $756.6 million.

During the first quarter of 2017, the Company drew down $1,185.9 million on its syndicated revolving credit facility and new term loan facility to principally fund the acquisition of Innovia. Payments on debt amounted to $38.1 million for the first quarter of 2017 with future repayments expected in the coming quarters to reduce the Company's leverage. The current portion of long-term debt principally consists of US$12.0 million quarterly payments against the Company's new term facility.

Net debt (a non-IFRS financial measure; refer to definition in Section 14) was $2,235.1 million at March 31, 2017, $1,218.9 million higher than the net debt of $1,016.2 million at December 31, 2016. The increase in net debt is due to the increased borrowings to fund the acquisition of Innovia in February of 2017, cash used to finance capital expenditures and the impact of foreign exchange rates on the Company's non-Canadian-dollar denominated debt partially offset by debt repayments.

Net debt to EBITDA (a non-IFRS financial measure; refer to definition in Section 14) at March 31, 2017, was 2.73 times, compared to 1.28 times at December 31, 2016, reflecting the increase in debt used to fund the Innovia acquisition, but partially offset by record profitability over the past twelve months. EBITDA does not include the pro forma trailing EBITDA for the Innovia and Checkpoint acquisitions, only the EBITDA generated since the acquisition date of each business.

Including $4.1 million of outstanding letters of credit, the Company had approximately US$213.6 million of available capacity within its revolving credit facility as at March 31, 2017.

The Company's overall average finance rate was 2.3% as at March 31, 2017, compared to 3.0% as at December 31, 2016. The decrease in the average finance rate was primarily caused by the Company's higher proportion of drawn debt in its lower cost variable rate term and revolving syndicated credit facility compared to December 31, 2016.

The Company believes it is compliance with all its debt covenants and that it has sufficient cash on hand, unused credit lines and the ability to generate cash flow from operations to fund its expected financial obligations for the next few years.

6. Cash Flow

Summary of Cash Flows	First Quarter 2017	2016
Cash provided by operating activities	$ 54.0	$ 14.9
Cash provided by (used in) financing activities	1,137.4	67.6
Cash used for investing activities	(1,261.8)	(151.0)
Translation adjustments on cash and cash equivalents	4.3	(17.1)
Decrease in cash and cash equivalents	$ (66.1)	$ (85.6)
Cash and cash equivalents – end of period	$ 519.0	$ 320.1
Free cash flow from operations [1]	$ (54.7)	$ (50.0)

(1) Free Cash Flow from Operations is non-IFRS financial measure. Refer to definition in Section 14.

During the first quarters of 2017 and 2016, the Company generated cash from operating activities of $54.0 million and $14.9 million, respectively. Free cash flow from operations (a non-IFRS financial measure; refer to definition in Section 14) was an outflow of $54.7 million in the 2017 first quarter compared to an outflow of $50.0 million in the prior year first quarter. The change in free cash flow from operations was primarily due to the increase in net earnings augmented by the change in non-cash working capital items and an increase in capital expenditures for the comparative quarters.

Capital spending in the first quarter of 2017 amounted to $111.8 million compared to $70.5 million in the 2016 first quarter. Depreciation and amortization for the first quarters of 2017 and 2016 were $57.4 million and $46.8 million, respectively. Plans for capital spending in 2017 are expected to be in the $260.0 million range slightly ahead of annualized depreciation and amortization expense. The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness.

Dividends in the first quarters of 2017 and 2016 were $20.3 million and $17.5 million, respectively. The total number of shares issued and outstanding as at March 31, 2017 and 2016, were 35.2 million and 35.1 million, respectively. Since the Company's current cash flow and financial position are strong and its outlook for the remainder of 2017 continues to be positive, the Board of Directors has approved a dividend of $0.575 per Class A share and $0.5625 per Class B share to shareholders of record as of June 16, 2017, and payable June 30, 2017. The annualized dividend rate is $2.25 per Class A share and $2.30 per Class B share.

7. Interest rate and Foreign Exchange Management

Since the Company has developed into a global business with a significant asset base in the United States and Europe, the majority of the Company's debt is drawn in United States dollars and euros. The Company continues to evaluate the appropriate levels of fixed versus floating interest rate and underlying currency of its drawn debt.

As at March 31, 2017, the Company had US$1,464.6 million, EUR 245.2 million, GBP 70.0 million and CAD 337.0 million drawn under the private placement, public bond, term loan and syndicated bank credit facility, which are hedging a portion of its US$-based, euro-based and GBP-based investments and cash flows.

Subsequent to the acquisition of Innovia the Company utilized cross-currency interest rate swap agreements ("CCIRSA") to effectively convert notional US$264.7 million 3.25% fixed rate debt into 1.23% fixed rate euro debt, also hedging its euro-based assets and cash flows. The effect of the CCIRSA has been to decrease finance cost by $0.6 million in the first quarter of 2017.

8. Accounting Policies

A) Critical Accounting Estimates

The preparation of the Company's financial statements in accordance with IFRS requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company evaluates these estimates and assumptions on a regular basis, based upon historical experience and other relevant factors. Actual results could differ materially from these estimates and assumptions. The critical accounting policies are impacted by judgments, assumptions and estimates used in the preparation of the consolidated condensed interim financial statements. The material impact on reported results and the potential impact and any associated risk related to these estimates are discussed throughout this MD&A and in the notes to the consolidated condensed interim financial statements.

The 2016 annual audited consolidated financial statements and notes thereto, as well as the 2016 annual MD&A, have identified the accounting policies and estimates that are critical to the understanding of CCLInd's business operations and results of operations. For the three months ended March 31, 2017, there are no changes to the critical accounting policies and estimates from those described in the 2016 annual MD&A. The determination of the fair value of the assets acquired and liabilities assumed, including the non-cash fair market value adjustment related to finished goods inventory, is based on preliminary estimates and have been included in the opening balance sheet for the acquired Checkpoint and Innovia businesses.

B) Inter-Company and Related Party Transactions

The Company has entered into a number of agreements with its subsidiaries that govern the management and commercial and cost-sharing arrangements with and among the subsidiaries. A summary of the Company's related party transactions are set out in note 26 of the annual consolidated financial statements for the year ended December 31, 2016.

C) Recently Issued New Accounting Standards, Not Yet Effective

In July 2014, the complete IFRS 9, *Financial Instruments* ("IFRS 9"), was issued by the International Accounting Standards Board ("IASB"). IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment. IFRS 9 also includes a new general hedge accounting standard that aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide for more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements, however initially, the Company does not expect the adoption of this standard to have a material impact on the financial statements. The Company will not be early adopting.

In May 2014, IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued and provides guidance on the timing and amount of revenue that should be recognized and also requires more informative and relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. This standard is effective for annual periods beginning on January 1, 2018. The Company will not be early adopting. The Company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

As part of the evaluation process, the Company has reviewed the existing standard and compared it to the new standard in order to identify differences in application and disclosure requirements between the two. The Company has performed an initial assessment and developed a plan to analyze the impact of the new standard.

The Company has identified three key phases with respect to the adoption of IFRS 15 to be preliminary scoping and planning, impact assessment, and implementation.

The preliminary scoping and planning phase involves an initial analysis to determine which Segments, and contracts within, will be impacted by IFRS 15. The CCL, Avery, Innovia and Container Segments generally do not enter into contracts with long-term performance obligations and for these Segments, performance obligations are generally satisfied when the products are shipped or received by the customer. However, the Company will need to assess whether contracts within these Segments, which have specific arrangements, including discounts, rebates and other incentives, are impacted by the new standard. The Checkpoint Segment is expected to be impacted by the new standard as this Segment has contracts with multiple-element arrangements, although no quantitative determination, positive or negative, has been made as the preliminary scoping and planning phase is currently ongoing.

The second phase, impact assessment, involves the collection, inventorying and analysis of contracts for the purposes of performing a detailed review and will continue throughout 2017, with the result being a determination of the financial impact of the standard. The conclusion of this phase will also result in the identification of the policy, system and control changes required.

The third phase, implementation, will involve the rollout of required changes, as well as any system and policy changes to permit the compilation of information in compliance with IFRS 15 and will begin in the latter part of 2017.

Although the Company has commenced work on the preliminary phase of its implementation of IFRS 15, it is not yet possible to make a reliable estimate of the impact of the new standard on the Company's consolidated financial statements.

In January 2016, IFRS 16, *Leases* ("IFRS 16"), was issued by the IASB. This standard introduces a single-lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019, using the modified retrospective approach. Under this approach the Company will recognize transitional adjustments in retained earnings on the date of initial application (January 1, 2018), without restating prior periods. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements and has begun collecting and cataloguing all existing leases in order to perform an initial assessment and develop a preliminary plan with respect to analyzing the impact of the new standard on existing leases. As such, it is not yet possible to make a reliable estimate of the impact of the new standard on the Company's consolidated financial statements.

9. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations, except for long-term operating lease agreements and loan guarantees. The nature of these commitments is described in note 25 and note 26 of the annual consolidated financial statements for the year ended December 31, 2016. There are no defined benefit plans funded with CCLInd stock. There have been no material changes during the first three months of 2017.

10. Controls and Procedures

In accordance with the provisions of National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, management, including the CEO and CFO, have limited the scope of their design of the of the Company's disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of Checkpoint and Innovia. CCLInd acquired all the outstanding shares of Checkpoint on May 13 2016, for approximately $531.9 million. CCLInd acquired Innovia on February 28, 2017, for approximately $1.15 billion.

The scope of the limitation is primarily based on the time required to assess Checkpoint's and Innovia's disclosure controls and procedures and internal controls over financial reporting in a manner consistent with the Company's other operations. Further details related to the summary financial information of Innovia is disclosed in Note 3(a) of the Company's unaudited interim financial statements for the period ended March 31, 2017. Further details related to the summary financial information of Checkpoint are disclosed in Note 5 of the Company's audited annual financial statements for the period ended December 31, 2016.

Except for the preceding changes, there were no other material changes in internal control over financial reporting in the three-month period ended March 31, 2017.

11. Risks and Strategies

The 2016 MD&A in the annual report detailed risks to the Company's business and the strategies that were planned for 2017 and beyond. There have been no material changes to those strategies during the first three months of 2017. Additional risks to consider resulting from the Innovia acquisition are listed below.

Risks in integrating and restructuring Innovia.

CCLInd acquired the global operations of Innovia on February 28, 2017, and immediately commenced an integration and restructuring initiative. Innovia has 1,200 employees with six manufacturing facilities in four countries supplying BOPP films and polymer banknotes globally. The size, geographic scope and complexity of Innovia's operations exceed the typical acquisition of CCLInd and therefore the integration and restructuring initiative may be more complex and time consuming. The initial assessment of the restructuring charge that will likely be incurred in 2017 is $5.0 million. A failure to integrate and restructure the acquired business in a timely and effective manner could have a material adverse effect on CCLInd's business, financial condition and results of operations.

Failure to constantly develop competitive technologically advanced products.

Although the Innovia Segment has a unique manufacturing process for its BOPP and is the leading manufacturing of polymer bank note substrate, it is dependent on its ability to constantly evolve the technological capabilities of its products to meet the demands of its customer base. New scientific advancements in polymer film manufacturing could curtail the use of Innovia's BOPP, while the advancement of e-commerce and cashless societies may outmode the need for polymer banknotes. Failure to invest in intellectual properties and perpetually innovate may result in lower demand for the Company's products and could have a material adverse effect on CCLInd's business, financial condition and results of operations.

The timing and volume of new banknote orders.

The Innovia banknote substrate operation is dependent on government procurement decisions as to the volume and timing of new or replacement banknote orders. These decisions can be influenced by many political factors that could delay or reduce the volume of banknote orders. The impact of new large volume banknote orders may result in CCLInd having to invest in material capital projects to support government procurement decisions. As a result volatility may be created in the cash flows and in the financial results of Innovia and could have a material adverse effect on the financial condition of CCLInd.

Product Security.

Innovia's banknote substrate business is involved in high security applications and must maintain highly secured facilities and product shipments. Innovia maintains vigorous security and material control procedures. All employees, guests and third party contractors with access to facilities and products are prudently screened and monitored. However, the loss of a product, counterfeiting of a high security feature or the breach of a secured facility as a result of negligence, collusion or theft is possible. Loss of product whilst in transit, particularly during transshipment, through the failure of freight management companies or the loss of the shipment vehicle by accident or act of God is possible. Consequently, the financial damage and potential reputational impairment on Innovia may have a material adverse effect on CCLInd's business, financial condition and results of operations.

Breach of legal and regulatory requirements.

Innovia's banknote substrate operation has the highest accreditation within the security printing industry. This accreditation provides governments and central banks with the assurance in respect of safeguarding of high ethical standards and business practices. Violation of Innovia's highly strict requirements and constant detailed oversight in relation to bribery, corruption and anti-competitive activities remains a risk in an industry expecting the highest ethical standards. Consequently, the financial damage and potential reputational impairment on Innovia may have a material adverse effect on CCLInd's business, financial condition and results of operations.

12. Outlook

The first quarter of 2017 generated adjusted basic earnings per Class B share of $2.85, topping the first quarter of 2016 by 7.5%. These results were principally driven by strong quarters for the CCL and Checkpoint Segments, supplemented nominally by the acquired Innovia businesses, offsetting weakness in the Avery Segment and the financial impact caused by the operational disruptions of finally shuttering the Canadian Container facility.

The CCL Segment continues to capitalize on its strategic global footprint and breadth of products, resulting in 6.8% organic growth rate for the first quarter 2017. This growth rate is not sustainable and we expect it will migrate back to the long-run average for the business in the 3-4% range. End use markets in the U.S. have been slow in the first quarter as confirmed by the results of many of our larger customers, especially in consumer packaged goods. International markets remain stronger but will be impacted comparatively in the coming quarter by the timing of Easter in April 2017 versus March 2016. Second quarter 2016 organic growth was an exceptional 10.4% in part due to this factor. Early into the second quarter, order patterns have been similar to the first quarter across CCL's vertical markets.

Greenfield operations for the CCL Segment continue to progress. CCL Design's construction of its new plant to service major global automotive OEM and Tier 1 customers in Mexico will start up in the second quarter of 2017 but is unlikely to be profitable before 2018. Expansion initiatives, such as the new Specialty plant in Korea, are in the start-up phase, while new Home & Personal Care operations in the Philippines, Argentina, Turkey and Thailand are now trading; overall profitability is not expected until late 2017.

At the Avery Segment, focus is on maintaining and improving margins, new product innovations, consumer digital e-commerce opportunities and cross-selling programs with the recent acquisitions to provide incremental potential for growth. Early April 2017 acquisitions of badgepoint GmbH, badgetech GmbH and Name Tag Systems Inc. ("Badgepoint") and Goed Gemerkt B.V. and Goed Gewerkt B.V. ("GGW") provide additional products offerings and cross-selling opportunities for the European customer base already available in North America. Operating focus for the binder and label product lines in North America is directed towards completing the consolidation of the Meridian, Mississippi production lines to the Tijuana, Mexico facility and repurposing Meridian to a distribution facility prior to the end of the 2017 second quarter.

The Checkpoint Segment has now delivered three consecutive quarters of outperformance to management expectations. The restructuring process has taken hold with total severance costs amounting to $24.3 million of a $30.0 million dollar plan expected to realize at least $40 million in annualized cost savings; the plan completes this summer. So far sales levels for the second quarter look stable.

Innovia, one month into operations within CCLInd, performed as expected. Profits for the first month were nullified by the non-cash acquisition accounting adjustment to acquired finished goods inventory, which will persist into the second quarter. Restructuring costs of $2.5 million of a $5.0 million plan as well as transaction costs totaling $1.4 million were recognized in the quarter. Further restructuring and transaction costs are expected over the balance of 2017.

The Container Segment will experience tempered results for another quarter or two until the Canadian facility is finally shuttered, currently planned for the end of the second quarter 2017. Capacity is in place to handle the final distribution of volume to the remaining plants in the United States and Mexico. Operations should stabilize over the second half of 2017 and results should be more aligned to the 2016 comparative periods by the fourth quarter. A final tranche of capital investments for Rheinfelden is expected in 2017 enabling the operation to realize its optimal production capability, move into profit and ensure a sustainable second source of aluminum slugs for the North American market.

CCLInd finished the first quarter with $519.0 million cash-on-hand and additional liquidity in unused credit lines of US$213.6 million giving the Company the capacity to execute its global growth strategy or the flexibility to reduce its bank leverage. The Company remains focused on vigilantly managing working capital and prioritizing capital to higher-growth organic opportunities or unique acquisitions that are expected to enhance shareholder value. The Company's capital spending for the year is expected to be approximately $260 million, excluding Innovia, slightly above annualized depreciation and amortization expense. If Canadian dollar exchange rates remain at current levels, foreign currency translation should moderate but likely remain a modest headwind on reported results for the second quarter of the year. Currency headwinds could ease further as Brexit is lapped and the start of structural weakness in the euro. The Company has more U.S. dollar transaction risk post Innovia and the Worldmark acquisitions as each has significant U.S. dollar denominated sales manufactured in foreign currencies.

13. Subsequent Events

In April of 2017, the Company acquired two European direct-to-consumer, software-powered online digital printing businesses for the Avery Segment. GGW are privately owned companies with common shareholders based near Utrecht in the Netherlands. Founded in 2003, GGW is a manufacturer of durable, personalized "kids' labels" for the Benelux and German markets. Badgepoint are privately owned companies with common shareholders based near Hamburg, Germany. Founded in 1999, Badgepoint is a manufacturer of patented, premium name tag systems and accessories for the German market. The combined enterprise value of the two transactions, net of cash and debt but including the acquisition of related real estate, is approximately $34.4 million.

14. Key Performance Indicators and Non-IFRS Financial Measures

CCLInd measures the success of the business using a number of key performance indicators, many of which are in accordance with IFRS as described throughout this report. The following performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to or replacement of net earnings or any other measure of performance under IFRS. These non-IFRS measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers. In fact, these additional measures are used to provide added insight into CCLInd's results and are concepts often seen in external analysts' research reports, financial covenants in banking agreements and note agreements, purchase and sales contracts on acquisitions and divestitures of the business, and in discussions and reports to and from the Company's shareholders and the investment community. These non-IFRS measures will be found throughout this report and are referenced alphabetically in the definition section below.

Adjusted Basic Earnings per Class B Share – An important non-IFRS measure to assist in understanding the ongoing earnings performance of the Company excluding items of a one-time or non-recurring nature. It is not considered a substitute for basic net earnings per Class B share, but it does provide additional insight into the ongoing financial results of the Company. This non-IFRS measure is defined as basic net earnings per Class B share excluding gains on business dispositions, goodwill impairment loss, non-cash acquisition accounting adjustments to finished goods inventory, restructuring and other items and tax adjustments.

EBITDA - A critical financial measure used extensively in the packaging industry and other industries to assist in understanding and measuring operating results. It is also considered as a proxy for cash flow and a facilitator for business valuations. This non-IFRS measure is defined as earnings before net finance cost, taxes, depreciation and amortization, goodwill impairment loss, non-cash acquisition accounting adjustments to finished goods inventory, earnings in equity accounted investments, and restructuring and other items. The Company believes that EBITDA is an important measure as it allows the assessment of CCLInd's ongoing business without the impact of net finance cost, depreciation and amortization and income tax expenses, as well as non-operating factors and one-time items. As a proxy for cash flow, it is intended to indicate the Company's ability to incur or service debt and to invest in property, plant and equipment, and it allows comparison of CCLInd's business to that of its peers and competitors who may have different capital or organizational structures. EBITDA is a measure tracked by financial analysts and investors to evaluate financial performance and is a key metric in business valuations. EBITDA is considered an important measure by lenders to the Company and is included in the financial covenants for CCLInd's bank lines of credit.

The following table reconciles EBITDA measures to IFRS financial measures reported in the consolidated income statements for the periods ended as indicated.

(in millions of Canadian dollars)

	First Quarter	
EBITDA	**2017**	**2016**
Net earnings	$ 87.8	$ 89.7
Corporate expense	13.5	10.8
Earnings in equity accounted investments	(0.6)	(0.8)
Finance cost, net	14.6	7.9
Restructuring and other items – net loss	7.4	3.0
Income taxes	36.2	39.3
Operating income (a non-IFRS measure)	$ 158.9	$ 149.9
Less: Corporate expense	(13.5)	(10.8)
Add: Depreciation and amortization	57.4	46.8
Add: Non-cash acquisition accounting adjustment to finished goods inventory	8.8	-
EBITDA (a non-IFRS measure)	$ 211.6	$ 185.9

	2017	**2016**
EBITDA for 12 months ended December 31, 2016 and 2015, respectively	$ 792.7	$ 608.4
less: EBITDA for three months ended March 31, 2016 and 2015, respectively	(185.9)	(143.1)
add: EBITDA for three months ended March 31, 2017 and 2016 respectively	211.6	185.9
EBITDA for 12 months ended March 31	$ 818.4	$ 651.2

Free Cash Flow from Operations – A measure indicating the relative amount of cash generated by the Company during the period and available to fund dividends, debt repayments and acquisitions. It is calculated as cash flow from operations less capital expenditures, net of proceeds from the sale of property, plant and equipment.

The following table reconciles the free cash flow from operations measure to IFRS measures reported in the consolidated statements of cash flows for the periods ended as indicated.

(in millions of Canadian dollars)

Free Cash Flow from Operations	**First Quarter**	
	2017	**2016**
Cash provided by operating activities	$ 54.0	$ 14.9
Less: Additions to property, plant and equipment	(111.8)	(70.5)
Add: Proceeds on disposal of property, plant and equipment	3.1	5.6
Free Cash Flow from Operations	$ (54.7)	$ (50.0)

Net Debt – A measure indicating the financial indebtedness of the Company assuming that all cash on hand is used to repay a portion of the outstanding debt. It is defined as current debt, which includes bank advances, plus long-term debt, less cash and cash equivalents.

Net Debt to EBITDA (or leverage ratio) – A measure that indicates the Company's ability to service its existing debt. Net Debt to EBITDA is calculated as net debt divided by EBITDA.

Operating Income – A measure indicating the profitability of the Company's business units defined as income before corporate expenses, net finance cost, goodwill impairment loss, earnings in equity-accounted investments, restructuring and other items and tax.

See EBITDA definition above for a reconciliation of Operating Income measures to IFRS financial measures reported in the consolidated income statements for the periods ended as indicated.

Restructuring and Other Items – A measure of significant non-recurring items that are included in net earnings. The impact of restructuring and other items on a per share basis is measured by dividing the after-tax effect of the restructuring and other items by the average number of shares outstanding in the relevant period. Management will continue to disclose the impact of these items on the Company's results because the timing and extent of such items do not reflect or relate to the Company's ongoing operating performance. Management evaluates the operating income of its segments before the effect of these items.

Return on Sales - A measure indicating relative profitability of sales to customers. It is defined as Operating Income (see definition above) divided by sales, expressed as a percentage.

The following table reconciles the Return on Sales measure to IFRS financial measures reported in the consolidated income statements in the industry segment information as per note 4 of the Company's consolidated condensed interim financial statements for the periods ended as indicated.

(in millions of Canadian dollars)

	Sales First Quarter		**Operating Income (Loss) First Quarter**		**Return on Sales First Quarter**	
Industry Segments	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
CCL	$ 673.1	$ 622.3	$ 110.3	$ 103.9	16.4%	16.7%
Avery	160.8	179.6	28.5	35.4	17.7%	19.7%
Checkpoint	149.3	n/a	15.3	n/a	10.2%	n/a
Innovia	29.8	n/a	(1.3)	n/a	-	n/a
Container	48.5	64.9	6.1	10.6	12.6%	16.3%
Total Operations	$ 1,061.5	$ 866.8	$ 158.9	$ 149.9	15.0%	17.3%

Supplemental Financial Information

Sales Change Analysis
Revenue Growth Rates (%)

Three Months Ended March 31, 2017

	Organic Growth	**Acquisition Growth**	**FX Translation**	**Total**
CCL	6.8%	6.2%	(4.8%)	8.2%
Avery	(6.2%)	-	(4.3%)	(10.5%)
Checkpoint	-	100.0%	-	100.0%
Innovia	-	100.0%	-	100.0%
Container	(19.9%)	-	(5.4%)	(25.3%)
CCLInd	2.1%	25.1%	(4.7%)	22.5%