CCL Industries Inc.
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News Release

For Immediate Release, Friday, August 7, 2020
Stock Symbols: TSX – CCL.A and CCL.B

CCL Industries Announces Second Quarter Results

Second Quarter Highlights

- **Adjusted basic earnings per Class B share(3) of $0.59 down 14.5%; basic earnings per Class B share of $0.58 down 14.7%; currency translation nominal**
- **Sales decreased 9.8% on 12.4% organic decline partially offset by 2.2% acquisition growth and 0.4% positive currency translation**
- **Innovia sales increased 21.4%, up 4.2% organically**
- **Consolidated operating income(1) down 17.7% on declines of 59.2% and 72.3% for Avery and Checkpoint, respectively; Innovia increased 78.2% and the CCL Segment declined 1.7%**
- **13.4% operating margin(1), down 130 bps**

Six-Month Highlights

- **Adjusted basic earnings per Class B share(3) of $1.31 down 6.4%; basic earnings per Class B share of $1.29 down 6.5%; currency translation negative $0.01 per share**
- **Sales decreased 6.3% on the second quarter organic declines at Avery and Checkpoint**
- **Consolidated operating income(1) down 9.8%; driven by declines of 30.9% and 57.4% for Avery and Checkpoint, respectively**
- **14.5% operating margin(1), down 50 bps**

Toronto, August 7, 2020 - CCL Industries Inc. ("the Company"), a world leader in specialty label, security and packaging solutions for global corporations, government institutions, small businesses and consumers, today reported 2020 second quarter results.

Sales for the second quarter of 2020 decreased 9.8% to $1,221.9 million, compared to $1,354.2 million for the second quarter of 2019, with 12.4% organic decline partially offset by 2.2% acquisition-related growth and 0.4% positive impact from foreign currency translation.

Operating income(1) for the second quarter of 2020 was $163.6 million compared to $198.7 million for the comparable quarter of 2019. Operating income(1) decreased 18.2%, excluding currency translation.

Restructuring and other items were a $3.8 million expense for the 2020 second quarter for severance costs associated with Checkpoint and CCL wine label operations in Australia and Chile. For the second quarter of 2019, restructuring and other items totaled $2.1 million primarily for severance costs associated with Innovia's UK operation and other acquisition transaction costs.

Tax expense for the second quarter of 2020 was $34.3 million compared to $41.2 million in the prior year period. The effective tax rate for the 2020 and 2019 second quarters was 25.1% and 25.6%, respectively.

Net earnings were $103.9 million for the 2020 second quarter compared to $121.3 million for the 2019 second quarter. Basic and adjusted basic earnings per Class B share(3) were $0.58 and $0.59, respectively, compared to basic and adjusted basic earnings per Class B share(3) of $0.68 and $0.69, respectively, in the prior year second quarter.

For the six-month period ended June 30, 2020, sales, operating income and net earnings declined 6.3%, 9.8% and 5.9% to $2.5 billion, $363.9 million and $230.5 million, respectively, compared to the same six-month period in 2019. The 2020 six-month period included results from twelve acquisitions completed since January 1, 2019, delivering acquisition-related sales growth for the period of 1.7%. Organic sales decline was 7.7% and foreign currency translation was a 0.3% negative impact. For the six-month period ended June 30, 2020, basic and adjusted basic earnings per Class B share(3) were $1.29 and $1.31, respectively, compared to basic and adjusted basic earnings per Class B share(3) of $1.38 and $1.40, respectively, in the prior year six-month period. Foreign currency translation had a negative impact of $0.01 on earnings per share.

Geoffrey T. Martin, President and Chief Executive Officer, commented, "Our main focus since the onset of this pandemic has been the health and safety of all employees while retaining supply chains able to respond to customer demand in essential industries. Our people coped with dramatically varying new business conditions as some product line demand almost evaporated, while others more than doubled. We responded accordingly, respecting the many new operational protocols needed to keep people safe. Our global business teams have simply excelled in the crisis. Consolidated sales declines were not as severe as anticipated, while profitability benefited from strong productivity, swift cost saving initiatives to match activity levels and, to a lesser extent, government support where available. The second quarter sales cadence was highly unusual: tough in both April and May with June above prior year, partly aided by two additional work days."

Mr. Martin continued, "CCL Segment profitability was down only slightly despite a 6.1% organic sales decline. Both CCL Design electronics and Healthcare & Specialty recorded significantly improved results on share gains plus higher pandemic-related demand for IT peripherals and over the counter medicines. Home & Personal Care profitability increased as sales declined modestly on lower tube demand for prestige skin care and cosmetic brands sold in specialty retail channels. Labels were up slightly on strong demand for skin sanitizers and cleansers with solid growth in the United States offsetting slower results internationally, with currency devaluations in Latin America a significant factor. Aerosol can sales increased on easy comparisons. While sleeve sales continued to grow in Food and other end use applications, Beverage customers 'on premise' demand collapsed for much of the quarter reducing pressure sensitive label sales. CCL Secure volume declined on the shutdown of certain central bank currency printing operations but favourable mix improved profit margins. CCL Design automotive results reflected the global industry shutdown, posting losses that were a significant offsetting factor as CCL Segment profitability improved excluding this part of the business. Avery event badges, kids' labels and core products for traditional distribution channels were all severely impacted by the pandemic lockdowns especially in April and May. However, June results were above prior year levels as back-to-school volumes began to ship and demand improved everywhere except for event badges. 'WePrint' label growth and e-commerce sales were strong throughout the quarter. Checkpoint's results were similarly affected by the closure of non-essential retail outlets globally and apparel manufacturing hubs in Asia. Performance was also severely impacted in April and May but June sales recovered close to prior year levels with improved profitability compared to the same month in 2019. Innovia film volume increased significantly, partly fueled by pantry loading demand but also with solid organic sales growth despite lower resin price pass through. Higher volume, productivity, favourable foreign exchange rates to the U.S. dollar and a better than expected contribution from the recently acquired operation in Poland drove robust profit gains. Foreign currency translation had negligible impact on earnings per Class B share for the second quarter. At today's Canadian dollar exchange rates, currency translation should be neutral to the 2020 third quarter."

Mr. Martin added, "Looking ahead it is impossible to predict the impact of the coronavirus pandemic on the global economy and the Company's full year 2020 financial results with any certainty. The CCL Segment returned to more normalized demand patterns this summer, excluding the automotive sector which, although improved, remains difficult. The pantry loading boom that helped Innovia receded. Both Avery and Checkpoint posted solid results in June as economies and retailing opened up. However, concerns on rising case numbers in the Americas, parts of Asia and Europe remain, with the potential for a second wave of lockdown restrictions. The strength and longevity of this current environment is simply unknown."

Mr. Martin concluded, "During the second quarter the Company completed a bond offering, raising US$600.0 million at 3.05% due June 2030; proceeds were used to pay down the remaining borrowings on its syndicated revolving credit facility. Strong free cash flow(4) improved the robust liquidity position: cash-on-hand of $619.4 million and US$1.2 billion undrawn capacity on the syndicated revolving credit facility; a net leverage ratio[5] of under 1.8 times Adjusted EBITDA[2]. Given second quarter results exceeded expectations, projected 2020 capital spending has been revised to a range of $275 to $290 million, still less than the $350 million originally planned. The Board of Directors declared its regular quarterly dividend of $0.18 per Class B non-voting share and $0.1775 per Class A voting share, payable to shareholders of record at the close of business on September 16, 2020, to be paid on September 30, 2020."

2020 Second Quarter Segment Highlights

CCL

- Sales decreased 6.0% to $781.6 million; 6.1% organic decline and 0.3% negative impact from currency translation, partially offset by 0.4% acquisition contribution
- Regional organic sales performance: North America declined mid-single digit, Europe & Asia Pacific declined low double digit, mid-single digit growth in Latin America
- Operating income(1) $115.0 million, 14.7% operating margin(1), up 60 bps
- Label joint ventures added $0.01 earnings per Class B share

Avery

- Sales decreased 28.0% to $146.3 million; 31.9% organic decline, 1.5% acquisition contribution and 2.4% positive impact from currency translation
- Operating income(1) $18.5 million, 12.6% operating margin(1), down 970 bps

Checkpoint

- Sales decreased 31.5% to $121.5 million; 33.1% organic decline, 0.6% acquisition contribution and 1.0% positive impact from foreign currency translation
- Operating income(1) $6.4 million, 5.3% operating margin(1), down 770 bps

Innovia

- Sales increased 21.4% to $172.5 million; 4.2% organic growth, 15.3% acquisition contribution and 1.9% positive impact from foreign currency translation
- Operating income(1) $23.7 million, 13.7% operating margin(1), up 430 bps

CCL will hold a conference call at 7:30 a.m. EDT on August 7, 2020, to discuss these results. The analyst presentation will be posted on the Company's website.

To access this call, please dial:
1 (844) 347-1036 Toll Free
1 (209) 905-5911 International Dial-In Number
2344399: Optional Conference Passcode

The press release and conference call presentation will be posted on the Company's website on Friday, August 7, 2020 – *www.cclind.com*.

Audio replay service for the conference call will be available Friday, August 7, 2020, at 10:30 a.m. EDT until Sunday, August 23, 2020, at 10:30 a.m. EDT.

To access Conference Replay, please dial:
1 (855) 859-2056 Toll Free
1 (404) 537-3406 International Dial-In Number
Conference Passcode: 2344399

For more information on CCL, visit our website - www.cclind.com or contact:

Sean Washchuk	Senior Vice President and Chief Financial Officer	416-756-8526

Forward-looking Statements

This press release contains forward-looking information and forward-looking statements (hereinafter collectively referred to as “forward-looking statements”), as defined under applicable securities laws, 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 press release contains forward-looking statements regarding the impact of foreign currency exchange rates for the next quarter; the levels of demand for the products of the Company’s segments; the level of capital spending; the strength of the Company’s cash flow; income and profitability of the Company’s segments; and the Company’s expectations regarding general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the adverse impact of the COVID-19 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 change; 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: global economic environment and higher consumer spending; improved customer demand for the Company’s products; market growth in specific sectors and entering into new sectors; the Company’s ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company’s focused strategies and operational approach; the achievement of the Company’s plans for improved efficiency and lower costs, including stable aluminum costs; trends for the CCL Segment’s Healthcare & Specialty and CCL Design electronics businesses will remain resilient and augmented; 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 COVID-19 pandemic on certain of Avery Segment’s direct-to-consumer businesses; the Company’s inability to predict the impact of COVID-19 on the Avery Segment’s traditional North American back-to-school consumer surge for 2020; consumable sales in grocery and drug store channels will remain solid for the Checkpoint Segment; governments will phase-in the re-opening of retail stores and manufacturing facilities and positively impact the results for the Checkpoint Segment; the Checkpoint Segment will successfully align its cost structure to best match the downturn in volume while positioning operations for improved profitability; demand for consumer packaging and product labels will positively impact results for the Innovia Segment; 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; fluctuations in resin prices; the Company’s continued relations with its customers; the Company’s estimated annual cost reductions; and economic conditions. Should one or more risks materialize or should any assumptions 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 in the 2019 Annual Report, Management’s Discussion and Analysis, particularly under Section 4: “Risks and Uncertainties” as well as the 2020 Second Quarter Report, Management’s Discussion and Analysis under Section 12 “Risks and Strategies.” CCL Industries Inc.’s annual and quarterly reports can be found online at www.cclind.com and www.sedar.com or are available upon request.

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 press release 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.

The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (IFRS) for financial statements and is expressed in Canadian dollars unless otherwise stated.

Financial Information

CCL Industries Inc.

Consolidated condensed interim statements of financial position
Unaudited

In millions of Canadian dollars

		As at June 30, 2020		As at December 31, 2019
Assets				
Current assets				
Cash and cash equivalents	$	619.4	$	703.6
Trade and other receivables		936.4		849.2
Inventories		572.5		481.6
Prepaid expenses		35.0		36.6
Income taxes recoverable		28.4		34.0
Total current assets		2,191.7		2,105.0
Non-current assets				
Property, plant and equipment		1,899.8		1,818.2
Right-of-use assets		166.7		146.5
Goodwill		1,893.3		1,794.4
Intangible assets		1,036.9		1,028.7
Deferred tax assets		30.7		30.8
Equity-accounted investments		62.3		62.0
Other assets		31.3		34.5
Derivative instruments		25.4		17.9
Total non-current assets		5,146.4		4,933.0
Total assets	**$**	**7,338.1**	**$**	**7,038.0**
Liabilities				
Current liabilities				
Trade and other payables	$	1,072.0	$	1,035.6
Current portion of long-term debt		50.9		38.8
Lease liabilities		34.3		35.3
Income taxes payable		40.6		38.1
Derivative instruments		0.1		0.2
Total current liabilities		1,197.9		1,148.0
Non-current liabilities				
Long-term debt		2,272.0		2,234.8
Lease liabilities		129.2		110.9
Deferred tax liabilities		263.3		245.4
Employee benefits		392.7		364.9
Provisions and other long-term liabilities		10.8		11.4
Derivative instruments		9.0		24.9
Total non-current liabilities		3,077.0		2,992.3
Total liabilities		4,274.9		4,140.3
Equity				
Share capital		369.5		365.5
Contributed surplus		88.3		81.5
Retained earnings		2,693.1		2,540.0
Accumulated other comprehensive loss		(87.7)		(89.3)
Total equity attributable to shareholders of the Company		3,063.2		2,897.7
Total liabilities and equity	**$**	**7,338.1**	**$**	**7,038.0**

CCL Industries Inc.

Consolidated condensed interim income statements
Unaudited

In millions of Canadian dollars, except per share information	Three Months Ended June 30		Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
Sales	$ 1,221.9	$ 1,354.2	$ 2,518.3	$ 2,686.3
Cost of sales	894.4	969.0	1,820.2	1,915.0
Gross profit	327.5	385.2	698.1	771.3
Selling, general and administrative expenses	171.3	201.2	352.2	396.8
Restructuring and other items	3.8	2.1	5.6	3.5
Earnings in equity-accounted investments	(1.7)	(1.2)	(3.0)	(2.3)
	154.1	**183.1**	**343.3**	**373.3**
Finance cost	14.9	19.7	31.0	41.1
Finance income	(0.6)	(0.7)	(1.3)	(1.8)
Interest on lease liabilities	1.6	1.6	3.3	3.3
Net finance cost	15.9	20.6	33.0	42.6
Earnings before income tax	**138.2**	**162.5**	**310.3**	**330.7**
Income tax expense	34.3	41.2	79.8	85.8
Net earnings for the period	**$ 103.9**	**$ 121.3**	**$ 230.5**	**$ 244.9**
Basic earnings per Class B share	**$ 0.58**	**$ 0.68**	**$ 1.29**	**$ 1.38**
Diluted earnings per Class B share	**$ 0.58**	**$ 0.68**	**$ 1.28**	**$ 1.37**

CCL Industries Inc.

Consolidated condensed interim statements of cash flows
Unaudited

In millions of Canadian dollars	Three Months Ended June 30 2020	Three Months Ended June 30 2019	Six Months Ended June 30 2020	Six Months Ended June 30 2019
Cash provided by (used for)				
Operating activities				
Net earnings	$ 103.9	$ 121.3	$ 230.5	$ 244.9
Adjustments for:				
Property, plant and equipment depreciation	62.2	59.3	123.0	116.6
Right-of-use assets depreciation	10.3	9.9	20.5	19.1
Intangibles amortization	14.3	14.1	28.8	28.4
Earnings in equity-accounted investments, net of dividends received	(1.7)	1.5	0.5	0.4
Net finance costs	15.9	20.6	33.0	42.6
Current income tax expense	23.1	33.8	67.0	65.2
Deferred tax expense	11.2	7.4	12.8	20.6
Equity-settled share-based payment transactions	4.0	7.4	7.5	13.5
Gain on sale of property, plant and equipment	(2.4)	(0.4)	(2.5)	(1.0)
	240.8	274.9	521.1	550.3
Change in inventories	(22.8)	(0.1)	(82.7)	(12.3)
Change in trade and other receivables	69.3	14.3	(66.8)	(29.0)
Change in prepaid expenses	1.9	(5.2)	2.3	(3.7)
Change in trade and other payables	(14.0)	22.1	8.8	(158.1)
Change in income taxes receivable and payable	3.4	(8.9)	4.9	(5.1)
Change in employee benefits	4.8	(1.5)	10.8	(7.1)
Change in other assets and liabilities	(31.3)	(13.1)	(34.9)	(6.0)
	252.1	282.5	363.5	329.0
Net interest paid	(22.7)	(24.2)	(32.0)	(38.2)
Income taxes paid	(36.0)	(40.7)	(57.8)	(68.2)
Cash provided by operating activities	**193.4**	**217.6**	**273.7**	**222.6**
Financing activities				
Proceeds on issuance of long-term debt	818.7	9.4	860.4	113.4
Repayment of long-term debt	(842.6)	(72.1)	(903.5)	(116.0)
Payment of lease liabilities	(11.6)	(9.3)	(23.7)	(17.9)
Proceeds from issuance of shares	3.1	6.3	3.3	11.1
Dividends paid	(32.1)	(30.3)	(64.3)	(60.5)
Cash used for financing activities	**(64.5)**	**(96.0)**	**(127.8)**	**(69.9)**
Investing activities				
Additions to property, plant and equipment	(61.4)	(113.7)	(157.1)	(211.0)
Proceeds on disposal of property, plant and equipment	13.7	2.4	14.1	4.5
Business acquisitions and other long-term investments	(0.1)	(16.3)	(100.3)	(33.1)
Cash used for investing activities	**(47.8)**	**(127.6)**	**(243.3)**	**(239.6)**
Net increase (decrease) in cash and cash equivalents	81.1	(6.0)	(97.4)	(86.9)
Cash and cash equivalents at beginning of period	545.5	495.8	703.6	589.1
Translation adjustment on cash and cash equivalents	(7.2)	(8.3)	13.2	(20.7)
Cash and cash equivalents at end of period	**$ 619.4**	**$ 481.5**	**$ 619.4**	**$ 481.5**

CCL Industries Inc.

Segment Information
Unaudited

In millions of Canadian dollars

	Three Months Ended June 30				Six Months Ended June 30			
	Sales		Operating Income		Sales		Operating Income	
	2020	2019	2020	2019	2020	2019	2020	2019
CCL	$ 781.6	$ 831.5	$ 115.0	$ 117.0	$ 1,620.4	$ 1,682.6	$ 255.6	$ 259.1
Avery	146.3	203.3	18.5	45.3	305.0	360.9	50.6	73.2
Checkpoint	121.5	177.3	6.4	23.1	276.5	350.8	18.5	43.4
Innovia	172.5	142.1	23.7	13.3	316.4	292.0	39.2	27.9
Total operations	$ 1,221.9	$ 1,354.2	$ 163.6	$ 198.7	$ 2,518.3	$ 2,686.3	$ 363.9	$ 403.6
Corporate expense			(7.4)	(14.7)			(18.0)	(29.1)
Restructuring and other items			(3.8)	(2.1)			(5.6)	(3.5)
Earnings in equity-accounted investments			1.7	1.2			3.0	2.3
Finance cost			(14.9)	(19.7)			(31.0)	(41.1)
Finance income			0.6	0.7			1.3	1.8
Interest on lease liabilities			(1.6)	(1.6)			(3.3)	(3.3)
Income tax expense			(34.3)	(41.2)			(79.8)	(85.8)
Net earnings			$ 103.9	$ 121.3			$ 230.5	$ 244.9

	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	June 30	December 31	June 30	December 31	Six Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019	2020	2019	2020	2019
CCL	$ 3,789.3	$ 3,634.3	$ 1,035.6	$ 964.1	$ 115.6	$ 110.7	$ 116.9	$ 174.1
Avery	759.5	638.2	239.0	236.7	13.0	11.9	10.9	6.2
Checkpoint	990.0	934.1	485.0	486.8	19.1	18.8	14.8	12.9
Innovia	1,165.2	1,090.8	303.3	261.7	23.9	21.9	14.5	17.7
Equity-accounted investments	62.3	62.0	-	-	-	-	-	-
Corporate	571.8	678.6	2,212.0	2,191.0	0.7	0.8	-	0.1
Total	$ 7,338.1	$ 7,038.0	$ 4,274.9	$ 4,140.3	$ 172.3	$ 164.1	$ 157.1	$ 211.0

Non-IFRS Measures

The Company measures the success of its business using a number of key performance measures, certain of which are not in accordance with IFRS. These non-IFRS measures do not have standardized meanings and may not be comparable to similar-named measures presented by other issuers. The non-IFRS measures should not be considered as an alternative to or replacement of net earnings or other measures of performance under IFRS.

(1) Operating income and operating income margin are non-IFRS financial measures used to assist in understanding the profitability of the Company's business units. Operating income is defined as earnings before corporate expenses, net finance cost, goodwill impairment loss, earnings in equity-accounted investments, restructuring and other items, and taxes. Operating income margin, also known as return on sales, is defined as operating income over sales.

(2) Adjusted EBITDA is a non-IFRS financial measure used extensively in the packaging industry and other industries to assist in understanding and measuring operating results. Adjusted EBITDA is also considered as a proxy for cash flow and a facilitator for business valuations. This non-IFRS financial 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 this is an important measure as it allows management to assess 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 management to compare the business to those of the Company's peers and competitors who may have different capital or organizational structures. Adjusted EBITDA is 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 included in the senior notes and bank lines of credit.

Unaudited
(In millions of Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2020	**2019**	**2020**	**2019**
Net earnings	$ 103.9	$ 121.3	$ 230.5	$ 244.9
Corporate expense	7.4	14.7	18.0	29.1
Earnings in equity-accounted investments	(1.7)	(1.2)	(3.0)	(2.3)
Finance cost, net	15.9	20.6	33.0	42.6
Restructuring and other items	3.8	2.1	5.6	3.5
Income taxes	34.3	41.2	79.8	85.8
Operating income(1)	$ 163.6	$ 198.7	$ 363.9	$ 403.6
Less: Corporate expense	(7.4)	(14.7)	(18.0)	(29.1)
Add: Depreciation and amortization	86.8	83.3	172.3	164.1
Adjusted EBITDA	**$ 243.0**	**$ 267.3**	**$ 518.2**	**$ 538.6**

(3) Adjusted basic earnings per Class B share is 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 financial 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.

Reconciliation of Basic Earnings per Class B Share to Adjusted Basic Earnings per Class B Share

Unaudited

	Three months ended June 30				Six months ended June 30			
		2020		2019		2020		2019
Basic earnings per Class B Share	$	0.58	$	0.68	$	1.29	$	1.38
Net loss from restructuring and other items		0.01		0.01		0.02		0.02
Adjusted Basic Earnings per Class B Share	$	0.59	$	0.69	$	1.31	$	1.40

(4) Free Cash Flow from Operations – A measure indicating the relative amount of cash generated by the Company during a 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 measure of free cash flow from operations to IFRS measures reported in the consolidated condensed interim statements of cash flows for the period ended as indicated.

Free Cash Flow from Operations (In millions of Canadian dollars)		**Six months ended June 30, 2020**
Cash provided by operating activities	$	273.7
Less: Additions to property, plant and equipment		(157.1)
Add: Proceeds on disposal of property, plant and equipment		14.1
Free Cash Flow from Operations	$	130.7

(5) Leverage ratio is a measure that indicates the Company's ability to service its existing debt. Leverage ratio is calculated as net debt divided by Adjusted EBITDA.

		June 30, 2020
Unaudited (In millions of Canadian dollars)		
Current portion of long-term debt	$	50.9
Current lease liabilities		34.3
Long-term debt		2,272.0
Long-term lease liabilities		129.2
Total debt	$	2,486.4
Cash and cash equivalents		619.4
Net debt	$	1,867.0
Adjusted EBITDA for 12 months ending June 30, 2020 (see below)		1,046.8
Leverage Ratio		**1.78**
Adjusted EBITDA for 12 months ended December 31, 2019	$	1,067.2
less: Adjusted EBITDA for six months ended June 30, 2019		(538.6)
add: Adjusted EBITDA for six months ended June 30, 2020		518.2
Adjusted EBITDA for 12 months ended June 30, 2020	$	**1,046.8**

Supplemental Financial Information

Sales Change Analysis
Revenue Growth Rates (%)

	Three Months Ended June 30, 2020				Six Months Ended June 30, 2020			
	Organic Growth	**Acquisition Growth**	**FX Translation**	**Total**	**Organic Growth**	**Acquisition Growth**	**FX Translation**	**Total**
CCL	(6.1%)	0.4%	(0.3%)	(6.0%)	(3.4%)	0.5%	(0.8%)	(3.7%)
Avery	(31.9%)	1.5%	2.4%	(28.0%)	(19.4%)	2.6%	1.3%	(15.5%)
Checkpoint	(33.1%)	0.6%	1.0%	(31.5%)	(21.8%)	0.6%	-	(21.2%)
Innovia	4.2%	15.3%	1.9%	21.4%	(1.1%)	8.6%	0.9%	8.4%
Total	(12.4%)	2.2%	0.4%	(9.8%)	(7.7%)	1.7%	(0.3%)	(6.3%)

Business Description

CCL Industries Inc. employs approximately 21,700 people operating 183 production facilities in 42 countries with corporate offices in Toronto, Canada, and Framingham, Massachusetts. CCL is the world's largest 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 the world's largest supplier of labels, specialty converted media and software solutions for short-run digital printing applications for businesses and consumers available alongside complementary products sold through distributors, mass market stores and e-commerce retailers. Checkpoint is a leading developer of RF and RFID based technology systems for loss prevention and inventory management applications, including labeling and tagging solutions, for the retail and apparel industries worldwide. Innovia is a leading global producer of specialty, high performance, multi-layer, surface engineered films for label, packaging and security applications. The Company is partly backward integrated into materials science with capabilities in polymer extrusion, adhesive development, coating & lamination, surface engineering and metallurgy; deployed as needed across the four business segments.