



News Release

For Immediate Release, Wednesday, August 10, 2022

Stock Symbols: TSX – CCL.A and CCL.B

CCL Industries Announces 2022 Second Quarter Results

Second Quarter Highlights

- **Per Class B share⁽³⁾: \$0.94 adjusted basic earnings up 5.6%; \$0.91 basic earnings up 5.8%; currency translation negative \$0.02 per share**
- **Sales increased 14.9% on 10.9% organic and 4.8% acquisition growth partially offset by 0.8% negative currency translation**
- **CCL, Avery and Innovia posted organic sales growth of 10.9%, 13.8% and 19.5%, respectively**
- **Operating income⁽¹⁾ improved 5.2%, with a 15.3% operating margin⁽¹⁾ down 140 bps**

Six-Month Highlights

- **Per Class B share⁽³⁾: \$1.79 adjusted basic earnings up 4.7%; \$1.75 basic earnings up 4.2%; currency translation negative \$0.04 per share**
- **Sales increased 13.8% on 10.8% organic and 4.7% acquisition growth partially offset by 1.7% negative currency translation**
- **CCL, Avery, Checkpoint and Innovia posted organic sales growth of 9.1%, 13.7%, 7.0% and 20.8%, respectively**
- **Operating income⁽¹⁾ improved 3.9%, with a 15.2% operating margin⁽¹⁾ down 140 bps**

Toronto, August 10, 2022 - CCL Industries Inc. ("the Company"), a world leader in specialty label, security and packaging solutions for global corporations, government institutions, small businesses and consumers, today reported 2022 second quarter results.

Sales for the second quarter of 2022 increased 14.9% to \$1,615.2 million, compared to \$1,406.3 million for the second quarter of 2021, with organic growth of 10.9% and acquisition-related growth of 4.8% partially offset by 0.8% negative impact from foreign currency translation.

Operating income⁽¹⁾ for the second quarter of 2022 was \$247.8 million compared to \$235.5 million for the comparable quarter of 2021. Results included a \$3.5 million non-cash acquisition accounting adjustment related to the acquired inventory from the Adelbras acquisition that was expensed in the Company's cost of sales for the quarter. Excluding this non-cash adjustment, operating income improved 6.7% to \$251.3 million. Foreign currency translation had a 0.4% negative impact on operating income for the comparable quarters.

The Company recorded an expense for restructuring and other items of \$3.2 million, primarily attributable to reorganization charges at CCL Design and transaction costs associated with acquisitions completed in the current year compared to \$2.6 million for reorganization costs in the 2021 second quarter.

Tax expense for the second quarters of 2022 and 2021 was \$51.7 million resulting in effective tax rates for the 2022 second quarter of 24.4% compared to 25.5% for the prior year period. The lower tax rate in the current period is due to higher portion of taxable income earned in lower taxed jurisdictions as well as the impact of additional UK tax legislation accrued for in 2021, partially offset by a valuation allowance reduction.

Net earnings increased 6.8% to \$163.4 million for the 2022 second quarter compared to \$153.0 million for the 2021 second quarter. Basic and adjusted basic earnings per Class B share⁽³⁾ for the 2022 second quarter were \$0.91 and \$0.94, respectively, compared to basic and adjusted basic earnings per Class B share⁽³⁾ of \$0.86 and \$0.89, respectively, in the prior year second quarter.

For the six-month period ended June 30, 2022, sales, operating income⁽¹⁾ and net earnings improved 13.8%, 3.9% and 4.3% to \$3.1 billion, \$476.4 million and \$313.6 million, respectively, compared to the same six-month period in 2021. Results for the 2022 six-month period included a \$3.5 million non-cash acquisition accounting adjustment to the acquired finished goods inventory from the Adelbras acquisition expensed through cost of sales in the period. The 2022 six-month period included results from twelve acquisitions completed since January 1, 2021, delivering acquisition-related sales growth of 4.7%. Organic sales growth was 10.8%; negative impact from foreign currency translation partially offset by 1.7%. For the six-month period ended June 30, 2022, basic and adjusted basic earnings per Class B share⁽³⁾ were \$1.75 and \$1.79, respectively, compared to basic and adjusted basic earnings per Class B share⁽³⁾ of \$1.68 and \$1.71, respectively, in the prior year six-month period. Foreign currency translation had a negative \$0.04 per share impact on earnings.

Geoffrey T. Martin, President and Chief Executive Officer, commented, "I am pleased to report record quarterly results despite an unsettled geopolitical backdrop, China-centric Covid lockdowns, persistent inflation and supply chain challenges. The Company posted strong 10.9% organic sales growth, although significantly selling price driven to offset inflation, while adjusted basic earnings per Class B share⁽³⁾ improved 5.6% to \$0.94, including \$0.02 of negative impact from foreign currency translation."

Mr. Martin continued, "Our CCL Segment's 10.9% organic sales growth drove corresponding profitability improvement. Home & Personal Care results improved significantly, with exceptional demand in the Americas for labels and aerosols offsetting slower markets in Europe and Asia. Healthcare results improved dramatically worldwide offsetting much slower lawn & garden chemical markets benefitting from pandemic tailwinds in the prior year period. Food & Beverage recorded solid organic sales growth driving improved profitability despite some unrecovered inflation. The impact of chip shortages and Covid lockdowns in China during April and May impacted customer demand at CCL Design electronics, although gains in automotive included solid results for the recently acquired McGavigan operation in China. CCL Secure delivered good sales growth but faced particularly difficult mix-driven profit comparatives to a very strong prior year period while our label joint ventures delivered excellent earnings growth. Checkpoint's exceptional sales growth and profitability gains in ALS, driven by RFID, organic share wins and recent acquisitions could not offset MAS profitability declines as price increases lagged inflation and supply chain issues at our plants in China impacted product availability on top of softer markets globally. Avery posted outstanding results fueled by an early start to the North American back-to-school season while Direct-to-Consumer sales accelerated significantly with the badge category continuing to close the gap to pre-pandemic demand levels; early results from the Adelbras acquisition in Brazil met expectations. Surging energy and transportation cost challenges in Europe plus start-up costs for the new "Ecofloat" line in Poland impacted Innovia profitability more than offsetting solid gains in the Americas."

Mr. Martin added, "Looking ahead, end market demand appears to remain solid and there are early signs supply chain challenges could ease going forward; input costs also look to have peaked with resins and aluminum both declining as we go into the third quarter. At today's Canadian dollar exchange rates, currency translation would be a modest headwind, if sustained, for the third quarter of 2022; with weaker European and Australian currencies more than offsetting the stronger U.S. dollar."

Mr. Martin concluded, "The Company finished the quarter with a strong balance sheet and robust liquidity. While the Company's consolidated leverage ratio⁽⁵⁾ increased to 1.47 times Adjusted EBITDA⁽²⁾ the \$634.3 million of cash-on-hand and US\$0.8 billion undrawn capacity on its syndicated revolving credit facility, leave us well placed to fund global expansion initiatives. During the quarter, the Company returned \$142.5 million to shareholders in dividends and share repurchases under its Normal Course Issuer Bid. The Board of Directors declared the quarterly dividend at \$0.24 per Class B non-voting share and \$0.2375 per Class A voting share, payable to shareholders of record at the close of business on September 15, 2022, to be paid on September 29, 2022."

Board of Directors Update

Dr. Susana Suarez-Gonzalez, who joined the Company's Board in January of 2021, has decided to resign as a Director to focus on her new role of Executive Vice President and Chief Human Resources Officer of Amcor PLC, a global packaging company. Executive Chairman, Mr. Donald G. Lang stated, "We have been very fortunate to have Dr. Suarez-Gonzalez serve on our Board and thank her for her contributions. We wish her all the best in the future."

2022 Second Quarter Highlights

CCL

- Sales increased 12.7% to \$965.2 million on 10.9% organic growth, 2.3% acquisition contribution partially offset by 0.5% negative impact from foreign currency translation
- Regional organic sales growth: double digit in Europe, high-single digit in North America, mid-single digit in Asia Pacific and Latin America up over 30%
- Operating income⁽¹⁾ \$154.9 million, up 11.0%, 16.0% operating margin⁽¹⁾ down 30 bps
- Label joint ventures added \$0.02 earnings per Class B share

Avery

- Sales increased 32.2% to \$236.5 million on 13.8% organic growth, 17.9% acquisition contribution and 0.5% positive impact from foreign currency translation
- Operating income⁽¹⁾ \$46.9 million, up 22.8%, 19.8% operating margin⁽¹⁾, down 160 bps largely due to finished goods inventory acquisition accounting at Adelbras

Checkpoint

- Sales increased 5.0% to \$197.1 million on acquisition growth of 8.4% partially offset by organic decline of 0.5% and 2.9% negative impact from foreign currency translation
- Operating income⁽¹⁾ \$22.6 million, down 22.3%, 11.5% operating margin⁽¹⁾, down 400 bps on declines in MAS profitability

Innovia

- Sales increased 18.0% to \$216.4 million with 19.5% organic growth partially offset by 1.5% negative impact from foreign currency translation
- Operating income⁽¹⁾ \$23.4 million, down 18.5%, 10.8% operating margin⁽¹⁾, down 480 bps on resin pass through

The Company will hold a live webcast call at 7:30 a.m. ET on August 11, 2022, to discuss these results.

The quarterly results review presentation, including outlook commentary, is posted on the Company's website at <https://www.cclind.com/investors/investor-presentations/>

To access the webcast or webcast replay, please use the following webcast link: <https://www.webcaster4.com/Webcast/Page/2807/46179>

Replay for the webcast will be available Thursday, August 11, 2022, at 11:30 a.m. ET until Sunday, September 11, 2022.

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

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

This press release contains forward-looking information and forward-looking statements (hereinafter collectively referred to as "forward-looking statements"), as defined under applicable securities laws, that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this press release contains forward-looking statements regarding the impact of foreign currency exchange rates on the 2022 third quarter; income and profitability of the Company's segments; and the Company's expectations regarding inflation, supply chain challenges, general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological change; changes in government regulations; risks associated with operating and product hazards; and the Company's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: global economic environment and higher consumer spending; improved customer demand for the Company's products; continued historical growth trends, market growth in specific sectors and entering into new sectors; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the achievement of the Company's plans for improved efficiency and lower costs, including stable aluminum costs; the availability of cash and credit; fluctuations of currency exchange rates; fluctuations in resin prices; the Company's continued relations with its customers; and economic conditions. Should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found in the 2021 Annual Report, Management's Discussion and Analysis, particularly under Section 4: "Risks and Uncertainties." CCL Industries Inc.'s annual and quarterly reports can be found online at www.cclind.com and www.sedar.com or are available upon request.

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

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

Financial Information

CCL Industries Inc.

Consolidated condensed interim statements of financial position Unaudited

In millions of Canadian dollars

	<u>As at June 30, 2022</u>	<u>As at December 31, 2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 634.3	\$ 602.1
Trade and other receivables	1,169.5	1,083.8
Inventories	808.9	677.3
Prepaid expenses	50.9	46.5
Income taxes recoverable	12.9	37.9
Total current assets	2,676.5	2,447.6
Non-current assets		
Property, plant and equipment	1,971.2	1,910.3
Right-of-use assets	163.7	145.5
Goodwill	2,106.9	1,975.1
Intangible assets	994.6	991.1
Deferred tax assets	52.6	47.7
Equity-accounted investments	78.8	68.4
Other assets	26.5	25.8
Derivative instruments	68.3	16.3
Total non-current assets	5,462.6	5,180.2
Total assets	\$ 8,139.1	\$ 7,627.8
Liabilities		
Current liabilities		
Trade and other payables	\$ 1,325.0	\$ 1,321.5
Current portion of long-term debt	19.8	15.3
Lease liabilities	35.2	32.7
Income taxes payable	60.3	48.5
Derivative instruments	0.4	-
Total current liabilities	1,440.7	1,418.0
Non-current liabilities		
Long-term debt	2,218.7	1,691.4
Lease liabilities	124.9	111.9
Deferred tax liabilities	315.1	286.6
Employee benefits	202.5	315.5
Provisions and other long-term liabilities	14.7	15.2
Derivative instruments	-	42.2
Total non-current liabilities	2,875.9	2,462.8
Total liabilities	4,316.6	3,880.8
Equity		
Share capital	461.9	462.1
Contributed surplus	117.2	103.6
Retained earnings	3,539.2	3,422.7
Accumulated other comprehensive loss	(295.8)	(241.4)
Total equity attributable to shareholders of the Company	3,822.5	3,747.0
Total liabilities and equity	\$ 8,139.1	\$ 7,627.8

CCL Industries Inc.

Consolidated condensed interim income statements Unaudited

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
<i>In millions of Canadian dollars, except per share information</i>	2022	2021	2022	2021
Sales	\$ 1,615.2	\$ 1,406.3	\$ 3,136.9	\$ 2,755.8
Cost of sales	1,170.4	996.0	2,279.2	1,958.4
Gross profit	444.8	410.3	857.7	797.4
Selling, general and administrative expenses	214.8	191.0	416.7	370.9
Restructuring and other items	3.2	2.6	5.0	2.6
Earnings in equity-accounted investments	(3.7)	(2.1)	(6.9)	(4.0)
	230.5	218.8	442.9	427.9
Finance cost	15.5	13.5	29.6	27.5
Finance income	(1.3)	(0.7)	(2.0)	(1.4)
Interest on lease liabilities	1.2	1.3	2.5	2.7
Net finance cost	15.4	14.1	30.1	28.8
Earnings before income tax	215.1	204.7	412.8	399.1
Income tax expense	51.7	51.7	99.2	98.3
Net earnings for the period	\$ 163.4	\$ 153.0	\$ 313.6	\$ 300.8
Earnings per share				
Basic earnings per Class B share	\$ 0.91	\$ 0.86	\$ 1.75	\$ 1.68
Diluted earnings per Class B share	\$ 0.91	\$ 0.86	\$ 1.74	\$ 1.67

CCL Industries Inc.

Consolidated condensed interim statements of cash flows Unaudited

<i>In millions of Canadian dollars</i>	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2022	2021	2022	2021
Cash provided by (used for)				
Operating activities				
Net earnings	\$ 163.4	\$ 153.0	\$ 313.6	\$ 300.8
Adjustments for:				
Property, plant and equipment depreciation	63.6	59.7	127.9	121.9
Right-of-use assets depreciation	9.9	9.6	19.8	19.5
Intangibles amortization	15.9	13.9	32.2	28.5
Earnings in equity-accounted investments, net of dividends received	(3.7)	4.1	(6.9)	2.2
Net finance costs	15.4	14.1	30.1	28.8
Current income tax expense	64.2	54.8	115.2	107.3
Deferred income tax recovery	(12.5)	(3.1)	(16.0)	(9.0)
Equity-settled share-based payment transactions	10.0	7.3	19.6	14.2
Gain on sale of property, plant and equipment	(0.4)	(0.4)	(0.9)	(2.1)
	325.8	313.0	634.6	612.1
Change in inventories	(43.3)	(54.5)	(93.5)	(71.8)
Change in trade and other receivables	(12.6)	(81.8)	(45.3)	(134.3)
Change in prepaid expenses	(5.6)	(13.9)	(1.5)	(15.9)
Change in trade and other payables	28.4	91.4	(29.7)	55.2
Change in income taxes receivable and payable	(3.1)	1.0	(0.1)	(0.7)
Change in employee benefits	(0.3)	(1.6)	(6.0)	(15.2)
Change in other assets and liabilities	(2.5)	(1.0)	(7.8)	0.5
	286.8	252.6	450.7	429.9
Net interest paid	(23.7)	(22.0)	(26.0)	(24.1)
Income taxes paid	(54.0)	(63.0)	(81.3)	(97.8)
Cash provided by operating activities	209.1	167.6	343.4	308.0
Financing activities				
Proceeds on issuance of long-term debt	769.4	0.5	1,003.5	1.9
Repayment of long-term debt	(514.0)	(18.1)	(518.3)	(92.2)
Repayment of lease liabilities	(9.9)	(8.7)	(19.6)	(17.7)
Proceeds from issuance of shares	0.2	14.0	3.1	26.8
Repurchase of shares	(100.0)	-	(200.0)	-
Dividends paid	(42.5)	(37.7)	(85.4)	(75.4)
Cash provided by (used for) financing activities	103.2	(50.0)	183.3	(156.6)
Investing activities				
Additions to property, plant and equipment	(97.7)	(74.9)	(194.6)	(132.1)
Proceeds on disposal of property, plant and equipment	3.7	2.0	4.4	6.4
Business acquisitions	(193.0)	(10.3)	(287.3)	(10.3)
Cash used for investing activities	(287.0)	(83.2)	(477.5)	(136.0)
Net increase in cash and cash equivalents	25.3	34.4	49.2	15.4
Cash and cash equivalents at beginning of period	616.9	662.7	602.1	703.7
Translation adjustments on cash and cash equivalents	(7.9)	(3.8)	(17.0)	(25.8)
Cash and cash equivalents at end of period	\$ 634.3	\$ 693.3	\$ 634.3	\$ 693.3

CCL Industries Inc.

Segment Information Unaudited

In millions of Canadian dollars

	<u>Three Months Ended June 30</u>				<u>Six Months Ended June 30</u>			
	<u>Sales</u>		<u>Operating income</u>		<u>Sales</u>		<u>Operating income</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
CCL	\$ 965.2	\$ 856.3	\$ 154.9	\$ 139.5	\$ 1,907.2	\$ 1,733.0	\$ 307.7	\$ 296.7
Avery	236.5	178.9	46.9	38.2	416.8	319.3	80.8	59.2
Checkpoint	197.1	187.7	22.6	29.1	400.1	356.4	49.2	54.5
Innovia	216.4	183.4	23.4	28.7	412.8	347.1	38.7	48.2
Total operations	<u>\$ 1,615.2</u>	<u>\$ 1,406.3</u>	<u>\$ 247.8</u>	<u>\$ 235.5</u>	<u>\$ 3,136.9</u>	<u>\$ 2,755.8</u>	<u>\$ 476.4</u>	<u>\$ 458.6</u>
Corporate expense			(17.8)	(16.2)			(35.4)	(32.1)
Restructuring and other items			(3.2)	(2.6)			(5.0)	(2.6)
Earnings in equity-accounted investments			3.7	2.1			6.9	4.0
Finance cost			(15.5)	(13.5)			(29.6)	(27.5)
Finance income			1.3	0.7			2.0	1.4
Interest on lease liabilities			(1.2)	(1.3)			(2.5)	(2.7)
Income tax expense			(51.7)	(51.7)			(99.2)	(98.3)
Net earnings			<u>\$ 163.4</u>	<u>\$ 153.0</u>			<u>\$ 313.6</u>	<u>\$ 300.8</u>

	<u>Total Assets</u>		<u>Total Liabilities</u>		<u>Depreciation and Amortization</u>		<u>Capital Expenditures</u>	
	<u>June 30</u>	<u>December 31</u>	<u>June 30</u>	<u>December 31</u>	<u>Six Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
CCL	\$ 4,046.2	\$ 3,919.6	\$ 1,084.9	\$ 1,088.9	\$ 117.1	\$ 113.5	\$ 134.6	\$ 101.1
Avery	1,120.5	827.1	326.9	266.7	16.7	12.7	17.4	3.9
Checkpoint	1,077.0	1,101.8	481.6	538.4	21.3	18.6	21.9	9.6
Innovia	1,166.6	1,167.0	324.6	300.7	24.0	24.3	20.7	17.5
Equity-accounted investments	78.8	68.4	-	-	-	-	-	-
Corporate	650.0	543.9	2,098.6	1,686.1	0.8	0.8	-	-
Total	<u>\$ 8,139.1</u>	<u>\$ 7,627.8</u>	<u>\$ 4,316.6</u>	<u>\$ 3,880.8</u>	<u>\$ 179.9</u>	<u>\$ 169.9</u>	<u>\$ 194.6</u>	<u>\$ 132.1</u>

Non-IFRS Measures

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

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

Reconciliation of operating income to Adjusted EBITDA

Unaudited

(In millions of Canadian dollars)

	Three months ended June 30		Six months ended June 30	
<u>Sales</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
CCL	\$ 965.2	\$ 856.3	\$ 1,907.2	\$ 1,733.0
Avery	236.5	178.9	416.8	319.3
Checkpoint	197.1	187.7	400.1	356.4
Innovia	216.4	183.4	412.8	347.1
Total sales	\$ 1,615.2	\$ 1,406.3	\$ 3,136.9	\$ 2,755.8
<u>Operating income</u>				
CCL	\$ 154.9	\$ 139.5	\$ 307.7	\$ 296.7
Avery	46.9	38.2	80.8	59.2
Checkpoint	22.6	29.1	49.2	54.5
Innovia	23.4	28.7	38.7	48.2
Total operating income (non-IFRS measure)	247.8	235.5	476.4	458.6
Less: Corporate expenses	(17.8)	(16.2)	(35.4)	(32.1)
Add: Depreciation & amortization	89.4	83.2	179.9	169.9
Add: Non-cash acquisition accounting adjustment related to inventory	3.5	-	3.5	-
Adjusted EBITDA (non-IFRS measure)	\$ 322.9	\$ 302.5	\$ 624.4	\$ 596.4

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

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

Unaudited

	Three months ended June 30		Six months ended June 30	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Basic earnings per Class B Share	\$ 0.91	\$ 0.86	\$ 1.75	\$ 1.68
Restructuring and other items	0.01	0.01	0.02	0.01
New UK Tax Legislation	-	0.02	-	0.02
Non-cash acquisition accounting adjustment related to inventory	0.02	-	0.02	-
Adjusted Basic Earnings per Class B Share	\$ 0.94	\$ 0.89	\$ 1.79	\$ 1.71

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

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

Free Cash Flow from Operations

Unaudited (In millions of Canadian dollars)	<u>Six Months Ended June 30, 2022</u>
Cash provided by operating activities	\$ 343.4
Less: Additions to property, plant and equipment	(194.6)
Add: Proceeds on disposal of property, plant and equipment	4.4
Free cash flow from operations	\$ 153.2

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

Unaudited (In millions of Canadian dollars)	<u>June 30, 2022</u>
Current portion of long-term debt	\$ 19.8
Current lease liabilities	35.2
Long-term debt	2,218.7
Long-term lease liabilities	124.9
Total debt	2,398.6
Cash and cash equivalents	(634.3)
Net debt	\$ 1,764.3
Adjusted EBITDA for 12 months ending June 30, 2022 (see below)	\$ 1,201.1
Leverage Ratio	1.47
Adjusted EBITDA for 12 months ended December 31, 2021	\$ 1,173.1
less: Adjusted EBITDA for six months ended June 30, 2021	(596.4)
add: Adjusted EBITDA for six months ended June 30, 2022	624.4
Adjusted EBITDA for 12 months ended June 30, 2022	\$ 1,201.1

Supplemental Financial Information

Sales Change Analysis Revenue Growth Rates (%)

	Three Months Ended June 30, 2022				Six Months Ended June 30, 2022			
	Organic Growth	Acquisition Growth	FX Translation	Total	Organic Growth	Acquisition Growth	FX Translation	Total
CCL	10.9%	2.3%	(0.5%)	12.7%	9.1%	2.4%	(1.4%)	10.1%
Avery	13.8%	17.9%	0.5%	32.2%	13.7%	17.5%	(0.7%)	30.5%
Checkpoint	(0.5%)	8.4%	(2.9%)	5.0%	7.0%	8.7%	(3.4%)	12.3%
Innovia	19.5%	-	(1.5%)	18.0%	20.8%	-	(1.9%)	18.9%
Total	10.9%	4.8%	(0.8%)	14.9%	10.8%	4.7%	(1.7%)	13.8%

Business Description

CCL Industries Inc. employs approximately 25,100 people operating 204 production facilities in 43 countries with corporate offices in Toronto, Canada, and Framingham, Massachusetts. CCL is the world's largest converter of pressure sensitive and specialty extruded film materials for a wide range of decorative, instructional, functional and security applications for government institutions and large global customers in the consumer packaging, healthcare & chemicals, consumer electronic device and automotive markets. Extruded & laminated plastic tubes, aluminum aerosols & specialty bottles, folded instructional leaflets, precision decorated & die cut components, electronic displays, polymer banknote substrate and other complementary products and services are sold in parallel to specific end-use markets. Avery is the world's largest supplier of labels, specialty converted media and software solutions for short-run digital printing applications for businesses and consumers available alongside complementary products sold through distributors, mass market stores and e-commerce retailers. Checkpoint is a leading developer of RF and RFID based technology systems for loss prevention and inventory management applications, including labeling and tagging solutions, for the retail and apparel industries worldwide. Innovia is a leading global producer of specialty, high performance, multi-layer, surface engineered films for label, packaging and security applications. The Company is partly backward integrated into materials science with capabilities in polymer extrusion, adhesive development, coating & lamination, surface engineering and metallurgy; deployed as needed across the four business segments.