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

CCL INDUSTRIES INC.

Interim periods ended September 30, 2020 and 2019
Unaudited

CCL Industries Inc.

Consolidated condensed interim statements of financial position

Unaudited

In millions of Canadian dollars

	As at September 30 2020	As at December 31 2019
Assets		
Current assets		
Cash and cash equivalents	$ 760.2	$ 703.6
Trade and other receivables	971.3	849.2
Inventories	552.8	481.6
Prepaid expenses	38.2	36.6
Income taxes recoverable	18.4	34.0
Derivative instruments	0.2	-
Total current assets	2,341.1	2,105.0
Non-current assets		
Property, plant and equipment	1,884.2	1,818.2
Right-of-use assets	163.3	146.5
Goodwill	1,907.7	1,794.4
Intangible assets	1,025.1	1,028.7
Deferred tax assets	32.6	30.8
Equity-accounted investments	63.3	62.0
Other assets	29.0	34.5
Derivative instruments	17.9	17.9
Total non-current assets	5,123.1	4,933.0
Total assets	**$ 7,464.2**	**$ 7,038.0**
Liabilities		
Current liabilities		
Trade and other payables	$ 1,094.2	$ 1,035.6
Current portion of long-term debt (note 8)	63.9	38.8
Lease liabilities	35.5	35.3
Income taxes payable	44.0	38.1
Derivative instruments	-	0.2
Total current liabilities	1,237.6	1,148.0
Non-current liabilities		
Long-term debt (note 8)	2,186.9	2,234.8
Lease liabilities	124.8	110.9
Deferred tax liabilities	268.2	245.4
Employee benefits	401.3	364.9
Provisions and other long-term liabilities	11.6	11.4
Derivative instruments	58.7	24.9
Total non-current liabilities	3,051.5	2,992.3
Total liabilities	4,289.1	4,140.3
Equity		
Share capital	370.0	365.5
Contributed surplus	91.7	81.5
Retained earnings	2,811.3	2,540.0
Accumulated other comprehensive loss (note 5)	(97.9)	(89.3)
Total equity attributable to shareholders of the Company	3,175.1	2,897.7
Acquisitions (note 3)		
Contingencies (note 9)		
Subsequent events (note 10)		
Total liabilities and equity	**$ 7,464.2**	**$ 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 September 30		Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Sales	$ 1,373.4	$ 1,357.1	$ 3,891.7	$ 4,043.4
Cost of sales	954.4	967.4	2,774.6	2,882.4
Gross profit	419.0	389.7	1,117.1	1,161.0
Selling, general and administrative expenses	185.0	198.0	537.2	594.8
Restructuring and other items (note 6)	16.2	1.7	21.8	5.2
Earnings in equity-accounted investments	(2.5)	(1.1)	(5.5)	(3.4)
	220.3	**191.1**	**563.6**	**564.4**
Finance cost	15.4	18.8	46.4	59.9
Finance income	(0.6)	(0.9)	(1.9)	(2.7)
Interest on lease liabilities	1.6	1.6	4.9	4.9
Net finance cost	16.4	19.5	49.4	62.1
Earnings before income tax	**203.9**	**171.6**	**514.2**	**502.3**
Income tax expense	50.6	43.9	130.4	129.7
Net earnings for the period	**$ 153.3**	**$ 127.7**	**$ 383.8**	**$ 372.6**
Basic earnings per Class B share	**$ 0.86**	**$ 0.71**	**$ 2.15**	**$ 2.09**
Diluted earnings per Class B share	**$ 0.86**	**$ 0.71**	**$ 2.14**	**$ 2.08**

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 September 30		Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Net earnings	**$ 153.3**	**$ 127.7**	**$ 383.8**	**$ 372.6**
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 $1.1 and $6.3 for the three-month and nine-month periods ended September 30, 2020 (2019 - tax recovery of $1.0 and $7.7)	7.1	(58.2)	54.0	(269.7)
Net gains (losses) on hedges of net investment in foreign operations, net of tax recovery of $2.6 and $9.3 for the three-month and nine-month periods ended September 30, 2020 (2019 - tax expense of $2.6 and $14.2)	(17.6)	17.7	(62.9)	95.8
Effective portion of changes in fair value of cash flow hedges, net of tax expense of $0.1 and nil for the three-month and nine-month periods ended September 30, 2020 (2019 - tax recovery of $0.1 and nil)	0.3	(0.2)	(0.1)	(0.1)
Net change in the fair value of cash flow hedges transferred to the income statement, net of tax of nil and tax recovery of $0.1 for the three-month and nine-month periods ended September 30, 2020 (2019 - tax recovery of nil and $0.1)	-	0.1	0.4	0.3
Actuarial loss on defined benefit post-employment plans, net of tax recovery of $0.1 and $4.4 for the three-month and nine-month periods ended September 30, 2020 (2019 - tax recovery of $4.1 and $4.1)	(3.0)	(13.8)	(16.1)	(13.8)
Other comprehensive loss, net of tax	**$ (13.2)**	**$ (54.4)**	**$ (24.7)**	**$ (187.5)**
Total comprehensive income	**$ 140.1**	**$ 73.3**	**$ 359.1**	**$ 185.1**

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	-	-	-	-	-	372.6	-	372.6
Dividends declared								
Class A	-	-	-	-	-	(6.0)	-	(6.0)
Class B	-	-	-	-	-	(84.8)	-	(84.8)
Defined benefit plan actuarial losses, net of tax	-	-	-	-	-	(13.8)	-	(13.8)
Stock-based compensation plan	-	3.1	-	3.1	15.6	-	-	18.7
Shares redeemed from trust	-	-	30.0	30.0	(30.0)	-	-	-
Stock options expense	-	-	-	-	7.6	-	-	7.6
Stock options exercised	-	15.6	-	15.6	(2.6)	-	-	13.0
Income tax effect related to stock options	-	-	-	-	0.7	-	-	0.7
Other comprehensive loss	-	-	-	-	-	-	(173.7)	(173.7)
Balances, September 30, 2019	$ 4.5	$ 350.5	$ -	$ 355.0	$ 84.0	$ 2,506.9	$ (138.5)	$ 2,807.4

	Class A shares	Class B shares	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive 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	-	-	-	-	383.8	-	383.8
Dividends declared							
Class A	-	-	-	-	(6.3)	-	(6.3)
Class B	-	-	-	-	(90.1)	-	(90.1)
Defined benefit plan actuarial loss, net of tax	-	-	-	-	(16.1)		(16.1)
Stock-based compensation plan	-	-	-	6.5	-	-	6.5
Stock options expense	-	-	-	4.4	-	-	4.4
Stock options exercised	-	4.5	4.5	(0.8)	-	-	3.7
Income tax effect related to stock options	-	-	-	0.1	-	-	0.1
Other comprehensive loss	-	-	-	-	-	(8.6)	(8.6)
Balances, September 30, 2020	$ 4.5	$ 365.5	$ 370.0	$ 91.7	$ 2,811.3	$ (97.9)	$ 3,175.1

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

CCL Industries Inc.

Consolidated condensed interim statements of cash flows

Unaudited

In millions of Canadian dollars

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Cash provided by (used for)				
Operating activities				
Net earnings	$ 153.3	$ 127.7	$ 383.8	$ 372.6
Adjustments for:				
Property, plant and equipment depreciation	62.2	58.3	185.2	174.9
Right-of-use assets depreciation	10.6	9.8	31.1	28.9
Intangibles amortization	14.3	14.0	43.1	42.4
Earnings in equity-accounted investments, net of dividends received	(2.5)	(0.5)	(2.0)	(0.1)
Net finance costs	16.4	19.5	49.4	62.1
Current income tax expense	45.6	42.0	112.6	107.2
Deferred tax expense	5.0	1.9	17.8	22.5
Equity-settled share-based payment transactions	3.5	13.5	11.0	27.0
Gain on sale of property, plant and equipment	-	(1.4)	(2.5)	(2.4)
	308.4	284.8	829.5	835.1
Change in inventories	19.8	9.5	(62.9)	(2.8)
Change in trade and other receivables	(33.6)	11.6	(100.4)	(17.4)
Change in prepaid expenses	(3.2)	(1.3)	(0.9)	(5.0)
Change in trade and other payables	5.6	(10.3)	14.4	(168.4)
Change in income taxes receivable and payable	1.7	(1.2)	6.6	(6.3)
Change in employee benefits	5.4	9.2	16.2	2.1
Change in other assets and liabilities	7.2	(10.4)	(27.7)	(16.4)
	311.3	291.9	674.8	620.9
Net interest paid	(3.1)	(11.4)	(35.1)	(49.6)
Income taxes paid	(30.5)	(22.3)	(88.3)	(90.5)
Cash provided by operating activities	**277.7**	**258.2**	**551.4**	**480.8**
Financing activities				
Proceeds on issuance of long-term debt	14.9	8.3	875.3	121.7
Repayment of long-term debt	(52.4)	(23.6)	(955.9)	(139.6)
Repayment of lease liabilities	(10.3)	(9.4)	(34.0)	(27.3)
Proceeds from issuance of shares	0.4	1.9	3.7	13.0
Dividends paid	(32.1)	(30.3)	(96.4)	(90.8)
Cash used for financing activities	**(79.5)**	**(53.1)**	**(207.3)**	**(123.0)**
Investing activities				
Additions to property, plant and equipment	(47.5)	(74.8)	(204.6)	(285.8)
Proceeds on disposal of property, plant and equipment	0.2	1.9	14.3	6.4
Business acquisitions and other long-term investments (note 3)	(10.9)	(0.1)	(111.2)	(33.2)
Cash used for investing activities	**(58.2)**	**(73.0)**	**(301.5)**	**(312.6)**
Net increase in cash and cash equivalents	140.0	132.1	42.6	45.2
Cash and cash equivalents at beginning of period	619.4	481.5	703.6	589.1
Translation adjustments on cash and cash equivalents	0.8	(12.3)	14.0	(33.0)
Cash and cash equivalents at end of period	**$ 760.2**	**$ 601.3**	**$ 760.2**	**$ 601.3**

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 September 30, 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.

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. While government and public health imposed restrictions were relaxed in a number of jurisdictions during the second and third quarters of this year, renewed restrictions are currently being imposed or contemplated in multiple jurisdictions. As of the date hereof, all of the Company's manufacturing plants continue in operation but there can be no assurance that this will continue to be the case throughout the CV19 pandemic. There has been and continues to be 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.

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 November 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.

(d) Government grants

Government grants are recognized when there is reasonable assurance that they will be received and that the Company will comply with conditions attached to the grant. Government grants for compensation of expenses are deducted from the related expense on a systematic basis in the periods in which the original expenses are recognized in profit or loss. Government grants related to assets are initially recognized as deferred income at fair value and then recognized in profit or loss as other income on a systematic basis over the useful life of the related asset.

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 ("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. ID&C 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 $20.1 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 $23.5 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 July 2020, the Company acquired InTouch Labels and Packaging, Co., Inc. ("InTouch") near Boston Massachusetts for approximately $10.9 million, net of cash and debt. InTouch is a specialized short-run digital label converter and was added to Avery's direct-to-consumer operations.

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, ID&C, Eti-Textil, CSI, Rheinfelden, Flexpol and InTouch acquisitions:

Cash consideration, net of cash acquired	$	111.2
Assumed debt		20.1
	$	131.3
Trade and other receivables	$	21.6
Inventories		8.4
Other current assets		0.7
Income tax recoverable		2.5
Property, plant and equipment		50.5
Right-of-use assets		3.5
Goodwill		68.0
Intangible assets		12.0
Trade and other payables		(22.7)
Lease liabilities		(3.5)
Deferred tax liabilities		(6.4)
Provisions and other long-term liabilities		(3.3)
Net assets acquired	$	131.3

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, ID&C, Eti-Textil, CSI, Rheinfelden, Flexpol and InTouch is $80.0 million, which is not deductible for tax purposes.

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

		Nine Months Ended September 30
Sales	$	66.4
Net earnings	$	4.6

(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 sales and net 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, ID&C, Eti-Textil, CSI, Rheinfelden, Flexpol and InTouch as though the acquisitions took place on January 1, 2020:

		Nine Months Ended September 30
Sales	$	3,917.7
Net earnings	$	388.0

(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:

- 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 September 30				Nine Months Ended September 30			
	Sales		Operating income		Sales		Operating income	
	2020	2019	2020	2019	2020	2019	2020	2019
CCL	$ 877.0	$ 831.2	$ 160.8	$ 127.2	$ 2,497.4	$ 2,513.8	$ 416.4	$ 386.2
Avery	178.4	207.6	35.7	48.4	483.4	568.5	86.3	121.6
Checkpoint	169.7	180.5	29.6	28.0	446.2	531.3	48.1	71.4
Innovia	148.3	137.8	20.2	6.2	464.7	429.8	59.4	34.1
Total operations	$ 1,373.4	$ 1,357.1	$ 246.3	$ 209.8	$ 3,891.7	$ 4,043.4	$ 610.2	$ 613.3
Corporate expense			(12.3)	(18.1)			(30.3)	(47.1)
Restructuring and other items			(16.2)	(1.7)			(21.8)	(5.2)
Earnings in equity-accounted investments			2.5	1.1			5.5	3.4
Finance cost			(15.4)	(18.8)			(46.4)	(59.9)
Finance income			0.6	0.9			1.9	2.7
Interest on lease liabilities			(1.6)	(1.6)			(4.9)	(4.9)
Income tax expense			(50.6)	(43.9)			(130.4)	(129.7)
Net earnings			$ 153.3	$ 127.7			$ 383.8	$ 372.6

	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	September 30	December 31	September 30	December 31	Nine Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019	2020	2019	2020	2019
CCL	$ 3,803.7	$ 3,634.3	$ 1,038.3	$ 964.1	$ 173.4	$ 165.8	$ 150.0	$ 230.8
Avery	729.0	638.2	237.9	236.7	19.7	17.8	14.9	10.5
Checkpoint	995.1	934.1	497.3	486.8	28.6	28.0	17.5	20.8
Innovia	1,155.6	1,090.8	302.4	261.7	36.5	33.4	22.2	23.4
Equity-accounted investments	63.3	62.0	-	-	-	-	-	-
Corporate	717.5	678.6	2,213.2	2,191.0	1.2	1.2	-	0.3
Total	$ 7,464.2	$ 7,038.0	$ 4,289.1	$ 4,140.3	$ 259.4	$ 246.2	$ 204.6	$ 285.8

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. As a result of the impact of COVID-19 on the economy and the Company's businesses, historical seasonality trends could be adversely affected.

All revenues are from products and services transferred at a point in time, except $17.9 million and $49.6 million for the three-month and nine-month periods ended September 30, 2020, respectively (September 30, 2019 - $19.3 million and $56.5 million), which are for installation and maintenance service arrangements within the Checkpoint Segment.

5. Accumulated other comprehensive loss

	September 30 2020	December 31 2019
Unrealized foreign currency translation losses, net of tax recovery of $5.3 (2019 – tax recovery of $2.3)	$ (98.2)	$ (89.3)
Gain on derivatives designated as cash flow hedges, net of tax expense of $0.1 (2019 – tax of nil)	0.3	-
	$ (97.9)	$ (89.3)

In millions of Canadian dollars, unless otherwise noted

6. Restructuring and other items

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
Restructuring costs	$ 6.8	$ 1.6	$ 12.0	$ 4.7
Acquisition costs	-	0.1	0.9	0.5
Other items	9.4	-	8.9	-
Total restructuring and other items	$ 16.2	$ 1.7	$ 21.8	$ 5.2

The Company recorded an expense of $16.2 million ($11.9 million after tax) for restructuring and other items in the third quarter of 2020 compared to $1.7 million ($1.6 million after tax) for the third quarter of 2019. During the third quarter of 2020, the High Court of Australia issued a final judgement in a pre-acquisition lawsuit against CCL Secure's polymer banknote substrate business for wrongful termination in 2008 of an agency agreement in the amount of approximately AUD 46.1 million ($44.0 million) including interest and legal costs. This final judgement was $9.4 million in excess of the amount accrued on the Innovia acquisition and was recorded in restructuring and other items. The balance of restructuring expenses recorded for the third quarter of 2020 were principally severance costs associated with the Checkpoint and Avery Segments. Restructuring and other items for the 2019 third quarter were mainly comprised of severance costs associated with the CCL Segment and other acquisition transaction costs.

For the nine-month period ending September 30, 2020, the Company recorded $21.8 million ($16.3 million after tax) in restructuring and other items primarily related to the aforementioned judgement and severance costs at various businesses in the Company matching operational expenses to reduced economic activity resulting from the global CV19 pandemic.

For the nine-month period ending September 30, 2019, the Company recorded $5.2 million ($4.6 million after tax) in restructuring and other items primarily related to the Innovia acquisition and other transaction costs.

In the normal course of operations, the Company and its subsidiaries may be subject to lawsuits, investigations and other claims, including environmental, labour, product, customer disputes and other matters. Management believes that adequate provisions for legal claims have been recorded in the accounts where required. Although it is not always possible to accurately estimate the result or magnitude of legal claims due to the various uncertainties involved in the legal process, management believes that the ultimate resolution of all such pending matters, individually and in the aggregate, will not have a material adverse impact on the Company, its business, financial position or liquidity.

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
September 30, 2020				
Other assets	$ 20.0	$ -	$ -	$ 20.0
Derivative financial assets	-	18.1	-	18.1
Long-term debt	-	(2,386.3)	-	(2,386.3)
Derivative financial liabilities	-	(58.7)	-	(58.7)
	$ 20.0	$ (2,426.9)	$ -	$ (2,406.9)
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:

	September 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 2,250.8	$ 2,386.3	$ 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 judgement.

8. Long-term debt

During the second quarter of 2020, the Company closed a rule 144A 3.05% private note offering due June 2030 in the principal amount of US$600.0 million. The proceeds of the offering were almost entirely used to repay borrowings on the Company's unsecured syndicated revolving credit facility.

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 nine months of 2020, the Company drew down $32.3 million on its syndicated revolving credit facility and $22.8 million on its Australian bilateral credit facility. Debt payments of $955.9 million were primarily used to repay syndicated revolving and term debt in the nine-month period of 2020.

The Company's debt structure at September 30, 2020, was primarily comprised of 144A 3.05% private notes due June 2030 in the principal amount of US$600.0 million (C$790.3 million), 144A 3.25% private notes due October 2026 in the principal amount of US$500.0 million (C$660.3 million), $300.0 million principal amount 3.864% Series 1 Notes due April 2028, and the term loan facility of US$314.0 million (C$418.1 million). Bilateral uncommitted credit facilities resident in Mexico and Australia were $16.6 million and $62.0 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 3.864% Series 1 Notes due April 2028, 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. Contingencies

In the normal course of operations, the Company and its subsidiaries may be subject to lawsuits, investigations and other claims, including environmental, labour, product, customer disputes and other matters.

During 2018, the Federal Court of Australia awarded a judgment and costs against a subsidiary of the Company, CCL Secure Pty Ltd. (formerly Innovia Security Pty Ltd.) ("ISPL"), totaling AUD 70.0 million ($63.8 million), finding a wrongful termination of an agency agreement with Benoy Berry in 2008 and a company controlled by him, Global Secure Currency Ltd. (collectively "Berry"), an arm's length third party in Nigeria. ISPL appealed the judgment and the Federal Court of Australia reduced the total damages awarded to Berry to AUD 4.8 million ($4.4 million), including interest and estimated legal costs, and awarded ISPL a portion of its appeal costs. At a special hearing Berry was subsequently granted leave to appeal the reduced award to the highest court in Australia. In the third quarter of 2020 the High Court of Australia issued a final judgement for Berry in the sum of approximately AUD 46.1 million ($44.0 million), including interest and legal costs. The final judgement was $9.4 million in excess of the previously recorded provision, which had been accrued as part of the 2017 Innovia acquisition for this matter, and is reported in Restructuring and Other Costs.

Management believes that adequate provisions for legal claims have been recorded in the accounts where required. Although it is not always possible to accurately estimate the result or magnitude of legal claims due to the various uncertainties involved in the legal process, management believes that the ultimate resolution of all such pending matters, individually and in the aggregate, will not have a material adverse impact on the Company, its business, financial position or liquidity.

10. 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 December 15, 2020, to be paid on December 29, 2020.

In October, 2020, the Company closed the acquisition of Graphic West International ApS ("GWI") headquartered in Horsholm, Denmark, with manufacturing operations in Nowogard, Poland, and Tyler, Texas, in the United States. The enterprise value of the transaction, net of cash and debt, was approximately $36.0 million. GWI is a specialized digital printer of short-run folding cartons for the pharmaceutical and medical device industries and will be added to CCL's Healthcare & Specialty operations.

In November 2020, the Company signed a binding agreement to acquire Super Enterprises Printing (Malaysia) Sdn. Bnd. ("SEP"), based in Kuala Lumpur with a second manufacturing operation in Guangzhou, China for approximately $20.0 million. SEP is a leading supplier of decorative panels, liquid crystal and touch screen display covers and in-mould decorated components for the consumer electronics and automotive sectors across Asia. Closing is planned before the end of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Third Quarters Ended September 30, 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 third quarters ended September 30, 2020 and 2019. The information in this interim MD&A is current to November 13, 2020, and should be read in conjunction with the Company's November 13, 2020, unaudited third quarter consolidated condensed interim financial statements ("interim financial statements") released on November 13, 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.

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com or on the Company's website www.cclind.com.

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 to fund the Company's future financial obligations for the next few years; 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 planned closing of the Super Enterprises Printing (Malaysia) Sdn. Bnd. acquisition before the end of the year; 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, including in respect of the fourth quarter of 2020 and beyond; the Company's free cash flow for 2020 estimated to exceed $500 million; the ability of management to align cost structures with changing demand levels and improve profitability; and the continued 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 continuing 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; 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; the expectation that management will be able successfully maintain cost savings, productivity and efficiency initiatives that will benefit the Avery, Checkpoint and Innovia Segments; the ability of the Company to participate in certain government assistance programs; the Company's expectation that the Avery Segment's direct-to-consumer event and name badging operations will remain materially impacted in the fourth quarter; the Company's expectation of the magnitude of the CV19 second wave of infections on its businesses; the Company's expectation that the growth trend in traditional labels and RFID in the Checkpoint Segment continues; the Company expectation that early fourth quarter trends will persist throughout the fourth quarter for the CCL Segment; the Company's expectation that there will be further restructuring initiative within the Avery Segment; the Company will successfully align its cost structure to best match the downturn in volume while positioning operations for improved profitability; and the Company's expectation that the Innovia Segment will successfully fill the capacity of its film manufacturing line. 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 third quarter 2020 was a strong rebound quarter for the Company, led by the CCL Segment posting an organic growth rate of 4.2% coupled with strong operational execution at the Checkpoint and Innovia Segments boosting margins, culminating with record quarterly adjusted basic earnings of $0.93 per Class B Share (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) on basic earnings of $0.86 per Class B Share. Avery also performed well, given many of its product lines are still negatively impacted by the CV19 pandemic, posting a 20% return on sales for the third quarter of 2020. Restructuring initiatives aided Avery and Checkpoint for the third quarter of 2020. Temporary company-wide savings from furloughed and short time working employees and other government assistance programs reduced to approximately $3.9 million and $6.1 million respectively, compared to the second quarter of 2020. Operating income compared to the third quarter of 2019, increased 17.4%. Given the global CV19-related challenges in the quarter, the Company demonstrated great resilience, with third quarter basic earnings per Class B share of $0.86, compared to basic earnings per Class B share of $0.71 for the 2019 third quarter. Adjusted basic earnings per Class B share improved 29.2% to $0.93, compared to adjusted basic earnings of $0.72 per Class B share for the third quarter of 2019.

2. Review of Consolidated Financial Results

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

- In July 2020, the Company acquired InTouch Labels and Packaging Co., Inc. ("InTouch"), near Boston, Massachusetts, for approximately $10.9 million, net of cash and debt. InTouch is a specialized short-run digital label converter and has been added to Avery's direct-to-consumer operations.

- 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 $23.5 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 is operating 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 $20.1 million, net of cash and debt. Eti-Textil, headquartered in Elche, Spain, with satellite manufacturing in Tangier, Morocco, is an apparel label producer that has been 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 is 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 has been 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 Australia.

- 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 expanding Avery's kids' label 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 was 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 third quarter of 2020 were $1,373.4 million, an increase of 1.2% compared to $1,357.1 million recorded in the third quarter of 2019. Sales increased due to a 1.5% positive impact from foreign currency translation and 2.2% acquisition-related growth partially offset by a 2.5% organic decline. For the nine-month period ended September 30, 2020, sales were $3,891.7 million, a decrease of 3.8% compared to $4,043.4 million for the same nine-month period a year ago. This reduction in sales can be attributed to a 5.9% organic decline primarily related to issues associated with CV19, partially offset by a 0.3% positive impact from foreign currency translation and the 1.8% positive impact of the thirteen aforementioned acquisitions.

Selling, general and administrative expenses ("SG&A") were $185.0 million and $537.2 million for the three-month and nine-month periods ended September 30, 2020, compared to $198.0 million and $594.8 million for same periods in the prior year, respectively. The decrease in SG&A for the comparative three-month and nine-month periods is due to a reduction in short-term and long-term variable compensation expense within corporate costs, foreign exchange gains recognized during the periods and a decrease in discretionary expenses in 2020 compared to 2019.

The Company recorded an expense of $16.2 million ($11.9 million after tax) for restructuring and other items in the third quarter of 2020 compared to $1.7 million ($1.6 million after tax) for the third quarter of 2019. During the third quarter of 2020, the High Court of Australia issued a final judgement in a pre-acquisition lawsuit against CCL Secure's polymer banknote substrate business for wrongful termination in 2008 of an agency agreement in the amount of approximately AUD46.1 million ($44.0 million) including interest and legal costs. This final judgement was $9.4 million in excess of the amount accrued on the Innovia acquisition and was recorded in restructuring and other items. The balance of restructuring expenses recorded for the third quarter of 2020 were principally severance costs associated with the Checkpoint and Avery Segments. Restructuring and other items for the 2019 third quarter were mainly comprised of severance costs associated with the CCL Segment. For the nine-month period ending September 30, 2020, the Company recorded $21.8 million ($16.3 million after tax) in restructuring and other items primarily related to the aforementioned judgement and severance costs at various businesses in the Company, matching operational expenses to reduced economic activity resulting from the global CV19 pandemic. For the nine-month period ending September 30, 2019, the Company recorded $5.2 million ($4.6 million after tax) in restructuring and other items primarily related to the Innovia acquisition and other transaction costs.

Operating income (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) for the third quarter of 2020 was $246.3 million, compared to $209.8 million for the third quarter of 2019. The CCL, Checkpoint and Innovia operating Segments posted improved results, more than offsetting lower Avery Segment results. Operating income improved 16.0% excluding the positive impact of foreign currency translation. For the nine months ended September 30, 2020, operating income declined 0.5%. The modest nine-month decrease was due to improved results at the CCL and Innovia segments, slightly more than offset by reduced results for the Avery and Checkpoint Segments, compared to the same nine-month period in 2019. Foreign currency translation had a positive impact of 0.3%, on operating income for the comparable nine-month periods.

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 14 of this MD&A) increased 17.3% to $321.1 million for the third quarter of 2020, compared to $273.8 million for the third quarter of 2019. Excluding the positive impact of foreign currency translation, Adjusted EBITDA increased 15.9%. For the nine months ended September 30, 2020, Adjusted EBITDA was $839.3 million, an increase of 3.3% compared to $812.4 million in the comparable 2019 nine-month period. Foreign currency translation had a positive impact of 0.2% on Adjusted EBITDA for the comparable nine-month periods.

Net finance cost was $16.4 million and $49.4 million for the three-month and nine-month periods ended September 30, 2020, compared to $19.5 million and $62.1 million for the same periods in the prior year, respectively. The decrease in net finance cost for the three-month and nine-month periods ended September 30, 2020 was attributable to a lower average interest rate and a reduction in debt compared to the same periods in 2019.

The overall effective income tax rate was 25.1% and 25.6% for the three-month and nine-month periods ended September 30, 2020, compared to 25.7% and 26.0% for the same periods in the prior year, respectively. The decrease in the effective tax rate is attributable to a higher portion of taxable income earned in lower tax jurisdictions compared to the same periods in 2019. The effective tax rate may increase in future periods if a higher portion of the Company's taxable income is earned in higher tax jurisdictions.

Net earnings for the third quarter of 2020 increased 20.0% to $153.3 million compared to $127.7 million for the third quarter of 2019. This resulted in basic and diluted earnings of $0.86 per Class B share for the 2020 third quarter compared to basic and diluted earnings of $0.71 per Class B share for the prior year third quarter.

Net earnings for the nine-month period of 2020 were $383.8 million, an increase of 3.0% compared to $372.6 million for the same period a year ago. This resulted in basic and diluted earnings of $2.15 and $2.14 per Class B share, respectively, for the 2020 nine-month period compared to basic and diluted earnings of $2.09 and $2.08 per Class B share, respectively, for the prior year nine-month period. The weighted average number of shares (comprised of Class A voting shares and Class B non-voting shares) for the 2020 nine-month period were 178.7 million basic and 179.7 million diluted shares compared to 177.9 million basic and 179.1 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 – 1.2 million shares).

Adjusted basic earnings per Class B share were an all-time record $0.93 for the three-month period and $2.24 for the nine-month period of 2020, respectively, compared to $0.72 and $2.12 for the same periods of 2019.

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

(in Canadian dollars)	**Third Quarter**		**Year-To-Date**	
Adjusted Basic Earnings per Class B Share	**2020**	**2019**	**2020**	**2019**
Basic earnings per Class B share	$ 0.86	$ 0.71	$ 2.15	$ 2.09
Restructuring and other items	0.07	0.01	0.09	0.03
Adjusted basic earnings [1] per Class B share	$ 0.93	$ 0.72	$ 2.24	$ 2.12

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

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

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

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Sales					
2020	$ 1,296.4	$ 1,221.9	$ 1,373.4	$ -	$ 3,891.7
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	103.9	153.3	-	383.8
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	0.58	0.86	-	2.15
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	0.59	0.93	-	2.24
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	0.58	0.86	-	2.14
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 workdays 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 either be adversely affected or temporarily improved as described within this MD&A.

3. Business Segment Review

CCL Segment ("CCL")

($ millions)	Third Quarter 2020	Third Quarter 2019	+/-	Year-To-Date 2020	Year-To-Date 2019	+/-
Sales	$ 877.0	$ 831.2	5.5%	$ 2,497.4	$ 2,513.8	(0.7%)
Operating Income [(1)]	$ 160.8	$ 127.2	26.4%	$ 416.4	$ 386.2	7.8%
Return on Sales [(1)]	18.3%	15.3%		16.7%	15.4%	
Capital Spending	$ 33.1	$ 56.7	(41.6%)	$ 150.0	$ 230.8	(35.0%)
Depreciation and Amortization [(2)]	$ 52.2	$ 49.7	5.0%	$ 156.9	$ 150.0	4.6%

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 14.
(2) Depreciation and Amortization expense excludes depreciation of $5.6 million and $16.5 million, respectively, for right-of-use assets in the three-month and nine-month periods ended September 30, 2020 (2019 - $5.4 million and $15.8 million, respectively).

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 $877.0 million for the third quarter of 2020, compared to $831.2 million for the same quarter last year. The components of the 5.5% increase in sales are 4.2% organic growth, 0.9% positive impact from foreign currency translation and 0.4% acquisition-related growth.

North American sales were up low-single digit for the third quarter of 2020, excluding acquisitions and currency translation, compared to the third quarter of 2019. Home & Personal Care sales declined modestly on reduced demand for tubes and aerosols for higher end beauty, cosmetic and skin care products normally sold in travel and specialty retail stores and hair salons but profitability improved significantly on higher sales of labels with good mix and strong operational execution. Healthcare & Specialty results improved significantly on increased CV19 pandemic related demand for over-the-counter medicines and sanitizers and increased use of lawn and garden chemicals as consumers spent more time at home. CCL Design North America sales declined but profitability was flat as improvements in electronics offset declines at automotive operations. Food & Beverage posted strong sales growth in both sleeves and pressure sensitive labels leading to corresponding profitability improvement. CCL Secure posted a modest sales decrease and reduced profitability due to lower volume. Overall operating income, and return on sales, for the current quarter in North America improved compared to the third quarter of 2019.

Sales in **Europe** were up mid-single digit for the third quarter of 2020, excluding currency translation, compared to the third quarter of 2019. Home & Personal Care results improved with declines in the U.K. more than offset by gains in all other countries. Healthcare & Specialty sales increased but profitability declined on mix and operational challenges in France, Denmark and Germany. Food & Beverage sales and profitability declined as mineral water and soft drink customers continued to be impacted by the reduction of 'on premise' demand in bars, cafes and restaurants. CCL Design sales declined on comparatively slower automotive markets but profitability increased on a sequentially strong demand rebound and improved operational execution. CCL Secure posted exceptional results due to unusually high demand for banknotes during the pandemic driving significant gains in overall European operating income and return on sales.

Sales in **Latin America**, excluding currency translation, increased double digit for the third quarter of 2020 compared to the third quarter of 2019. Strong organic sales gains across all business lines in Mexico, Brazil and Chile were partially offset by significant currency devaluations, which also drove input cost inflation. Profitability improvements in Mexico more than offset the negative impact of currency devaluations in the rest of the region. Excluding the impact of currency translation, underlying operating income overall increased and return on sales improved.

Asia Pacific sales for the 2020 third quarter, excluding currency translation, were almost flat, compared to the corresponding quarter in 2019. Results in China increased, on strong end market demand for CCL Design electronics part offset by share loss in Home & Personal Care and slow export sales to Beverage customers. Results in Thailand declined on slower customer exports partially offset by gains in Vietnam and the Philippines. In Australia, CCL Secure sales declined, but mix improved operating margins, while the closure of the wine label plant in Sydney reduced profitability. The new Johannesburg Beverage plant re-opened late in the quarter after being closed along with the beer industry in South Africa in the second quarter. For the Asia Pacific region, operating income and return on sales declined modestly compared to the third quarter of 2019.

Operating income for the third quarter of 2020 was $160.8 million, compared to $127.2 million for the third quarter of 2019. Return on sales improved to 18.3% compared to the 15.3% 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 $150.0 million in capital spending for the first nine months of 2020, compared to $230.8 million in the same period in 2019. The investments for the nine-month period in 2020 were less than the planned capital expenditures for the period as management commenced a capital expenditure curtailment initiative during the first quarter of 2020. Major expenditures for the nine-month period related to capacity additions to support the Home & Personal Care and Food & Beverage businesses globally as well as CCL Design electronics in Asia. Investments will continue in order to add capacity, broaden capabilities, expand geographically, and replace or upgrade existing plants and equipment. Depreciation and amortization was $156.9 million for the nine months ended September 30, 2020, compared to $150.0 million for the same period of 2019.

Avery Segment ("Avery")

	Third Quarter			Year-To-Date		
($ millions)	2020	2019	+/-	2020	2019	+/-
Sales	$ 178.4	$ 207.6	(14.1%)	$ 483.4	$ 568.5	(15.0%)
Operating Income [(1)]	$ 35.7	$ 48.4	(26.2%)	$ 86.3	$ 121.6	(29.0%)
Return on Sales [(1)]	20.0%	23.3%		17.9%	21.4%	
Capital Spending	$ 4.0	$ 4.3	(7.0%)	$ 14.9	$ 10.5	41.9%
Depreciation and Amortization [(2)]	$ 5.0	$ 4.3	16.3%	$ 14.3	$ 12.9	10.9%

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

(2) Depreciation and Amortization expense excludes depreciation of $1.7 million and $5.4 million, respectively, for right-of-use assets in the three-month and nine-month periods ended September 30, 2020 (2019 - $1.6 million and $4.9 million, respectively).

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 Group ("PMG"), 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; and (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 $178.4 million for the third quarter of 2020, compared to $207.6 million for the same quarter last year. The 14.1% decrease in sales is attributed to 19.8% organic sales decline partially offset by 3.9% impact from acquisition-related sales growth and 1.8% positive impact from foreign currency translation.

Sales in **North America** for the third quarter of 2020 declined significantly, excluding currency translation, compared to the third quarter of 2019. Sales and profitability for PMG and OPG declined as initial strength in the back-to-school season waned in highly abnormal school and college return conditions due to the CV19 pandemic. Sales and profitability for Direct-to-Consumer name badge, event badge and wristband categories did not sequentially improve on the second quarter collapse as sports and leisure events, plus conventions, meetings and conferences for business remain severely curtailed. Partially offsetting the declines were dramatic gains for the “WePrint” online label category and a recovery in demand for kids’ labels. InTouch, acquired in July of 2020, performed ahead of expectations for the 2020 third quarter. Sales activity remains steady leading into the 2020 fourth quarter.

International sales represented approximately 31% of Avery sales for the third quarter. Excluding currency translation and acquisitions, organic sales growth in all Direct-to-Consumer businesses, except name badges, as well as improvements in Avery’s PMG product lines drove increased profitability compared to the third quarter of 2019.

Operating income for the third quarter of 2020 decreased to $35.7 million compared to $48.4 million for the third quarter of 2019. Return on sales was 20.0%, compared to 23.3% recorded for the same quarter in 2019.

Avery invested $14.9 million in capital spending in the first nine months of 2020 compared to $10.5 million in the same period a year ago. The majority of the expenditures were capacity additions in the Direct-to-Consumer operations globally. Depreciation and amortization was $14.3 million for the 2020 nine-month period compared to $12.9 million for the 2019 nine-month period.

Checkpoint Segment (“Checkpoint”)

	Third Quarter			Year-To-Date		
($ millions)	2020	2019	+/-	2020	2019	+/-
Sales	$ 169.7	$ 180.5	(6.0%)	$ 446.2	$ 531.3	(16.0%)
Operating Income [1]	$ 29.6	$ 28.0	5.7%	$ 48.1	$ 71.4	(32.6%)
Return on Sales [1]	17.4%	15.5%		10.8%	13.4%	
Capital Spending	$ 2.7	$ 7.9	(65.8%)	$ 17.5	$ 20.8	(15.9%)
Depreciation and Amortization [2]	$ 7.2	$ 7.1	1.4%	$ 21.8	$ 22.0	(0.9%)

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

(2) Depreciation and Amortization expense excludes depreciation of $2.3 million and $6.8 million, respectively, for right-of-use assets in the three-month and nine-month periods ended September 30, 2020 (2019 - $2.1 million and $6.0 million, respectively).

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 $169.7 million for the third quarter of 2020 compared to $180.5 million for the third quarter of 2019 with 8.5% organic sales declines partially offset by 1.8% positive impact from foreign currency translation and 0.7% acquisition-related sales growth. MAS sales declined in all regions but most significantly in North America partly due to an exceptional prior year result. CV19 restrictions curtailed customer in-store hardware implementations in all jurisdictions but label and tag sales were solid, helping mix. ALS sales increased modestly compared to the 2019 third quarter but significantly sequentially to the second quarter of 2020, as pent up consumer demand and strong growth in RFID volumes aided by cost savings drove a corresponding dramatic increase in profitability. Meto operations posted a small profit for the quarter.

Overall operating income increased 5.7% to $29.6 million for the third quarter of 2020 compared to $28.0 million for the third quarter of 2019 due to the aforementioned gains in ALS; return on sales improved to 17.4% from 15.5% for the comparable quarters.

Checkpoint invested $17.5 million in capital spending for the first nine months of 2020 compared to $20.8 million for the same period of 2019. The majority of the expenditures were in the ALS manufacturing facilities. Depreciation and amortization was $21.8 million for the nine-month period of 2020, compared to $22.0 million for the nine-month period of 2019.

Innovia Segment ("Innovia")

	Third Quarter			Year-To-Date		
($ millions)	2020	2019	+/-	2020	2019	+/-
Sales	$ 148.3	$ 137.8	7.6%	$ 464.7	$ 429.8	8.1%
Operating Income [1]	$ 20.2	$ 6.2	225.8%	$ 59.4	$ 34.1	74.2%
Return on Sales [1]	13.6%	4.5%		12.8%	7.9%	
Capital Spending	$ 7.7	$ 5.7	35.1%	$ 22.2	$ 23.4	(5.1%)
Depreciation and Amortization [2]	$ 11.9	$ 10.9	9.2%	$ 34.5	$ 31.6	9.2%

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

(2) Depreciation and Amortization expense excludes depreciation of $0.7 million and $2.0 million, respectively, for right-of-use assets in the three-month and nine-month periods ended September 30, 2020 (2019 - $0.6 million and $1.8 million, respectively).

Innovia supplies specialty, high-performance, multi-layer, surface engineered BOPP films from facilities in Australia, Belgium, Mexico, Poland and the U.K 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 more so 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 $148.3 million for the third quarter of 2020 compared to $137.8 million for the third quarter of 2019. The components of the 7.6% increase in sales were 8.3% organic decline, offset by 3.1% positive impact from currency translation and 12.8% acquisition-related sales growth. Volume of film for external customers in legacy operations decreased in all regions offsetting increases for security and shrink sleeves films internally aiding mix. Resin costs were stable in Europe and increased in North America. Significantly improved mix and productivity initiatives in the U.K. and Mexico operations drove exceptional improvement in profitability. Flexpol operations in Poland, acquired late in the first quarter of 2020, continued to perform significantly ahead of expectations.

Operating income improved 225.8% to $20.2 million for the third quarter of 2020 compared to operating income of $6.2 million in the 2019 third quarter.

Innovia invested $22.2 million in capital spending for the first nine months of 2020 compared to $23.4 million for the 2019 nine-month period. Depreciation and amortization was $34.5 million for the nine-month period of 2020 compared to $31.6 million for the same period of 2019.

Joint Ventures

	Third Quarter			Year-To-Date		
($ millions)	**2020**	**2019**	**+/-**	**2020**	**2019**	**+/-**
Sales (at 100%)						
CCL joint ventures	$ 34.0	$ 31.4	8.3%	$ 97.6	$ 92.7	5.3%
Rheinfelden*	-	-		3.0	-	n.m.
CCL Total	$ 34.0	$ 31.4	8.3%	$ 100.6	$ 92.7	8.5%
Earnings (losses) in equity accounted investments						
CCL joint ventures	$ 2.5	$ 1.5	66.7%	$ 5.8	$ 4.5	28.9%
Rheinfelden	-	(0.4)	n.m.	(0.3)	(1.1)	72.7%
CCL Total	$ 2.5	$ 1.1	127.3%	$ 5.5	$ 3.4	61.8%

* 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 by the Company on February 14, 2020, Rheinfelden in the U.S., 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, for the Russian and Middle Eastern operations, sales increased and earnings improved dramatically for both. 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 $2.5 million for the third quarter of 2020 compared to $1.1 million for the third 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 97% of sales made in the third 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 third quarter of 2020 were impacted by the appreciation of the Canadian dollar against the Brazilian real, Mexican peso and Thai baht by 25.5%, 11.2% and 1.0%, respectively, compared to the rates in the same period in 2019. This negative impact was offset by the depreciation of the Canadian dollar relative to the U.S. dollar, euro, U.K. pound and Chinese renminbi of 0.9%, 6.1%, 5.7% and 2.3%, respectively, when comparing the rates in the third quarters of 2020 and 2019. For the third quarter of 2020, currency translation had a $0.02 positive impact on earnings per Class B share compared to last year's third quarter.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

($ Millions)

	September 30, 2020	December 31, 2019
Current portion of long-term debt	$ 63.9	$ 38.8
Current lease liabilities	35.5	35.3
Long-term debt	2,186.9	2,234.8
Long-term lease liabilities	124.8	110.9
Total debt	2,411.1	2,419.8
Cash and cash equivalents	(760.2)	(703.6)
Net debt [1]	$ 1,650.9	$ 1,716.2
Adjusted EBITDA[1][2]	$ 1,094.1	$ 1,067.2
Net debt to Adjusted EBITDA [1]	1.51	1.61

(1) Net debt, Adjusted EBITDA and net debt to Adjusted EBITDA are non-IFRS financial measures. Refer to definitions in Section 14 of this MD&A.
(2) Adjusted EBITDA is calculated on a trailing twelve-month basis. Refer to definitions in Section 14 of this MD&A.

During the second quarter of 2020, the Company closed a rule 144A 3.05% private note offering due June 2030 in the principal amount of US$600.0 million. The proceeds of the offering were almost entirely used to repay borrowings on the Company's unsecured syndicated revolving credit facility.

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 nine months of 2020, the Company drew down $32.3 million on its syndicated revolving credit facility and $22.8 million on its Australian bilateral credit facility. Debt payments of $955.9 million were primarily used to repay syndicated revolving and term debt in the nine-month period of 2020.

The Company's debt structure at September 30, 2020, was primarily comprised of 144A 3.05% private notes due June 2030 in the principal amount of US$600.0 million (C$790.3 million), 144A 3.25% private notes due October 2026 in the principal amount of US$500.0 million (C$660.3 million), the $300.0 million principal amount 3.864% Series 1 Notes due April 2028, and the term loan facility of US$314.0 million (C$418.1 million). Bilateral uncommitted credit facilities resident in Mexico and Australia were $16.6 million and $62.0 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 3.864% Series 1 Notes due April 2028, 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 $1,650.9 million at September 30, 2020, $65.3 million lower than the net debt of $1,716.2 million at December 31, 2019. The decrease in net debt is primarily due to an increase in cash-on-hand at September 30, 2020 compared to December 31, 2019.

Net debt to Adjusted EBITDA at September 30, 2020, decreased to 1.51 times, compared to 1.61 times at December 31, 2019, reflecting the aforementioned decrease in net debt as well as increase in Adjusted EBITDA.

Including US$3.1 million of outstanding letters of credit, the Company had approximately US$1.2 billion of available capacity within its syndicated revolving credit facility as at September 30, 2020.

The Company's overall average finance rate, excluding lease liabilities, was 2.1% as at September 30, 2020, compared to 2.3% at December 31, 2019. The decrease is primarily driven by reduced benchmark interest rates on the Company's variable term loan facility and new fixed rate cross-currency interest rate swap agreements ("CCIRSAs") offsetting the new long term 144A 3.05% private notes due June 2030.

The Company's leverage remains low and its liquidity very 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)	Third Quarter		Year-To-Date	
Summary of Cash Flows	**2020**	**2019**	**2020**	**2019**
Cash provided by operating activities	$ 277.7	$ 258.2	$ 551.4	$ 480.8
Cash used for financing activities	(79.5)	(53.1)	(207.3)	(123.0)
Cash used for investing activities	(58.2)	(73.0)	(301.5)	(312.6)
Translation adjustments on cash and cash equivalents	0.8	(12.3)	14.0	(33.0)
Increase in cash and cash equivalents	$ 140.8	$ 119.8	$ 56.6	$ 12.2
Cash and cash equivalents – end of period	$ 760.2	$ 601.3	$ 760.2	$ 601.3
Free cash flow from operations [1]	$ 230.4	$ 185.3	$ 361.1	$ 201.4

[1] Free cash flow from operations is non-IFRS financial measure. Refer to definition in Section 14.

During the third quarters of 2020 and 2019, the Company generated cash from operating activities of $277.7 million and $258.2 million, respectively. Free cash flow from operations was an inflow of $230.4 million in the 2020 third quarter compared to an inflow of $185.3 million in the prior year third quarter. The increased net earnings was the primary driver of the improved cash provided by operating activities for the third quarter of 2020 compared to the third quarter of 2019.

Capital spending in the third quarter of 2020 amounted to $47.5 million compared to $74.8 million in the 2019 third quarter, reflecting the implementation of the Company's capital expenditure reduction plan initiated in light of the onset of the CV19 pandemic. Cash spending on business acquisitions was $10.9 million for the third quarter of 2020 compared to a negligible amount for the prior year third quarter. Total depreciation and amortization for the third quarter of 2020 was $87.1 million, compared to $82.1 million for the third quarter of 2019. Expected capital spending for 2020 is now estimated at approximately $290.0 million down from the initial budgeted amount of $350.0 million as management initiated a capital expenditure reduction plan during the first quarter of 2020. The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness.

Dividends paid in the third quarters of 2020 and 2019 were $32.1 million and $30.3 million, respectively. The total number of shares issued and outstanding as at September 30, 2020 and 2019, were 178.7 million and 178.3 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 December 15, 2020, and payable December 29, 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 U.S. 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 September 30, 2020, the Company had US$314.0 million drawn on its term loan, which is hedging a portion of its US$-based investments and cash flows.

As at September 30, 2020, the Company utilized 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, US$204.6 million 3.05% fixed rate debt into 2.06% fixed rate euro debt and US$203.9 million 3.05% fixed rate debt into 2.0% fixed rate euro debt. The effect of the CCIRSAs has been to reduce finance cost by $11.3 million for the nine months ended September 30, 2020.

8. Subsequent Events

In October 2020, the Company closed the acquisition of Graphic West International ApS ("GWI"), headquartered in Horsholm, Denmark, with manufacturing operations in Nowogard, Poland, and Tyler, Texas, in the United States. The enterprise value of the transaction, net of cash and debt, was approximately $36.0 million. GWI is a specialized producer of short-run digitally printed folding cartons for the pharmaceutical and medical device industries and will be added to CCL's Healthcare & Specialty operations.

In November 2020, the Company signed a binding agreement to acquire Super Enterprises Printing (Malaysia) Sdn. Bnd. ("SEP"), based in Kuala Lumpur with a second manufacturing operation in Guangzhou, China for approximately $20.0 million. SEP is a leading supplier of decorative panels, liquid crystal and touch screen display covers and in-mould decorated components for the consumer electronics and automotive sectors across Asia. Closing is planned before the end of the year.

9. 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 nine months ended September 30, 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 nine months ended September 30, 2020.

10. 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.

11. Controls and Procedures

There have been no changes in the Company's internal controls during the quarter ended September 30, 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 and nine-month periods ended September 30, 2020.

12. 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 nine 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. While government and public health imposed restrictions were relaxed in a number of jurisdictions during the second and third quarters of this year, renewed restrictions are currently being imposed or contemplated in multiple jurisdictions. As of the date hereof, all of the Company's manufacturing plants continue in operation but there can be no assurance that this will continue to be the case throughout the CV19 pandemic. There has been and continues to be 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 the Company's 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 chains; 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 that 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, the Company may continue to experience material adverse impacts to its businesses as a result of CV19's global economic impact, including any related recession.

13. Outlook

For the third quarter of 2020, the Company posted a quarterly record of $0.93 adjusted basic earnings per Class B share, amid the unprecedented civil and economic fallout from the global CV19 pandemic. Due to the prevalence of CV19 internationally, the Company continued to adjust its operations throughout the world to meet the new challenges of customers and suppliers while further augmenting safety requirements for its employees. Strong organic sales growth at the CCL Segment along with much improved operational execution at Checkpoint and Innovia drove a 17.3% improvement in adjusted EBITDA. All business units matched expenses, available government assistance, and employee headcount to activity levels and at the end of the quarter, 691 employees remained on furlough. Consolidated third quarter adjusted basic earnings were an all-time best of $0.93 per Class B share compared to the previous record adjusted basic earnings of $0.83 per Class B share set in the 2017 fourth quarter.

For the CCL Segment, trends early into the fourth quarter of 2020 remain consistent with the third quarter. Albeit even in a year without the issues associated with CV19 pandemic, the latter half of the fourth quarter is very challenging to predict. The onset of a second wave of CV19 infections is undeniable, but how governments implement new CV19 civil restrictions, the subsequent impact on economies around the world and CCL's results are impossible to predict.

Avery's Direct-to-Consumer event and name badging operations remain materially impacted globally by the crisis. "Kids' labels" bounced back globally and "WePrint" labels continue to benefit from robust organic sales growth rates. Avery's PMG and OPG product groups in North America experienced reduced results as late third quarter "back-to-school" reorder volumes did not materialize and volumes destined for work places remain far from normal. Orders internationally remain steady for the start of the fourth quarter with further restructuring opportunities likely.

Sales were down as expected for Checkpoint for the current quarter as new implementations of MAS security and inventory tracking hardware at retail stores decreased due to challenges related to the CV19 pandemic. However, profitability improved on significant sequential growth from pent up demand in traditional labels, strong growth in RFID and operational efficiencies for ALS operations. The trend continues early into the fourth quarter; however, the duration and magnitude of activity levels is challenging to forecast as apparel retailers plan for the holiday rush in the western world and subsequent seasonal slowdown amid the retail hardships of the global CV19 pandemic.

Improved mix, productivity gains and solid performance from the new Polish acquisition contributed to a strong third quarter for Innovia. Continued attention will be focused on operational initiatives and appropriately filling the incremental capacity of the new manufacturing line in Mexico.

This outlook commentary comes with cautious optimism as September activity levels persist early into the fourth quarter, but many regions of the world are grappling with a second surge of CV19, the outcome of which is unpredictable. Currency devaluation in certain countries remains on the watch list alongside credit risk with retail customers for Avery and Checkpoint. The Company finished the third quarter with $760.2 million cash-on-hand and additional unused capacity of US$1.2 billion within its syndicated revolving credit facility. Leverage continued to decline, now at 1.51 turns of Adjusted EBITDA with no significant maturities of debt until February 2022. The Company's liquidity position is robust and positioned for incremental acquisition growth in the right circumstances. Free cash flow for 2020 estimated to exceed $500 million. The Company's capital spending plan for 2020 has been adjusted to $290.0 million, compared to the $350.0 million planned before the crisis.

Foreign currency translation would be a slight tailwind at current exchange rates for the fourth quarter of 2020 compared to the same quarter in 2019.

14. 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)	**Third Quarter**		**Year-To-Date**	
Adjusted EBITDA	**2020**	**2019**	**2020**	**2019**
Net earnings	$ 153.3	$ 127.7	$ 383.8	$ 372.6
Corporate expense	12.3	18.1	30.3	47.1
Earnings in equity accounted investments	(2.5)	(1.1)	(5.5)	(3.4)
Net finance cost	16.4	19.5	49.4	62.1
Restructuring and other items	16.2	1.7	21.8	5.2
Income taxes	50.6	43.9	130.4	129.7
Operating income (a non-IFRS measure)	$ 246.3	$ 209.8	$ 610.2	$ 613.3
Less: Corporate expense	(12.3)	(18.1)	(30.3)	(47.1)
Add: Depreciation and amortization	87.1	82.1	259.4	246.2
Adjusted EBITDA (a non-IFRS measure)	$ 321.1	$ 273.8	$ 839.3	$ 812.4

Adjusted EBITDA for 12 months ended December 31, 2019 and 2018, respectively	$ 1,067.2	$ 995.3
less: Adjusted EBITDA for nine months ended September 30, 2019 and 2018, respectively	(812.4)	(751.0)
add: Adjusted EBITDA for nine months ended September 30, 2020 and 2019 respectively	839.3	812.4
Adjusted EBITDA for 12 months ended September 30	$ 1,094.1	$ 1,056.7

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	**Third Quarter**		**Year-To-Date**	
	2020	**2019**	**2020**	**2019**
Cash provided by operating activities	$ 277.7	$ 258.2	$ 551.4	$ 480.8
Less: Additions to property, plant and equipment	(47.5)	(74.8)	(204.6)	(285.8)
Add: Proceeds on disposal of property, plant and equipment	0.2	1.9	14.3	6.4
Free Cash Flow from Operations	$ 230.4	$ 185.3	$ 361.1	$ 201.4

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 Third Quarter		**Operating Income Third Quarter**		**Return on Sales Third Quarter**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
CCL	$ 877.0	$ 831.2	$ 160.8	$ 127.2	18.3%	15.3%
Avery	178.4	207.6	35.7	48.4	20.0%	23.3%
Checkpoint	169.7	180.5	29.6	28.0	17.4%	15.5%
Innovia	148.3	137.8	20.2	6.2	13.6%	4.5%
Total Operations	$ 1,373.4	$ 1,357.1	$ 246.3	$ 209.8	17.9%	15.5%

<u>Supplemental Financial Information</u>

Sales Change Analysis
Revenue Growth Rates (%)

	Three Months Ended September 30, 2020				Nine Months Ended September 30, 2020			
	Organic Growth	Acquisition Growth	FX Translation	Total	Organic Growth	Acquisition Growth	FX Translation	Total
CCL	4.2%	0.4%	0.9%	5.5%	(0.9%)	0.4%	(0.2%)	(0.7%)
Avery	(19.8%)	3.9%	1.8%	(14.1%)	(19.6%)	3.1%	1.5%	(15.0%)
Checkpoint	(8.5%)	0.7%	1.8%	(6.0%)	(17.3%)	0.6%	0.7%	(16.0%)
Innovia	(8.3%)	12.8%	3.1%	7.6%	(3.4%)	9.9%	1.6%	8.1%
Total	(2.5%)	2.2%	1.5%	1.2%	(5.9%)	1.8%	0.3%	(3.8%)

15. Outstanding Share Data

As at November 13, 2020, there were 11,835,737 Class A voting shares and 166,877,188 Class B non-voting shares ("Class B Shares") outstanding. In addition, there were stock options outstanding to purchase 2,937,637 Class B non-voting shares, 241,777 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.