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

CCL INDUSTRIES INC.

Interim periods ended March 31, 2020 and 2019
Unaudited

CCL Industries Inc.

Consolidated condensed interim statements of financial position

Unaudited

In millions of Canadian dollars

		As at March 31 **2020**		As at December 31 **2019**
Assets				
Current assets				
Cash and cash equivalents	$	545.5	$	703.6
Trade and other receivables		1,004.4		849.2
Inventories		549.8		481.6
Prepaid expenses		36.8		36.6
Income taxes recoverable		18.5		34.0
Total current assets		2,155.0		2,105.0
Non-current assets				
Property, plant and equipment		1,957.3		1,818.2
Right-of-use assets		165.4		146.5
Goodwill		1,920.6		1,794.4
Intangible assets		1,072.5		1,028.7
Deferred tax assets		32.1		30.8
Equity-accounted investments		60.8		62.0
Other assets		35.6		34.5
Derivative instruments		44.5		17.9
Total non-current assets		5,288.8		4,933.0
Total assets	**$**	**7,443.8**	**$**	**7,038.0**
Liabilities				
Current liabilities				
Trade and other payables	$	1,091.1	$	1,035.6
Current portion of long-term debt (note 8)		45.4		38.8
Lease liabilities		35.7		35.3
Income taxes payable		43.3		38.1
Derivative instruments		0.4		0.2
Total current liabilities		1,215.9		1,148.0
Non-current liabilities				
Long-term debt (note 8)		2,375.6		2,234.8
Lease liabilities		128.0		110.9
Deferred tax liabilities		261.7		245.4
Employee benefits		370.9		364.9
Provisions and other long-term liabilities		12.3		11.4
Derivative instruments		-		24.9
Total non-current liabilities		3,148.5		2,992.3
Total liabilities		4,364.4		4,140.3
Equity				
Share capital		365.7		365.5
Contributed surplus		85.0		81.5
Retained earnings		2,643.3		2,540.0
Accumulated other comprehensive loss (note 5)		(14.6)		(89.3)
Total equity attributable to shareholders of the Company		3,079.4		2,897.7
Acquisitions (note 3)				
Subsequent events (note 9)				
Total liabilities and equity	**$**	**7,443.8**	**$**	**7,038.0**

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 information

	Three Months Ended March 31	
	2020	**2019**
Sales	$ 1,296.5	$ 1,332.1
Cost of sales	925.8	946.0
Gross profit	370.7	386.1
Selling, general and administrative expenses	180.9	195.6
Restructuring and other items (note 6)	1.8	1.4
Earnings in equity-accounted investments	(1.3)	(1.1)
	189.3	**190.2**
Finance cost	16.1	21.4
Finance income	(0.7)	(1.1)
Interest on lease liabilities	1.7	1.7
Net finance cost	17.1	22.0
Earnings before income tax	**172.2**	**168.2**
Income tax expense	45.6	44.6
Net earnings for the period	**$ 126.6**	**$ 123.6**
Basic earnings per Class B share	**$ 0.71**	**$ 0.70**
Diluted earnings per Class B share	**$ 0.70**	**$ 0.69**

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	
	2020	**2019**
Net earnings	**$ 126.6**	**$ 123.6**
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 $8.8 for the three-month period ended March 31, 2020 (2019 - tax recovery of $4.2)	157.7	(97.2)
Net gains (losses) on hedges of net investment in foreign operations, net of tax recovery of $12.3 for the three-month period ended March 31, 2020 (2019 - tax expense of $7.5)	(82.8)	50.4
Effective portion of changes in fair value of cash flow hedges, net of tax recovery of $0.1 for the three-month period ended March 31, 2020 (2019 - tax expense of $0.1)	(0.4)	0.4
Net change in the fair value of cash flow hedges transferred to the income statement, net of tax recovery of $0.1 for the three-month period ended March 31, 2020 (2019 - tax expense of $0.1)	0.2	(0.2)
Actuarial gain on defined benefit post-employment plans, net of tax expense of $3.1 for the three-month period ending March 31, 2020 (2019 - nil)	8.9	-
Other comprehensive income (loss), net of tax	**$ 83.6**	**$ (46.6)**
Total comprehensive income	**$ 210.2**	**$ 77.0**

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

	Class A shares	Class B shares	Shares held in trust	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balances, January 1, 2019	$ 4.5	$ 331.8	$ (30.0)	$ 306.3	$ 92.7	$ 2,238.9	$ 35.2	$ 2,673.1
Net earnings	-	-	-	-	-	123.6	-	123.6
Dividends declared								
Class A	-	-	-	-	-	(2.0)	-	(2.0)
Class B	-	-	-	-	-	(28.2)	-	(28.2)
Stock-based compensation plan	-	-	-	-	3.1	-	-	3.1
Shares redeemed from trust	-	-	30.0	30.0	(30.0)	-	-	-
Stock options expense	-	-	-	-	2.5	-	-	2.5
Stock options exercised	-	5.8	-	5.8	(1.0)	-	-	4.8
Income tax effect related to stock options	-	-	-	-	0.5	-	-	0.5
Other comprehensive loss	-	-	-	-	-	-	(46.6)	(46.6)
Balances, March 31, 2019	$ 4.5	$ 337.6	$ -	$ 342.1	$ 67.8	$ 2,332.3	$ (11.4)	$ 2,730.8

	Class A shares	Class B shares	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balances, January 1, 2020	$ 4.5	$ 361.0	$ 365.5	$ 81.5	$ 2,540.0	$ (89.3)	$ 2,897.7
Net earnings	-	-	-	-	126.6	-	126.6
Dividends declared							
Class A	-	-	-	-	(2.1)	-	(2.1)
Class B	-	-	-	-	(30.1)	-	(30.1)
Defined benefit plan actuarial gain, net of tax	-	-	-	-	8.9		8.9
Stock-based compensation plan	-	-	-	2.1	-	-	2.1
Stock options expense	-	-	-	1.4	-	-	1.4
Stock options exercised	-	0.2	0.2	-	-	-	0.2
Other comprehensive income	-	-	-	-	-	74.7	74.7
Balances, March 31, 2020	$ 4.5	$ 361.2	$ 365.7	$ 85.0	$ 2,643.3	$ (14.6)	$ 3,079.4

CCL Industries Inc.

Consolidated condensed interim statements of cash flows

Unaudited

In millions of Canadian dollars

	Three Months Ended March 31	
	2020	**2019**
Cash provided by (used for)		
Operating activities		
Net earnings	$ 126.6	$ 123.6
Adjustments for:		
Property, plant and equipment depreciation	60.8	57.3
Right-of-use assets depreciation	10.2	9.2
Intangibles amortization	14.5	14.3
Earnings in equity-accounted investments, net of dividends received	2.2	(1.1)
Net finance costs	17.1	22.0
Current income tax expense	43.9	31.4
Deferred tax expense	1.7	13.2
Equity-settled share-based payment transactions	3.5	6.1
Gain on sale of property, plant and equipment	(0.1)	(0.6)
	280.4	275.4
Change in inventories	(59.9)	(12.2)
Change in trade and other receivables	(136.1)	(43.3)
Change in prepaid expenses	0.4	1.5
Change in trade and other payables	22.8	(180.2)
Change in income taxes receivable and payable	1.5	3.8
Change in employee benefits	6.0	(5.6)
Change in other assets and liabilities	(3.7)	7.1
	111.4	46.5
Net interest paid	(9.3)	(14.0)
Income taxes paid	(21.8)	(27.5)
Cash provided by operating activities	**80.3**	**5.0**
Financing activities		
Proceeds on issuance of long-term debt	41.7	104.0
Repayment of long-term debt	(60.9)	(43.9)
Repayment of lease liabilities	(12.1)	(8.6)
Proceeds from issuance of shares	0.2	4.8
Dividends paid	(32.2)	(30.2)
Cash provided by (used for) financing activities	**(63.3)**	**26.1**
Investing activities		
Additions to property, plant and equipment	(95.7)	(97.3)
Proceeds on disposal of property, plant and equipment	0.4	2.1
Business acquisitions and other long-term investments (note 3)	(100.2)	(16.8)
Cash used for investing activities	**(195.5)**	**(112.0)**
Net decrease in cash and cash equivalents	(178.5)	(80.9)
Cash and cash equivalents at beginning of period	703.6	589.1
Translation adjustments on cash and cash equivalents	20.4	(12.4)
Cash and cash equivalents at end of period	**$ 545.5**	**$ 495.8**

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

1. Reporting entity

CCL Industries Inc. (the "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, 2020 and 2019, comprise the results of the Company, its subsidiaries and its interests in joint ventures and associates. The Company has manufacturing facilities around the world and is primarily involved in the manufacture of labels, consumer printable media products, technology-driven label solutions, polymer banknote substrates and specialty films.

2. Basis of preparation and presentation

(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 2019 annual consolidated 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 13, 2020.

(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 consolidated condensed interim 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) Presentation currency

These consolidated condensed interim financial statements are presented in Canadian dollars, which is the Company's presentation currency. All financial information, except per share information, is presented in millions of Canadian dollars, unless otherwise noted.

3. Acquisitions

(a) Acquisitions in 2020

In January 2020, the Company acquired IDentilam Limited ("IDentilam") based in Horsham, U.K., for approximately $2.9 million, net of cash acquired. The company designs and develops a range of software solutions for event badging and identification cards along with digital printing services. IDentilam was added to Avery's direct-to-consumer operations.

In January 2020, the Company acquired I.D.&C. World Holdco Ltd ("IDC"), with operations in Tunbridge Wells, U.K. and Bradenton, Florida, for approximately $35.5 million, net of cash acquired. IDC is a global leader in live event badges and wrist bands. IDC was added to Avery's direct-to-consumer operations.

In January 2020, the Company acquired privately owned Ibertex Etiquetaje Industrial S.L.U. and Eti-Textil Maroc S.a.r.l. AU ("Eti-Textil"), for approximately $19.9 million, net of cash and debt. Eti-Textil, headquartered in Elche, Spain, with satellite manufacturing in Tangier, Morocco, is an apparel label producer that was integrated into the Apparel Labeling Systems business of Checkpoint.

In February 2020, the Company acquired the remaining 50% interest in its aluminum slug joint venture, Rheinfelden Americas, LLC ("Rheinfelden"), by assuming the $20.1 million of external debt previously held in the venture. The business immediately changed its name to CCL Metal Science and reported within the CCL Segment.

In February 2020, the Company acquired Clinical Systems, Inc. ("CSI"), based in Garden City, New York, for approximately $19.6 million, net of cash acquired. CSI is a specialized provider to the United States clinical trials industry and operates as part of CCL Label's Healthcare and Specialty business.

In March 2020, the Company acquired Flexpol Sp. Z.o.o. ("Flexpol"), a privately owned company based in Plock, Poland, for approximately $23.6 million net of cash acquired. Flexpol is a leading producer of biaxially oriented polypropylene ("BOPP") film for the European market and was added to the Innovia Segment.

In millions of Canadian dollars, unless otherwise noted

3. Acquisitions (continued)

(a) Acquisitions in 2020 (continued)

The following table summarizes the allocation of the consideration to the fair value of the assets acquired and liabilities assumed for the IDentilam, IDC, Eti-Textil, CSI, Rheinfelden and Flexpol acquisitions:

Cash consideration, net of cash acquired	$	100.2
Assumed debt		20.1
	$	120.3
Trade and other receivables	$	19.1
Inventories		8.3
Other current assets		0.7
Income tax recoverable		0.5
Property, plant and equipment		46.9
Right-of-use assets		3.0
Goodwill		62.2
Intangible assets		12.0
Trade and other payables		(22.3)
Lease liabilities		(3.5)
Deferred tax liabilities		(3.7)
Provisions and other long-term liabilities		(2.9)
Net assets acquired	$	120.3

As a result of the inherent complexity associated with the valuation of net assets acquired, the determination of the fair value of 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 intangible assets for IDentilam, IDC, Eti-Textil, CSI, Rheinfelden and Flexpol is $74.2 million, which is not deductible for tax purposes.

The following table summarizes the combined sales and net earnings that the newly acquired IDentilam, IDC, Eti-Textil, CSI, Rheinfelden and Flexpol have contributed to the Company for the current reporting period.

		Three Months Ended March 31
Sales	$	10.2
Net earnings	$	0.5

(b) Pro Forma Information

The pro forma consolidated financial information below has been prepared following the accounting policies of the Company as if the acquisitions took place January 1, 2020.

The 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 pro forma consolidated financial information to give effect to events that are: (i) directly attributable to the acquisitions; (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 pro forma consolidated financial information. The 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 acquisitions.

The following table summarizes the sales and net earnings of the Company combined with IDentilam, IDC, Eti-Textil, CSI, Rheinfelden and Flexpol as though the acquisitions took place on January 1, 2020:

		Three Months Ended March 31
Sales	$	1,316.2
Net earnings	$	127.5

(c) Acquisitions in 2019

In January 2019, the Company acquired Olympic Holding B.V. and its related subsidiaries (“Olympic”), a privately-owned company based in Venray, Netherlands, for approximately $13.6 million, net of cash acquired. Olympic is a start-up technology company with a proprietary, patented process to produce high-bond, acrylic foam tapes without the use of solvents for applications in the automotive, electronics and construction industries. Olympic was added to the CCL Segment.

In January 2019, the Company acquired Easy2Name Limited (“E2N”), a privately-owned company based near Newbury in the U.K. for approximately $2.5 million, net of cash acquired. E2N expanded Avery's direct-to-consumer online digital print offering of durable, personalized “kids' labels” to the U.K. market. E2N was added to the Avery Segment.

In millions of Canadian dollars, unless otherwise noted

3. Acquisitions (continued)

(c) Acquisitions in 2019 (continued)

In March 2019, the Company and its joint-venture partner each invested an additional $0.7 million in Rheinfelden Americas, LLC, a supplier of aluminum slugs for aerosol cans.

In April 2019, the Company acquired Hinsitsu Screen (Vietnam) Company Limited (“Hinsitsu”), based in Hanoi, with a second manufacturing operation in Ho Chi Minh City, for approximately $12.9 million, net of cash acquired. Hinsitsu is a leading supplier of durable and tamper-evident labels and graphic overlays for the electronics industry in Vietnam. Hinsitsu was added to the CCL Segment.

In May 2019, the Company acquired Colle À Moi Inc. ("CAM"), a privately-owned company based in Quebec City, Canada, for approximately $3.1 million, net of cash acquired. CAM was added to Avery's direct-to-consumer online digital print capabilities for personalized "kids' labels".

In June 2019, the Company acquired Say it Personally Limited (“STS”), a privately-owned company based near East Grinstead in the U.K. for approximately $0.4 million, net of cash acquired. STS is a manufacturer of durable, personalized garment tags for the U.K. market and expanded Avery’s direct-to-consumer online product offerings.

In November 2019, the Company acquired the shares of Stuck On You Holdings Pty Ltd and Stuck on You Trading Pty Ltd (collectively “SOY”), two privately-owned companies based in Melbourne, Australia, for approximately $7.2 million, net of cash acquired. SOY adds to Avery's direct-to-consumer online digital print capabilities for personalized "kids' labels".

The following table summarizes the allocation of the consideration to the fair value of the assets acquired and liabilities assumed for the Olympic, E2N, Hinsitsu, CAM, STS and SOY acquisitions:

Cash consideration, net of cash acquired	$	39.7
Trade and other receivables	$	2.0
Inventories		1.4
Property, plant and equipment		3.1
Right-of-use assets		1.3
Deferred tax assets		0.3
Goodwill		35.6
Trade and other payables		(2.6)
Lease liabilities		(1.2)
Income taxes payable		(0.2)
Net assets acquired	$	39.7

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 for Olympic, E2N, Hinsitsu, CAM, STS and SOY is $35.6 million and is not deductible for tax purposes.

4. Segment reporting and disaggregation of revenue

The Company has four 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's reportable segments are:

- CCL is a converter of pressure sensitive and specialty extruded film materials for a wide range of decorative, instructional, functional and security applications for government institutions and large global customers in the consumer packaging, healthcare & chemicals, consumer electronic device and automotive markets. Extruded & laminated plastic tubes, aluminum aerosols & specialty bottles, folded instructional leaflets, precision decorated & die cut components, electronic displays, polymer banknote substrate and other complementary products and services are sold in parallel to specific end-use markets.

- Avery is a supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary office products sold through distributors and mass market retailers. The products are split into three primary lines: (1) Printable Media, including address labels, shipping labels, marketing and product identification labels, business cards, and name badges supported by customized software solutions; (2) Organizational Products Group, including binders, sheet protectors, indexes & dividers and writing instruments; (3) Direct-to-Consumer digitally imaged media including labels, business cards, name badges, event badges, wristbands and family-oriented identification labels supported by unique web-enabled e-commerce URLs.

- Checkpoint is a manufacturer of technology-driven loss-prevention, inventory-management and labeling solutions, including radio frequency and radio frequency identification (“RFID”) solutions, to the retail and apparel industry. The Segment has three primary product lines: Merchandise Availability Solutions (“MAS”), Apparel Labeling Solutions (“ALS”) and “Meto”. The MAS line focuses on electronic-article-surveillance (“EAS”) systems; hardware, software, labels and tags for loss prevention and inventory control systems including RFID solutions. ALS products are apparel labels and tags, some of which are RFID capable. Meto supplies hand-held pricing tools and labels and promotional in-store displays.

- Innovia supplies specialty, high-performance, multi-layer, surface engineered BOPP films from facilities in Australia, Belgium, Mexico, Poland and the United Kingdom to customers in the pressure sensitive label materials, flexible packaging and consumer packaged goods industries worldwide. Additionally a small percentage of the total volume is sold internally to CCL Secure while two smaller non-BOPP facilities, in Germany and U.S., produce almost their entire output for CCL Label.

In millions of Canadian dollars, unless otherwise noted

4. Segment reporting and disaggregation of revenue (continued)

	Three Months Ended March 31			
	Sales		Operating income	
	2020	2019	2020	2019
CCL	$ 838.8	$ 851.1	$ 140.6	$ 142.0
Avery	158.8	157.6	32.1	27.9
Checkpoint	154.9	173.5	12.1	20.3
Innovia	144.0	149.9	15.5	14.6
Total operations	$ 1,296.5	$ 1,332.1	$ 200.3	$ 204.8
Corporate expense			(10.5)	(14.3)
Restructuring and other items			(1.8)	(1.4)
Earnings in equity-accounted investments			1.3	1.1
Finance cost			(16.1)	(21.4)
Finance income			0.7	1.1
Interest on lease liabilities			(1.7)	(1.7)
Income tax expense			(45.6)	(44.6)
Net earnings			$ 126.6	$ 123.6

	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	March 31	December 31	March 31	December 31	Three Months Ended March 31		Three Months Ended March 31	
	2020	2019	2020	2019	2020	2019	2020	2019
CCL	$ 3,887.4	$ 3,634.3	$ 1,017.5	$ 964.1	$ 57.5	$ 55.1	$ 72.1	$ 81.2
Avery	756.6	638.2	242.8	236.7	6.4	5.9	6.4	2.8
Checkpoint	1,016.5	934.1	488.8	486.8	9.5	9.0	9.6	5.8
Innovia	1,178.1	1,090.8	294.1	261.7	11.7	10.4	7.6	7.5
Equity-accounted investments	60.8	62.0	-	-	-	-	-	-
Corporate	544.4	678.6	2,321.2	2,191.0	0.4	0.4	-	-
Total	$ 7,443.8	$ 7,038.0	$ 4,364.4	$ 4,140.3	$ 85.5	$ 80.8	$ 95.7	$ 97.3

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 and Innovia Segments as a result of the greater number of work days than the third and fourth quarters plus the seasonality of certain end markets. 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, in its recurring revenue streams, 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.

All revenues are from products and services transferred at a point in time, except $17.4 million (March 31, 2019 - $17.9 million), which are for installation and maintenance service arrangements within the Checkpoint Segment.

5. Accumulated other comprehensive loss

	March 31 2020	December 31 2019
Unrealized foreign currency translation losses, net of tax recovery of $5.8 (2019 – tax recovery of $2.3)	$ (14.4)	$ (89.3)
Losses on derivatives designated as cash flow hedges, net of tax recovery of $0.1 (2019 – tax of nil)	(0.2)	-
	$ (14.6)	$ (89.3)

In millions of Canadian dollars, unless otherwise noted

6. Restructuring and other items

	Three Months Ended March 31 2020	2019
Restructuring costs	$ 0.8	$ 1.3
Acquisition costs	1.0	0.1
Total restructuring and other items	$ 1.8	$ 1.4

For the three months ended March 31, 2020, the Company recorded $1.8 million ($1.6 million, net of tax) for restructuring and other items compared to $1.4 million ($1.2 million, net of tax) for the first quarter of 2019. For the first quarter of 2020, restructuring and other items were principally severance costs associated with Checkpoint and other transaction costs associated with the six acquisitions that were closed in the first quarter of 2020. Restructuring and other items for the 2019 first quarter were mainly comprised of severance costs associated with Innovia's U.K. operation.

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); and
- 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, 2020				
Other assets	$ 21.4	$ -	$ -	$ 21.4
Derivative financial assets	-	44.5	-	44.5
Long-term debt	-	(2,387.3)	-	(2,387.3)
Derivative financial liabilities	-	(0.4)	-	(0.4)
	$ 21.4	$ (2,343.2)	$ -	$ (2,321.8)
December 31, 2019				
Other assets	$ 20.0	$ -	$ -	$ 20.0
Derivative financial assets	-	17.9	-	17.9
Long-term debt	-	(2,284.0)	-	(2,284.0)
Derivative financial liabilities	-	(25.1)	-	(25.1)
	$ 20.0	$ (2,291.2)	$ -	$ (2,271.2)

The methods and assumptions used to measure the fair value are as follows:

The fair value of derivative financial instruments generally reflects the estimated amounts that the Company would receive to sell favourable contracts, or pay to transfer unfavourable contracts, at the reporting date. The Company uses discounted cash flow analysis and market data such as interest rates, credit spreads and foreign exchange spot rates to estimate the fair value of forward agreements and interest-rate derivatives.

The fair value of long-term debt is estimated using public quotations, when available, or discounted cash flow analysis based on the current corresponding borrowing rate for similar types of borrowing arrangements.

(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 consolidated condensed interim statement of financial position, are as follows:

	March 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 2,421.0	$ 2,387.3	$ 2,273.6	$ 2,284.0

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 2020, the Company amended its syndicated bank credit facilities extending the tenor of the US$366.0 million term facility to February 2022 and extending the tenor of the US$1.2 billion revolving credit facility to February 2025.

During the first quarter of 2020, the Company drew down $32.3 million on its syndicated revolving credit facility and $9.4 million on its Australian bilateral credit facility. Debt payments of $60.9 million were used to repay syndicated revolving and bilateral debt in the first quarter of 2020.

The Company's debt structure at March 31, 2020 was primarily comprised of 144A 3.25% private notes due October 2026 in the principal amount of US$500.0 million (C$697.0 million), the $300.0 million Series 1 Notes, outstanding debt totaling $827.9 million under the unsecured syndicated revolving credit facility and the term loan facility of US$366.0 million (C$514.5 million). Bilateral uncommitted credit facilities negotiated in 2019 and resident in Mexico and Australia were $36.1 million and $44.2 million, respectively.

The Company's debt structure at December 31, 2019 was primarily comprised of the 144A 3.25% private notes due October 2026 in the principal amount of US$500.0 million (C$643.1 million), the $300.0 million Series 1 Notes, outstanding debt totaling $780.3 million under the unsecured syndicated revolving credit facility and the term loan facility of US$366.0 million (C$475.3 million). Additional loan facilities negotiated in 2019 and resident in Mexico and Australia were $33.4 million and $37.6 million, respectively.

9. Subsequent events

The Board of Directors has declared a dividend of $0.18 per Class B non-voting share and $0.1775 per Class A voting share, which will be payable to shareholders of record at the close of business on June 16, 2020, to be paid on June 30, 2020.

In March 2020, the World Health Organization declared a global pandemic related to CV19. The impacts on global commerce have been, to date, and are anticipated to continue to be, far-reaching. To date, restrictions on the conduct of business in many jurisdictions, including the closure of workplaces determined to be non-essential, and restrictions on the international, national and local movement of people and some goods have been implemented. There have been significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. There have been significant stock market declines and volatility and significant volatility in foreign exchange and commodity markets. It is not possible to reliably estimate the length and magnitude of their developments and the impact on the financial results of the Company and its business segments in future periods.

MANAGEMENT'S DISCUSSION AND ANALYSIS
First Quarters Ended March 31, 2020 and 2019

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") of CCL Industries Inc. ("the Company") relates to the first quarters ended March 31, 2020 and 2019. The information in this interim MD&A is current to May 14, 2020, and should be read in conjunction with the Company's March 31, 2020 unaudited first quarter consolidated condensed interim financial statements ("interim financial statements") released on May 14, 2020, and the 2019 Annual MD&A and consolidated financial statements ("annual financial statements"), which form part of CCL Industries Inc.'s 2019 Annual Report, dated February 20, 2020.

Basis of Presentation

The interim and annual financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and International Financial Reporting Standards ("IFRS"), respectively, and unless otherwise noted, both the interim and annual financial statements and this interim MD&A are expressed in Canadian dollars as the presentation currency. The primary measurement currencies of the Company's operations are the Canadian dollar, U.S. dollar, euro, Argentine peso, Australian dollar, Bangladeshi taka, Brazilian real, Chilean peso, Chinese renminbi, Danish krone, Hungarian forint, Indian rupee, Japanese yen, Malaysian ringgit, Mexican peso, Philippine peso, Polish zloty, Russian ruble, Singaporean dollar, South African rand, South Korean won, Swiss franc, Thai baht, Turkish lira, 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. The Company'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 sales, income and profitability of the Company's segments; the Company's capital spending levels and planned capital expenditures in 2020; the adequacy of the Company's financial liquidity including the availability of sufficient cash from operations and available credit capacity will be sufficient for future expansion initiatives; the Company's effective tax rate; the Company's ongoing business strategy; the Company's planned restructuring expenditures; the Company's expectations regarding general business and economic conditions; the impact of the COVID-19 ("CV19") global pandemic on the Company's overall operations, customers, strategy and financial results and on the respective Segments of the Company; the ability of management to align cost structures with changing demand levels and improve profitability; and the participation by the Company in government assistance programs.

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 adverse impact of the CV19 pandemic on the Company, its employees, customers, suppliers, the global economy and financial 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 the Company'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: consumer spending; improved customer demand for the Company's products; 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 and resin costs; that trends for the CCL Segments Healthcare & Specialty and CCL Design electronics businesses will remain resilient and augmented; that management will successfully curtail cost structures to match reduced demand levels; the ability of the Company to participate in certain government assistance programs; the Company's expectation of the magnitude of the CV19 pandemic on Avery's direct-to-consumer, "WePrint", PMG and OPG businesses; the Company's inability to predict the impact of CV19 on the Avery Segment's traditional North American back-to-school consumer surge for 2020; that consumable sales in grocery and drug store channels will remain solid for the Checkpoint Segment; that governments will phase-in the re-opening of retail stores and manufacturing facilities and positively impact the results for the Checkpoint Segment; that the Checkpoint Segment will successfully align its cost structure to best match the downturn in volume while positioning operations for improved profitability; that demand for consumer packaging and product labels will positively impact results for the Innovia Segment; that Innovia Mexican operations will successfully fill incremental capacity on its new manufacturing line in future periods; the continued successful integration of Innovia's Polish operations; that the Innovia Segment will continue to benefit from pricing, productivity initiatives, mix and stable resin costs; the availability of cash and credit; fluctuations of currency exchange rates and the Company's continued relations with its customers. Should one or more risks come to fruition 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 2019 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 the Company'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.

1. Overview

The first quarter 2020 was the onset of the impact from the global Coronavirus ("CV19") pandemic, starting in China, spreading into the Asian zone and ultimately migrating to the western world. Consequently, the Company experienced a modest 2.8% organic decline in sales from $1.33 billion to $1.30 billion. The CCL, Avery, Checkpoint and Innovia Segments posted organic sales decreases of 0.7%, 3.2%, 10.3% and 5.9%, respectively, as each Segment's customer base was impacted to a different extent by CV19, with some product categories even increasing. Operating profits compared to the first quarter of 2019, for Avery and Innovia improved on strong mix, lower input costs and productivity gains; CCL Segment was nearly flat with strong results from CCL Design electronics. However, Checkpoint operating profits declined significantly compared to the prior year first quarter due to the government mandated temporary closures of non-essential retail outlets. The Company posted first quarter basic earnings per Class B share of $0.71, an increase of 1.4% compared to basic earnings per Class B share of $0.70 for the 2019 first quarter. Adjusted basic earnings per Class B share (a non-IFRS financial measure; refer to definition in Section 13 of this MD&A) for the first quarters of 2020 and 2019 were $0.72 and $0.71, respectively.

2. Review of Consolidated Financial Results

The following acquisitions affected the financial comparisons to 2019 including those announced through to the end of the first quarter of 2020:

- In March 2020, the Company acquired Flexpol Sp. Z.o.o. (“Flexpol”) a privately owned company based in Plock, Poland. Flexpol is a leading producer of biaxially oriented polypropylene (“BOPP”) film for the European market. The purchase price, net of cash acquired was approximately $23.6 million. The new business immediately commenced operating as “Innovia Poland.”

- In February 2020, the Company acquired Clinical Systems, Inc. (“CSI”), based in Garden City, New York, for approximately $19.6 million, net of cash on hand. CSI is a specialized provider to the United States clinical trials industry and will operate as part of CCL Label’s Healthcare and Specialty business.

- In February 2020, the Company acquired the remaining 50% interest in its aluminum slug joint venture, Rheinfelden Americas, LLC (“Rheinfelden”), by assuming the $20.1 million of external debt previously held in the venture. The business immediately changed its name to CCL Metal Science.

- In January 2020, the Company acquired privately owned Ibertex Etiquetaje Industrial S.L.U. and Eti-Textil Maroc S.a.r.l. AU (“Eti-Textil”), for approximately $19.9 million net of cash and debt. Eti-Textil, headquartered in Elche, Spain, with satellite manufacturing in Tangier, Morocco, is an apparel label producer that will be integrated into the Apparel Labeling Systems (“ALS”) business of Checkpoint.

- In January 2020, the Company acquired I.D&C. World Holdco Ltd (“ID&C”), with operations in Tunbridge Wells, U.K. and Bradenton, Florida for approximately $35.5 million, net of cash acquired. ID&C is a global leader in live event badges and wristbands and will be part of Avery’s growing direct-to-consumer business.

- In January 2020, the Company acquired IDentilam Ltd, (“IDL”) based in Horsham, UK, for approximately $2.9 million, net of cash acquired. IDL designs and develops a range of software solutions for event badging and identification cards and will be added to Avery’s direct-to-consumer operations.

- In November 2019, the Company acquired Stuck On You Holdings Pty Ltd and Stuck on You Trading Pty Ltd (collectively “SOY”) based in Melbourne, Australia, for approximately $7.2 million, net of cash acquired. SOY is a direct-to-consumer online digital print business expanding Avery’s presence in personalized “kids’ labels” in Australasia.

- In June 2019, the Company acquired Say it Personally Limited ("STS"), a privately owned company based near East Grinstead in the U.K. for approximately $0.4 million, net of cash acquired. STS is a manufacturer of durable, personalized garment tags for the U.K. market and expanded Avery's direct-to-consumer online product offerings.

- In May 2019, the Company acquired the shares of Colle a Moi Inc. ("CAM"), a privately owned company based in Quebec City, Canada, for approximately $3.1 million, net of cash acquired. CAM added to Avery's direct-to-consumer online digital print capabilities for personalized "kids' labels."

- In April 2019, the Company acquired the shares of Hinsitsu Screen (Vietnam) Company Limited ("Hinsitsu"), based in Hanoi, Vietnam, for approximately $12.9 million, net of cash acquired. Hinsitsu is a leading supplier of durable and tamper evident labels and graphic overlays for the electronics industry in the ASEAN region and was added to CCL Design within the CCL Segment.

- In January 2019, the Company acquired Olympic Holding B.V. and its related subsidiaries ("Olympic"), a privately owned company based in Venray, Netherlands, for approximately $13.6 million, net of cash acquired. Olympic is a start-up technology company with a proprietary, patented process to produce high bond, acrylic foam tapes without the use of solvents for applications in the automotive, electronics and construction industries. Olympic was added to the CCL Segment.

- In January 2019, the Company acquired Easy2Name Limited ("E2N"), a privately owned company based near Newbury, U.K., for approximately $2.5 million, net of cash acquired. E2N expanded Avery's direct-to-consumer online digital print offering of durable, personalized "kids' labels" to the U.K. market.

Sales for the first quarter of 2020 were $1,296.5 million, a decrease of 2.7% compared to $1,332.1 million recorded in the first quarter of 2019. Sales decreased due to organic decline of 2.8% and the negative impact from foreign currency translation of 1.0%, partially offset by acquisition-related growth of 1.1%.

Selling, general and administrative expenses ("SG&A") were $180.9 million for the first quarter of 2020, compared to $195.6 million for same period 2019. The decline is due to a reduction in short-term and long-term variable compensation expense within corporate costs, foreign exchange gains recognized during the period and a decrease in discretionary expenses for the 2020 first quarter compared to the 2019 first quarter.

The Company recorded an expense of $1.8 million ($1.6 million after tax) for restructuring and other items in the first quarter of 2020 compared to $1.4 million ($1.2 million after tax) for the first quarter of 2019. For the first quarter of 2020, restructuring and other items were principally severance costs associated with Checkpoint and other transaction costs associated with the six acquisitions that were closed in the first quarter of 2020. Restructuring and other items for the 2019 first quarter were mainly comprised of severance costs associated with Innovia's U.K. operation.

Operating income (a non-IFRS financial measure; refer to definition in Section 13 of this MD&A) for the first quarter of 2020 was $200.3 million, compared to $204.8 million for the first quarter of 2019. CCL posted improved results for the Avery and Innovia operating Segments offset by declines at the CCL and Checkpoint Segments. Operating income only declined 1.2% excluding the negative impact of foreign currency translation.

Earnings before net finance cost, taxes, earnings in equity accounted investments, depreciation and amortization, restructuring and other items ("Adjusted EBITDA"), a non-IFRS financial measure; refer to definition in Section 13 of this MD&A) increased 1.5% to $275.3 million for the first quarter of 2020, compared to $271.3 million for the first quarter of 2019. Excluding the negative impact of foreign currency translation, Adjusted EBITDA increased 2.6%.

Net finance cost was $17.1 million for the first quarter of 2020, compared to $22.0 million for the same quarter a year ago. A lower average interest rate and a reduction in total debt for the first quarter of 2020 compared to the first quarter of 2019 resulted in a reduction of comparative finance costs.

The overall effective income tax rate was 26.7% for the first quarter of 2020, unchanged from the three-month period ended March 31, 2019. The effective tax rate may vary in future periods as the proportion of the Company's taxable income is earned in tax jurisdictions with differing rates changes.

Net earnings for the first quarter of 2020 were $126.6 million compared to $123.6 million for the first quarter of 2019. This resulted in basic and diluted earnings of $0.71 per Class B share and $0.70 per Class B share, respectively, for the 2020 first quarter compared to basic and diluted earnings of $0.70 per Class B share and $0.69 per Class B share, respectively, for the prior year first quarter. The weighted average number of shares (comprised of Class A voting shares and Class B shares) for the 2020 first quarter were 178.6 million basic and 179.6 million diluted shares compared to 177.3 million basic and 178.7 million diluted shares for the comparable period of 2019. Diluted shares include weighted average in-the-money equity compensation arrangements totaling 1.0 million shares (2019 – 1.4 million shares).

Adjusted basic earnings per Class B share were $0.72 for the first quarter of 2020, compared to $0.71 per Class B share for the first quarter of 2019.

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	**2020**	**2019**
Basic earnings per Class B share	$ 0.71	$ 0.70
Restructuring and other items	0.01	0.01
Adjusted basic earnings [(1)] per class B share	$ 0.72	$ 0.71

(1) Adjusted Basic Earnings per Class B Share is a non-IFRS financial measure. Refer to definition in Section 13 of this MD&A.

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					
2020	$ 1,296.5	$	$	$	$ 1,296.5
2019	1,332.1	1,354.2	1,357.1	1,277.9	5,321.3
2018	1,227.1	1,264.4	1,337.2	1,332.8	5,161.5
Net earnings					
2020	126.6				126.6
2019	123.7	121.3	127.7	104.4	477.1
2018	118.7	121.1	112.8	114.2	466.8
Net earnings per Class B share					
Basic					
2020	0.71				0.71
2019	0.70	0.68	0.71	0.59	2.68
2018	0.67	0.69	0.63	0.65	2.64
Net earnings per Class B share					
Adjusted basic					
2020	0.72				0.72
2019	0.71	0.69	0.72	0.67	2.79
2018	0.69	0.70	0.66	0.68	2.73
Net earnings per Class B share					
Diluted					
2020	0.70				0.70
2019	0.69	0.68	0.71	0.58	2.66
2018	0.66	0.68	0.63	0.64	2.61

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 and Innovia Segments as a result of the greater number of work days than the third and fourth quarters plus the seasonality of certain end markets. 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, in its recurring revenue streams, 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 March through the end of the year and prepares for the same in its supply chain from mid-year on.

As a result of the impact of CV19 on the economy and the Company’s businesses, historical seasonality trends could be adversely affected.

3. Business Segment Review

CCL Segment ("CCL")

($ millions)	First Quarter 2020		First Quarter 2019		+/-
Sales	$	838.8	$	851.1	(1.4%)
Operating Income [(1)]	$	140.6	$	142.0	(1.0%)
Return on Sales [(1)]		16.8%		16.7%	
Capital Spending	$	72.1	$	81.2	(11.2%)
Depreciation and Amortization [(2)]	$	52.1	$	50.1	4.0%

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 13.

(2) Depreciation and Amortization expense excludes depreciation of $5.4 million for right-of-use assets in the three-month period ended March 31, 2020 (2019 - $5.0 million).

The CCL Segment has five customer sectors. The Company trades in three of them as CCL Label (and CCL Container or CCL Tube to recognize product differentiation where relevant) and one each as CCL Design and CCL Secure. The differentiated CCL sub-branding, points to the nature of the application for the final product. The sectors have many common or overlapping customers, process technologies, information technology systems, raw material suppliers and operational infrastructures. CCL Label supplies innovative labels, aluminum aerosols and tube solutions to Home & Personal Care customers; decorative and functional labels for Food & Beverage companies to premiumize brands; and regulated, complex multi-layer labels for major pharmaceutical, consumer medicine, medical instrument and industrial or consumer chemical customers referred to as the Healthcare & Specialty business. CCL Design, supplies long-life, high performance labels and other products to automotive, electronics and durable goods OEMs. CCL Secure supplies polymer banknote substrate, pressure sensitive stamps, passport components and other security products to government institutions and to corporations for brand protection.

Sales for CCL were $838.8 million for the first quarter of 2020, compared to $851.1 million for the same quarter last year. The components of the 1.4% decrease in sales are an organic decline of 0.7% and the negative impact from foreign currency translation of 1.2%, partially offset by acquisition-related growth of 0.5%.

North American sales were flat for the first quarter of 2020, excluding currency translation, compared to the first quarter of 2019. Home & Personal Care results improved compared to the 2019 first quarter, entirely driven by a strong rebound in demand for aluminum aerosols; labels and tubes both declined slightly on lower sales of higher end beauty and salon products sold at retail. Healthcare & Specialty results in U.S. markets improved but were more than offset by a decline in Canada due to challenges at one large generic drug customer. CCL Design North America declined in sales and profitability due to a weak automotive industry. Food & Beverage posted strong sales growth in Sleeves but profitability declined, largely on slower results for Wines & Spirits. CCL Secure posted increased sales, but reduced profitability due to a change in sales mix compared to an exceptional prior year period. Overall operating income, excluding currency translation, for the current quarter in North America declined compared to the first quarter of 2019.

Sales in **Europe** were down fractionally for the first quarter of 2020, excluding currency translation, compared to the first quarter of 2019. Home & Personal Care results declined as consumers spent on home basic staples over beauty and higher end personal care brands. Healthcare & Specialty sales and profitability improved on strong end markets. Food & Beverage Sleeve sales increased but were offset by profitability declines in pressure sensitive labels compared to an exceptional prior year. Currency devaluation also reduced profitability of exports to South Africa. Sales and profitability declines in weak automotive markets for CCL Design offset improved profitability in electronics markets. CCL Secure results were solid for the 2020 first quarter. Overall, European operating income, excluding currency translation, decreased compared to the prior year first quarter.

Sales in **Latin America**, excluding currency translation, increased high single digit for the first quarter of 2020 compared to the first quarter of 2019. Profitability expansion across all lines of business in Mexico outpaced sales improvements aided by foreign exchange gains on U.S. dollar priced sales. Organic sales gains in Brazil and Argentina were offset by currency devaluations also reducing profitability. Although sales declined in Chile, profitability improved on productivity gains partly offset by currency devaluation. Excluding the impact of currency translation, underlying operating income overall increased and return on sales improved.

Asia Pacific sales, excluding currency translation, were down mid-single digit for the first quarter of 2020, compared to the corresponding quarter in 2019. Results in China declined on the government CV19 lock downs in February, but recovered rapidly in March especially in electronics end markets for CCL Design. Sales in ASEAN countries were mixed with increases across the region offset by a decline in Thailand, with profitability overall improved on a strong mix. Significant Australian sales and profitability gains came from strong performance at CCL Secure due to order timings. For the Asia Pacific region, operating income and return on sales improved significantly compared to the first quarter of 2019.

Operating income for the first quarter of 2020 was $140.6 million, compared to $142.0 million for the first quarter of 2019. Return on sales was 16.8% compared to the 16.7% recorded for the same period in 2019.

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.

CCL invested $72.1 million in capital spending for the first quarter of 2020, compared to $81.2 million in the same period in 2019. The investments for first quarter were less than the planned capital expenditures for the period as management commenced a capital expenditure curtailment initiative. Major expenditures for the first quarter period related to capacity additions to support the Home & Personal Care and Food & Beverage globally. Investments will continue in order to add capacity, broaden capabilities, expand geographically, and replace or upgrade existing plants and equipment. Depreciation and amortization was $52.1 million for the first quarter of 2020, compared to $50.1 million for the same period of 2019.

Avery Segment ("Avery")

	First Quarter				
($ millions)		2020		2019	+/-
Sales	$	158.8	$	157.6	0.8%
Operating Income [(1)]	$	32.1	$	27.9	15.1%
Return on Sales [(1)]		20.2%		17.7%	
Capital Spending	$	6.4	$	2.8	128.6%
Depreciation and Amortization [(2)]	$	4.6	$	4.3	7.0%

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 13.

(2) Depreciation and Amortization expense excludes depreciation of $1.8 million for right-of-use assets in the three-month period ended March 31, 2020 (2019 - $1.6 million).

Avery is the world's largest supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary office products sold through distributors and mass market retailers. The products are split into three primary lines: (1) Printable Media, including address labels, shipping labels, marketing and product identification labels, business cards, and name badges supported by customized software solutions; (2) Organizational Products Group ("OPG"), including binders, sheet protectors, indexes, dividers and writing instruments; (3) Direct-to-Consumer digitally imaged media including labels, business cards, name badges, event badges, wristbands and family oriented identification labels supported by unique web-enabled e-commerce URLs.

Avery sales were $158.8 million for the first quarter of 2020, compared to $157.6 million for the same quarter last year. The 0.8% increase in sales is attributed to 4.1% impact from acquisitions, partially offset by 3.2% organic sales declines, and a 0.1% negative impact from foreign currency translation.

Sales in **North America** for the first quarter of 2020 were up low-single digit excluding currency translation compared to the first quarter of 2019. Sales for Printable Media product lines were up modestly but profitability gains significantly outpaced those achieved in the first quarter of 2019 on a larger mix of higher margin products. Direct to Consumer product lines started the year strong, however event and name badge, wristband and kids' labels categories declined rapidly in March on the impact of CV19 restrictions reducing profitability. Sales and profitability for OPG improved, primarily on increased volumes in low margin ring binders as trade customers preferred domestic sourcing.

International sales, largely generated in the Printable Media category, represented approximately 28% of Avery sales for the first quarter. Excluding currency translation and acquisitions, sales in the international operations were down mid-single digit with organic sales growth in the small Latin American operations offset by declines in Europe and Australia. CV19 restrictions in Europe and Australia negatively impacted customer buying patterns in almost all business lines reducing profitability in the international operations.

Operating income for the first quarter of 2020 increased 15.1% to $32.1 million compared to $27.9 million for the first quarter of 2019. Return on sales was 20.2%, compared to 17.7% recorded for the same quarter in 2019.

Avery invested $6.4 million in capital spending in the first quarter of 2020 compared to $2.8 million in the same period a year ago. The majority of the expenditures were digital printing capacity additions in the Direct-to-Consumer operations globally. Depreciation and amortization was $4.6 million for the first quarter compared to $4.3 million for the 2019 first quarter.

Checkpoint Segment ("Checkpoint")

	First Quarter		
($ millions)	2020	2019	+/-
Sales	$ 154.9	$ 173.5	(10.7%)
Operating Income [(1)]	$ 12.1	$ 20.3	(40.4%)
Return on Sales [(1)]	7.8%	11.7%	
Capital Spending	$ 9.6	$ 5.8	65.5%
Depreciation and Amortization [(2)]	$ 7.3	$ 7.1	2.8%

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 13.
(2) Depreciation and Amortization expense excludes depreciation of $2.2 million for right-of-use assets in the three-month period ended March 31, 2020 (2019 - $1.9 million).

Checkpoint is a leading manufacturer of technology-driven loss-prevention, inventory-management and labeling solutions, including radio frequency and radio frequency identification ("RFID") solutions, to the retail and apparel industry. The Segment has three primary product lines: Merchandise Availability Solutions ("MAS"), Apparel Labeling Solutions ("ALS") and "Meto." The MAS line focuses on electronic-article-surveillance ("EAS") systems; hardware, software, labels and tags for loss prevention and inventory control systems including RFID solutions. ALS products are apparel labels and tags, some of which are RFID capable. Meto supplies hand-held pricing tools and labels and promotional in-store displays.

Checkpoint sales were $154.9 million for the first quarter of 2020 compared to $173.5 million for the first quarter of 2019 with 10.3% organic sales declines and 1.0% negative impact from foreign currency translation, partially offset by 0.6% acquisition-related sales growth. MAS sales and profitability improvement across the Americas was significantly offset by declines in Europe and Asia. February CV19 restrictions in China affected profitability in manufacturing plants. Government actions in March moved to shut down all non-essential retailing throughout Europe and Asia, followed by further mandated closures in North America late in the quarter. Many customers postponed technology installations. CV19 restrictions similarly impacted ALS and the small Meto business where sales and profitability declined.

Overall operating income decreased 40.4% to $12.1 million for the first quarter of 2020 compared to $20.3 million for the first quarter of 2019; return on sales declined to 7.8% from 11.7%.

Checkpoint invested $9.6 million in capital spending for the first quarter of 2020 compared to $5.8 million for the first quarter of 2019. The majority of the expenditures were in the ALS manufacturing facilities. Depreciation and amortization was $7.3 million for the first quarter of 2020, compared to $7.1 million for the first quarter of 2019.

Innovia Segment ("Innovia")

	First Quarter		
($ millions)	2020	2019	+/-
Sales	$ 144.0	$ 149.9	(3.9%)
Operating Income [(1)]	$ 15.5	$ 14.6	6.2%
Return on Sales [(1)]	10.8%	9.7%	
Capital Spending	$ 7.6	$ 7.5	1.3%
Depreciation and Amortization [(2)]	$ 11.0	$ 9.8	12.2%

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 13.

(2) Depreciation and Amortization expense excludes depreciation of $0.7 million for right-of-use assets in the three-month period ended March 31, 2020 (2019 - $0.6 million).

Innovia supplies specialty, high-performance, multi-layer, surface engineered BOPP films from facilities in Australia, Belgium, Mexico, Poland and the United Kingdom to customers in the pressure sensitive label materials, flexible packaging and consumer packaged goods industries worldwide. Additionally, a small percentage of the total volume is sold internally to the CCL Segment and especially to CCL Secure. Two smaller non-BOPP facilities, in Germany and U.S., produce almost their entire output for CCL Label.

Sales for Innovia were $144.0 million for the first quarter of 2020 compared to $149.9 million for the first quarter of 2019. The components of the 3.9% decrease in sales were a 5.9% organic decline and 0.2% negative impact from currency translation, partially offset by 2.2% acquisition-related sales growth. Volume of film sold internally and externally increased slightly as gains in the U.S., Mexico and Australia offset declines in Europe but revenue dropped on pass through pricing of lower resin costs and lower margin product mix. Resin and other input costs fell, especially in North America; profitability gains were also aided by a strong U.S. dollar. Flexpol operations acquired late in the quarter met expectations. Operating income improved to $15.5 million for the first quarter of 2020 compared to operating income of $14.6 million in the 2019 first quarter.

Innovia invested $7.6 million in capital spending for the first quarter of 2020 compared to $7.5 million for the 2019 first quarter. Depreciation and amortization was $11.0 million for the first quarter compared to $9.8 million for the first quarter ended 2019.

Joint Ventures

($ millions)		First Quarter 2020		2019	+/-
Sales (at 100%)					
CCL joint ventures	$	30.9	$	30.2	2.3%
Rheinfelden*		3.0		-	n.m.
CCL Total	$	33.9	$	30.2	12.3%
Earnings (losses) in equity accounted investments					
CCL joint ventures	$	1.5	$	1.5	-
Rheinfelden		(0.2)		(0.4)	50.0%
CCL Total	$	1.3	$	1.1	18.2%

* primarily sales to the CCL Segment

Results from the joint ventures in CCL-Kontur, Russia; Pacman-CCL, Middle East and up until the date of its acquisition on February 14, 2020, Rheinfelden in the United States, are not proportionately consolidated into a Segment but instead are accounted for as equity investments. The Company's share of the joint ventures' net earnings is disclosed in "Earnings in Equity-Accounted Investments" in the consolidated condensed interim income statements. Excluding currency translation, sales in both label operations were broadly in line with prior year and earnings improved slightly in Russia but declined moderately in the Middle East. The Rheinfelden slug operation began operating in the first quarter of 2020, with a small start up loss, after the facility was temporarily shuttered subsequent to the fire at the facility in 2018 and ensuing replacement equipment delivery delays. Earnings in equity accounted investments amounted to $1.3 million for the first quarter of 2020 compared to $1.1 million for the first quarter of 2019. Commencing mid-February 2020, equity investments no longer include the financial results of the Rheinfelden venture due to the Company's increase in ownership to 100%.

4. Currency Transaction Hedging and Currency Translation

Approximately 98% of sales made in the first quarter of 2020 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 2020 were impacted by the appreciation of the Canadian dollar against the euro, U.K pound, Brazilian real, Mexican peso and Chinese renminbi by 1.9%, 0.8%, 14.4%, 2.5% and 2.2%, respectively, compared to the rates in the same period in 2019. This negative impact was partially offset by the depreciation of the Canadian dollar relative to the U.S. dollar and Thai baht of 1.1% and 2.2%, respectively, when comparing the rates in the first quarters of 2020 and 2019. For the first quarter of 2020, currency translation had a $0.01 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, 2020	December 31, 2019
Current portion of long-term debt	$ 45.4	$ 38.8
Current lease liabilities	35.7	35.3
Long-term debt	2,375.6	2,234.8
Long-term lease liabilities	128.0	110.9
Total debt	2,584.7	2,419.8
Cash and cash equivalents	(545.5)	(703.6)
Net debt [1]	$ 2,039.2	$ 1,716.2
Adjusted EBITDA[1][2]	$ 1,071.2	$ 1,067.2
Net debt to Adjusted EBITDA [1]	1.90	1.61

[1] Net debt, Adjusted EBITDA and net debt to Adjusted EBITDA are non-IFRS financial measures. Refer to definitions in Section 13 of this MD&A.
[2] Adjusted EBITDA is calculated on a trailing twelve-month basis. Refer to definitions in Section 13 of this MD&A.

During the first quarter of 2020, the Company amended its syndicated bank credit facilities extending the tenor of the US$366.0 million term facility to February 2022 and extending the tenor of the US$1.2 billion revolving credit facility to February 2025.

During the first quarter of 2020, the Company drew down $32.3 million on its syndicated revolving credit facility and $9.4 million on its Australian bilateral credit facility. Debt payments of $60.9 million were primarily used to repay syndicated revolving debt in the first quarter of 2020.

The Company's debt structure at March 31, 2020, was primarily comprised of 144A 3.25% private notes due October 2026 in the principal amount of US$500.0 million (C$697.0 million), the $300.0 million principal amount 3.864% Series 1 Notes due April 2028, outstanding debt totaling $827.9 million under the unsecured syndicated revolving credit facility and the term loan facility of US$366.0 million (C$514.5 million). Bilateral uncommitted credit facilities resident in Mexico and Australia were $36.1 million and $44.2 million, respectively.

The Company's debt structure at December 31, 2019, was primarily comprised of the 144A 3.25% private notes due October 2026 in the principal amount of US$500.0 million (C$643.1 million), the $300.0 million principal amount Series 1 Notes, outstanding debt totaling $780.3 million under the unsecured syndicated revolving credit facility and the term loan facility of US$366.0 million (C$475.3 million). Additional loan facilities negotiated in 2019 and resident in Mexico and Australia were $33.4 million and $37.6 million, respectively.

Net debt was $2,039.2 million at March 31, 2020, $323.0 million higher than the net debt of $1,716.2 million at December 31, 2019. The increase in net debt is primarily due to the appreciation of the U.S. dollar to Canadian dollar currency exchange rate applied to the U.S. dollar drawn debt at March 31, 2020 and a decrease of $158.1 million in cash-on-hand used to finance the Company's investing activities.

Net debt to Adjusted EBITDA at March 31, 2020, increased to 1.90 times, compared to 1.61 times at December 31, 2019, reflecting the aforementioned increase in net debt.

Including $3.7 million of outstanding letters of credit, the Company had approximately US$607.0 million of available capacity within its syndicated revolving credit facility as at March 31, 2020.

The Company's overall average finance rate, excluding lease liabilities, was 1.96% as at March 31, 2020, compared to 2.3% at December 31, 2019. The decrease is primarily driven by reduced benchmark interest rates on the Company's revolving and term loan facilities.

The Company's leverage remains low and its liquidity strong. The Company is in compliance with all its debt covenants and believes 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

(in millions of Canadian dollars)	First Quarter	
Summary of Cash Flows	**2020**	**2019**
Cash provided by operating activities	$ 80.3	$ 5.0
Cash provided by (used in) financing activities	(63.3)	26.1
Cash used for investing activities	(195.5)	(112.0)
Translation adjustments on cash and cash equivalents	20.4	(12.4)
Decrease in cash and cash equivalents	$ (158.1)	$ (93.3)
Cash and cash equivalents – end of period	$ 545.5	$ 495.8
Free cash flow from operations [1]	$ (15.0)	$ (90.2)

[1] Free cash flow from operations is non-IFRS financial measure. Refer to definition in Section 13.

During the first quarters of 2020 and 2019, the Company generated cash from operating activities of $80.3 million and $5.0 million, respectively. Free cash flow from operations was an outflow of $15.0 million in the 2020 first quarter compared to an outflow of $90.2 million in the prior year first quarter. Working capital improvements for the first quarter of 2020 compared to the first quarter of 2019 resulted in an improvement in free cash flow from operations.

Capital spending in the first quarter of 2020 amounted to $95.7 million compared to $97.3 million in the 2019 first quarter. Cash spending on business acquisitions was

$100.2 million for the first quarter of 2020 compared to $16.8 million for the prior year first quarter. Total depreciation and amortization for the first quarter of 2020 was $85.5 million, compared to $80.8 million for the first quarter of 2019. Expected capital spending for 2020 has been reduced to $250.0 million from $350.0 million as management initiated a capital expenditure reduction plan. 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 2020 and 2019 were $32.2 million and $30.2 million, respectively. The total number of shares issued and outstanding as at March 31, 2020 and 2019, were 178.6 million and 178.0 million, respectively. The Board of Directors has approved a dividend of $0.1775 per Class A voting share and $0.18 per Class B non-voting share to shareholders of record as of June 16, 2020, and payable June 30, 2020. The annualized dividend rate is $0.71 per Class A share and $0.72 per Class B share.

7. Interest rate and Foreign Exchange Management

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

As at March 31, 2020, the Company had US$858.5 million, EUR1.5 million and GBP60.3 million drawn on its term loan and syndicated bank credit facility, which are hedging a portion of its US$-based, euro-based and GBP-based investments and cash flows.

As at March 31, 2020, the Company utilized cross-currency interest rate swap agreements ("CCIRSAs") to hedge its euro-based assets and cash flows, effectively converting notional US$264.7 million 3.25% fixed rate debt into 1.23% fixed rate euro debt, US$111.5 million 3.25% fixed rate debt into 1.16% fixed rate euro debt, and US$228.4 million floating rate debt into negative 0.28% fixed rate euro debt. The effect of the CCIRSAs has been to decrease finance cost by $4.1 million for the three months ended March 31, 2020.

8. Accounting Policies

A) Critical Accounting Estimates

The preparation of the Company's consolidated condensed interim 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 consolidated condensed interim 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 2019 annual audited consolidated financial statements and notes thereto, as well as the 2019 annual MD&A, have identified the accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations. For the three months ended March 31, 2020, there are no changes to the critical accounting policies and estimates from those described in the 2019 annual MD&A.

B) Inter-Company and Related Party Transactions

A summary of the Company's related party transactions are set out in note 27 of the annual consolidated financial statements for the year ended December 31, 2019. There have been no changes to the nature of, or parties to, the transactions for the three months ended March 31, 2020.

9. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations, surety bonds and loan guarantees. The nature of these commitments are described in note 26 and note 27 of the annual consolidated financial statements for the year ended December 31, 2019. There are no defined benefit plans funded with CCL Industries Inc. stock.

10. Controls and Procedures

There have been no changes in the Company's internal controls during the quarter ended March 31, 2020 that have materially affected or are reasonably likely to materially affect, internal control over financial reporting. There were no material changes in disclosure controls and procedures in the three-month period ended March 31, 2020.

11. Risks and Strategies

The 2019 MD&A in the annual report detailed risks to the Company's business and the strategies planned for 2020 and beyond. There have been no material changes to those risks and strategies during the first three months of 2020 except as hereafter set out.

In March 2020, the World Health Organization declared a global pandemic related to CV19. The impacts on global commerce have been, to date, and are anticipated to continue to be, far-reaching. To date, restrictions on the conduct of business in many jurisdictions, including the closure of workplaces determined to be non-essential, and restrictions on the international, national and local movement of people and some goods have been implemented. There have been significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. There have been significant stock market declines and volatility and significant volatility in foreign exchange and commodity markets. There is significant ongoing uncertainty surrounding CV19 and the extent and duration of the impacts that it may have on the Company's employees, suppliers, customers and demand for the respective products that the Company and its customers produce. A prolonged continuance of this public health crisis could also have a material adverse effect on overall economic growth and impact the stability of the financial markets and the availability of credit.

The impacts of the CV19 pandemic that may have an effect on the Company include: a change in short-term and/or long-term demand and/or pricing for our products; reductions in production levels; increased costs resulting from the Company's efforts to mitigate the impact of CV19; deterioration of worldwide credit and financial markets that could limit the Company's ability to obtain external financing to fund operations and capital expenditures, and result in a higher rate of losses on accounts receivable due to counterparty credit defaults; disruptions to supply chain; impairments and/or write-downs of assets; restrictions on movement of workforce; reductions in labour force; the closure of workplaces and adverse impacts on the Company's information technology systems and internal control systems as a result of the need to increase remote work arrangements. A material adverse effect on the Company's employees, customers and/or suppliers could have a material adverse effect on the Company.

Significant uncertainty remains with respect to the future impact of CV19 on the Company's businesses. As a result, the Company's expected financial results for 2020 may be negatively impacted by continued CV19-related disruptions. The Company cannot currently estimate the severity of any such impact, which may be material. The overall severity and duration of CV19-related adverse impacts on the Company's businesses will depend on future developments which cannot currently be predicted, including directives of government and public health authorities, the speed at which suppliers and customers can return to full production, the level of consumer demand, the status of labour availability and the ability to staff the Company's operations and facilities. Even after the CV19 outbreak has subsided, we may continue to experience material adverse impacts to the Company's businesses as a result of CV19's global economic impact, including any related recession.

12. Outlook

Throughout the first quarter, the Company adapted its businesses to meet the safety needs of its employees, while effectively managing the changing requirements of its customers and suppliers. The Company posted a strong first quarter amid the onset of the CV19 global pandemic with a modest organic sales decline and a 2.4% improvement in net earnings. Profitability improvements in the Company's emerging market operations were slightly offset by reductions in North America and Europe. The Avery and Innovia Segments recorded improved results while CCL declined only slightly on strong results for CCL Secure and CCL Design Electronics. Checkpoint's reduction in profitability was due to civil orders in many countries requiring the temporary closure of non-essential retail outlets and in many jurisdictions, these orders remained in effect throughout April and into May. Consolidated first quarter adjusted basic earnings were $0.72 per class B share compared to adjusted basic earnings of $0.71 per Class B share for the 2019 first quarter.

Demand levels for the CCL Segment are mixed so far into the second quarter as the large-scale impact from the CV19 pandemic unfolds. Trends remain solid for Healthcare

& Specialty, and CCL Design electronics as these markets appear resilient and somewhat augmented by the crisis. Home & Personal Care is partially impacted by retail store and salon closures, especially in the United States. The Food business is solid but large Beverage customers are seeing volume declines in their 'on premise' channels as restaurants and bars were mandated to close in many jurisdictions while CCL Design is significantly affected by the close down of the automotive industry outside China. Some state-owned currency printing plants have temporarily ceased operations which may temporarily affect CCL Secure. Management curtailed cost structures to match reduced demand levels to the extent possible while participating in government assistance programs where appropriate.

Avery's Direct-to-Consumer event and name badging and "kids' labels" operations are materially impacted globally by the crisis, partly offset by growth in "WePrint" labels. Order intake in North America for Avery's PMG and OPG products are significantly reduced in established distribution channels due to workplace and store closures and retail merchandising preference given to CV19-related products. So far, supply chain interruption at our large Tijuana, Mexico plant has not affected product availability or service to customers. Orders internationally are also reduced but not as severely as the U.S. due to the lower percentage of distribution in retail. The magnitude and duration of the CV19 impact on Avery is difficult to predict, especially on the traditional North American back-to-school consumer surge for 2020.

While sales remain solid for consumables in the grocery and drug store channels, Checkpoint is currently impacted by civil orders temporarily closing all non-essential retail stores in developed countries. In addition, apparel manufacturing is dramatically weakened globally and closed completely on the Indian subcontinent, the second largest region for garment production in the world. It is the Company's expectation that governments will phase in the reopening of retail stores and corresponding manufacturing facilities as the CV19 pandemic subsides in their regimes. The timing is unknown and the velocity that consumers will return to retail consumption is challenging to envisage. Checkpoint will align its cost structure to best match the downturn in volume while positioning operations for improved profitability as activity increases.

Higher volume, lower input costs, better productivity and favourable foreign exchange rates delivered improved results for Innovia for the first quarter of 2020. Sales volume remains firm this quarter on demand for consumer packaging and product labels. The new Polish operation is meeting expectations and is so far integrating smoothly. Continued attention will be focused on productivity initiatives and appropriately filling the incremental capacity of the new manufacturing line in Mexico.

This outlook commentary must be weighed against a highly uncertain environment as the world grapples with the unprecedented challenges of CV19 and the still to be determined near-term impact on the global economy. Currency devaluation in certain countries remains on the watch list alongside credit risk with retail customers and the apparel manufacturing industry. The Company finished the first quarter with $545.5 million cash-on-hand and additional unused capacity of US$607.0 million within its syndicated revolving credit facility. Leverage remains low, under two turns of Adjusted EBITDA with no significant maturities of debt until February 2022. The liquidity position is therefore of no immediate concern. Vigilantly managing working capital remains a priority as evidenced by this quarter's performance, with investment capital still available for short-term high payback opportunities or unique acquisitions expected to enhance shareholder value. The Company's capital spending plan for 2020 is expected to be approximately $250 million compared to the $350 million planned before the crisis.

Foreign currency translation would be a slight tailwind at current exchange rates for the second quarter, largely due to the appreciation of the U.S. dollar to the Canadian dollar.

13. Key Performance Indicators and Non-IFRS Financial Measures

The Company 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. These additional measures are used to provide added insight into the Company'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 inventory, restructuring and other items and tax adjustments.

Adjusted 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 inventory, earnings in equity accounted investments, and restructuring and other items. The Company believes that Adjusted EBITDA is an important measure as it allows the assessment of the 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 the business to that of its peers and competitors who may have different capital or organizational structures. Adjusted EBITDA is a measure tracked by financial analysts and investors to evaluate financial performance and is a key metric in business valuations. Adjusted EBITDA is considered an important measure by lenders to the Company and is included in the financial covenants for the Company's bank lines of credit. The following table reconciles Adjusted EBITDA measures to IFRS financial measures reported in the consolidated condensed interim income statements for the periods ended as indicated.

(in millions of Canadian dollars)	**First Quarter**	
Adjusted EBITDA	**2020**	**2019**
Net earnings	$ 126.6	$ 123.6
Corporate expense	10.5	14.3
Earnings in equity accounted investments	(1.3)	(1.1)
Net finance cost	17.1	22.0
Restructuring and other items	1.8	1.4
Income taxes	45.6	44.6
Operating income (a non-IFRS measure)	$ 200.3	$ 204.8
Less: Corporate expense	(10.5)	(14.3)
Add: Depreciation and amortization	85.5	80.8
Adjusted EBITDA (a non-IFRS measure)	$ 275.3	$ 271.3

Adjusted EBITDA for 12 months ended December 31, 2019 and 2018, respectively	1,067.2	995.3
less: Adjusted EBITDA for three months ended March 31, 2019 and 2018, respectively	(271.3)	(249.4)
add: Adjusted EBITDA for three months ended March 31, 2020 and 2019 respectively	275.3	271.3
Adjusted EBITDA for 12 months ended March 31	1,071.2	1,017.2

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 condensed interim statements of cash flows for the periods ended as indicated.

(in millions of Canadian dollars)		
Free Cash Flow from Operations	**First Quarter**	
	2020	**2019**
Cash provided by operating activities	$ 80.3	$ 5.0
Less: Additions to property, plant and equipment	(95.7)	(97.3)
Add: Proceeds on disposal of property, plant and equipment	0.4	2.1
Free Cash Flow from Operations	$ (15.0)	$ (90.2)

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 and lease liabilities, less cash and cash equivalents.

Net Debt to Adjusted EBITDA (or leverage ratio) – A measure that indicates the Company's ability to service its existing debt. Net Debt to Adjusted EBITDA is calculated as net debt divided by Adjusted 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 Adjusted EBITDA definition above for a reconciliation of Operating Income measures to IFRS financial measures reported in the consolidated condensed interim income statements for the periods ended as indicated.

Restructuring and Other Items per share – 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 weighted 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 condensed interim 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 First Quarter**		**Return on Sales First Quarter**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
CCL	$ 838.8	$ 851.1	$ 140.6	$ 142.0	16.8%	16.7%
Avery	158.8	157.6	32.1	27.9	20.2%	17.7%
Checkpoint	154.9	173.5	12.1	20.3	7.8%	11.7%
Innovia	144.0	149.9	15.5	14.6	10.8%	9.7%
Total Operations	$ 1,296.5	$ 1,332.1	$ 200.3	$ 204.8	15.4%	15.4%

Supplemental Financial Information

Sales Change Analysis
Revenue Growth Rates (%)

Three Months Ended March 31, 2020				
	Growth Organic	**Growth Acquisition**	**Translation FX**	**Total**
CCL	(0.7%)	0.5%	(1.2%)	(1.4%)
Avery	(3.2%)	4.1%	(0.1%)	0.8%
Checkpoint	(10.3%)	0.6%	(1.0%)	(10.7%)
Innovia	(5.9%)	2.2%	(0.2%)	(3.9%)
Total	(2.8%)	1.1%	(1.0%)	(2.7%)

14. Outstanding Share Data

As at May 14, 2020, there were 11,835,737 Class A voting shares and 166,797,001 Class B non-voting shares ("Class B Shares") outstanding. In addition, there were stock options outstanding to purchase 3,017,824 Class B non-voting shares, 232,877 deferred share units, 259,676 restricted stock units under the 2017-2025 Long Term Retention Plan, 129,338 restricted stock units under the 2019 Long Term Retention Plan, 1,284,133 performance stock units under the Performance Stock Unit Plan and 242,692 restricted stock units under the Restricted Stock Unit Plan.