

CCL Industries Inc.

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News Release

For Immediate Release, Thursday, August 8, 2024

Stock Symbols: TSX – CCL.A and CCL.B

CCL Industries Announces Record Results for 2024 Second Quarter

Second Quarter Highlights

- **Per Class B share⁽³⁾: \$1.13 adjusted basic earnings up 25.6%; \$1.56 basic earnings up 77.3%; \$0.44 revaluation gain included in basic earnings**
- **Sales increased 12.2% on 8.5% organic growth, 3.0% acquisition growth and 0.7% positive currency translation**
- **CCL, Avery, Checkpoint and Innovia posted organic sales growth of 9.0%, 1.1%, 17.5% and 6.2%, respectively**
- **Operating income⁽¹⁾ improved 25.4%, with a 16.4% operating margin⁽¹⁾ up 170 bps**

Six-Month Highlights

- **Per Class B share⁽³⁾: \$2.21 adjusted basic earnings up 20.1%; \$2.64 basic earnings up 45.1%; \$0.44 revaluation gain included in basic earnings**
- **Sales increased 8.7% on 5.3% organic growth, 3.0% acquisition growth and 0.4% positive currency translation**
- **Operating income⁽¹⁾ improved 17.2%, with a 16.3% operating margin⁽¹⁾ up 110 bps**

Toronto, August 8, 2024 - 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 2024 second quarter results.

Sales for the second quarter of 2024 increased 12.2% to \$1,845.6 million, compared to \$1,644.5 million for the second quarter of 2023, with organic growth of 8.5%, acquisition-related growth of 3.0% and a 0.7% positive impact from foreign currency translation.

Operating income⁽¹⁾ for the second quarter of 2024 improved 25.4% to \$303.5 million compared to \$242.0 million for the comparable quarter of 2023. Foreign currency translation had a 0.4% positive impact on operating income for the comparable quarters.

The Company recorded an expense for restructuring and other items of \$2.1 million, primarily attributable to transaction costs associated with the Pacman-CCL acquisition compared to \$2.9 million for reorganization costs in the 2023 second quarter.

The Company recorded a revaluation gain of \$78.1 million, in conjunction with the acquisition of the final 50% interest of Pacman-CCL in June 2024. In accordance with IFRS 3 – Business

Combinations, the Company was required to re-measure to fair value its previously held 50% interest in Pacman at the acquisition date resulting in the recognition of the revaluation gain through net earnings.

Tax expense for the second quarter of 2024 was \$63.6 million compared to \$47.7 million in the prior year period. The effective tax rate, excluding the aforementioned revaluation gain, for the 2024 second quarter was 24.5%, higher than the 24.0% for the 2023 second quarter due to a higher portion of the Company's taxable income earned in higher tax jurisdictions.

Net earnings increased 79.3% to \$279.5 million for the 2024 second quarter compared to \$155.9 million for the 2023 second quarter. Net earnings for the 2024 three-month period included a \$78.1 million non-cash revaluation gain associated with the Pacman-CCL acquisition. Basic and adjusted basic earnings per Class B share⁽³⁾ for the 2024 second quarter were \$1.56 and \$1.13, respectively, compared to basic and adjusted basic earnings per Class B share⁽³⁾ of \$0.88 and \$0.90, respectively, in the prior year second quarter. Foreign currency translation had no impact on earnings per share.

For the six-month period ended June 30, 2024, sales, operating income⁽¹⁾ and net earnings improved 8.7%, 17.2% and 46.3% to \$3.6 billion, \$585.5 million and \$471.6 million, respectively, compared to the same six-month period in 2023. Net earnings for the 2024 six-month period included the aforementioned \$78.1 million non-cash revaluation gain. The 2024 six-month period included results from nine acquisitions completed since January 1, 2023, delivering acquisition-related sales growth of 3.0%. Organic sales growth was 5.3% and foreign currency translation had a positive 0.4% impact. For the six-month period ended June 30, 2024, basic and adjusted basic earnings per Class B share⁽³⁾ were \$2.64 and \$2.21, respectively, compared to basic and adjusted basic earnings per Class B share⁽³⁾ of \$1.82 and \$1.84, respectively, in the prior year six-month period. Foreign currency translation had no impact on earnings per share.

Geoffrey T. Martin, President and Chief Executive Officer, commented, "Record quarterly adjusted earnings were driven by excellent results from our CCL, Avery and Checkpoint segments; each posting organic growth and strong profitability improvement, albeit compared to a slow quarter in 2023. Innovia smoothly completed the closure of its Belgian operations and subsequent business transitions to the U.K. and Australia this quarter, remaining on track to deliver good results progress for the 2024 full year. All-in, the Company posted a record quarter of \$1.13 adjusted basic earnings per Class B share⁽³⁾ compared to \$0.90 in the 2023 second quarter."

Mr. Martin stated, "Sales increased 9.0% organically in the CCL Segment with growth in all vertical markets and geographic regions. Home & Personal Care sales increased modestly in North America but posted stronger gains internationally, most notably in Latin America and South East Asia, both up double digit. Pressure sensitive labels grew organically in all regions and unit volumes for aluminum aerosols and bottles also increased driven by higher output in Mexico. Healthcare profitability improved despite new plant start-up costs, due to strong results for the recently acquired Faubel clinical trials business and better Specialty sales in recovering lawn and garden and agricultural chemical markets in the United States and Europe. Food & Beverage recorded very strong organic sales growth across all product lines with notably robust profitability improvement in pressure sensitive operations internationally. Rebounding demand and new business wins in electronics markets, particularly in China and Mexico, drove very significant results improvement for CCL Design, including modest progress in automotive markets. CCL Secure posted strong sales and profitability growth in North America from passport components alongside modest gains for banknotes compared to a slow prior year. At the beginning of June, we acquired our partner's 50% equity interest in Pacman-CCL, now fully consolidated with strong results for the stub quarter that met expectations."

Mr. Martin continued, "Avery posted significantly improved profitability on solid demand in the Direct-to-Consumer badging and RFID wristband and card businesses as well as an earlier than expected start to the back-to-school season that aided profitability. Checkpoint posted solid results in MAS products and exceptional 40% organic sales growth at ALS, both in RFID

and traditional product categories, as retailers continue to rebuild inventory and, in Europe, manage Red Sea supply chain disruption. Innovia's six-month results remain ahead of the same period in 2023 and we now expect the previously announced \$17 million to \$20 million of annual operating income improvement to commence in the back half of this year. Label films growth including volume gains from the new Eco-Float product line should also underpin better 2024 performance."

Mr. Martin added, "Foreign currency translation had no impact on earnings per Class B share for the second quarter of 2024. At today's Canadian dollar exchange rates, currency translation impact would be benign to earnings, if sustained, for the third quarter of 2024."

Mr. Martin concluded, "The Company finished the quarter with a strong balance sheet and robust liquidity. The Company's consolidated leverage ratio⁽⁵⁾ of 1.23 times Adjusted EBITDA⁽²⁾, \$665.9 million of cash-on-hand and US\$0.9 billion undrawn capacity on its syndicated revolving credit facility leave us well placed to fund global expansion initiatives. During the quarter, the Company returned \$92.6 million to shareholders in dividends and share repurchases under its Normal Course Issuer Bid. The Board of Directors declared the quarterly dividend at \$0.29 per Class B non-voting share and \$0.2875 per Class A voting share, payable to shareholders of record at the close of business on September 13, 2024, to be paid on September 27, 2024."

2024 Second Quarter Highlights

CCL

- Sales increased 14.5% to \$1,139.8 million on 9.0% organic growth, 4.6% acquisition contribution and 0.9% positive impact from foreign currency translation
- Regional organic sales growth: mid-single digit in Europe and North America and double digit in Asia Pacific and Latin America
- Operating income⁽¹⁾ \$190.8 million, up 32.5%, 16.7% operating margin⁽¹⁾ up 220 bps
- Label joint ventures added \$0.03 earnings per Class B share

Avery

- Sales increased 3.3% to \$276.9 million on 1.1% organic growth, 1.3% acquisition contribution and 0.9% positive impact from foreign currency translation
- Operating income⁽¹⁾ \$60.7 million, up 20.7%, 21.9% operating margin⁽¹⁾, up 310 bps

Checkpoint

- Sales increased 16.1% to \$244.3 million on organic growth of 17.5% partially offset by 1.4% negative impact from foreign currency translation
- Operating income⁽¹⁾ \$36.7 million, up 30.6%, 15.0% operating margin⁽¹⁾, up 170 bps

Innovia

- Sales increased 8.3% to \$184.6 million with 6.2% organic growth and 2.1% positive impact from foreign currency translation
- Operating income⁽¹⁾ \$15.3 million, down 21.9%, 8.3% operating margin⁽¹⁾, down 320 bps

The Company will hold a live webcast call at 11:00 a.m. ET on August 9, 2024, 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/2807/50926>

To access the audio/listen only live webcast, please use the following numbers:

Toll Free: 1-877-545-0320

International: International: 1-973-528-0002

Conference Entry Code (CEC): 237729

Replay for the webcast will be available Friday, August 9, 2024, until Sunday, September 8, 2024.

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

Sean Washchuk

Senior Vice President
and Chief Financial Officer

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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 2024 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 2023 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.sedarplus.ca 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, 2024</u>	<u>As at December 31, 2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 665.9	\$ 774.2
Trade and other receivables	1,309.9	1,089.3
Inventories	798.6	732.3
Prepaid expenses	61.4	50.6
Assets held for sale	23.3	-
Income taxes recoverable	55.6	38.8
Derivative instruments	-	0.1
Total current assets	2,914.7	2,685.3
Non-current assets		
Property, plant and equipment	2,628.5	2,466.4
Right-of-use assets	217.5	213.7
Goodwill	2,479.8	2,293.6
Intangible assets	1,099.5	1,032.0
Deferred tax assets	102.2	105.0
Equity-accounted investments	60.5	85.0
Other assets	30.6	25.2
Derivative instruments	39.2	18.0
Total non-current assets	6,657.8	6,238.9
Total assets	\$ 9,572.5	\$ 8,924.2
Liabilities		
Current liabilities		
Trade and other payables	\$ 1,388.0	\$ 1,329.5
Current portion of long-term debt	6.3	6.9
Lease liabilities	44.7	45.0
Income taxes payable	51.0	35.5
Total current liabilities	1,490.0	1,416.9
Non-current liabilities		
Long-term debt	2,206.5	2,067.8
Lease liabilities	168.2	162.7
Deferred tax liabilities	366.5	346.2
Employee benefits	274.3	282.5
Provisions and other long-term liabilities	20.8	13.9
Derivative instruments	1.1	11.0
Total non-current liabilities	3,037.4	2,884.1
Total liabilities	4,527.4	4,301.0
Equity		
Share capital	611.5	520.5
Contributed surplus	90.2	157.9
Retained earnings	4,399.6	4,056.2
Accumulated other comprehensive loss	(56.2)	(111.4)
Total equity attributable to shareholders of the Company	5,045.1	4,623.2
Total liabilities and equity	\$ 9,572.5	\$ 8,924.2

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>	2024	2023	2024	2023
Sales	\$ 1,845.6	\$ 1,644.5	\$ 3,582.8	\$ 3,296.6
Cost of sales	1,294.1	1,176.4	2,516.1	2,355.3
Gross profit	551.5	468.1	1,066.7	941.3
Selling, general and administrative expenses	270.8	247.4	523.8	482.8
Restructuring and other items	2.1	2.9	2.1	3.7
Revaluation gain	(78.1)	-	(78.1)	-
Earnings in equity-accounted investments	(5.0)	(5.0)	(13.3)	(8.1)
	361.7	222.8	632.2	462.9
Finance cost	20.1	20.2	39.4	40.2
Finance income	(3.5)	(2.8)	(7.1)	(5.1)
Interest on lease liabilities	2.0	1.8	4.3	3.5
Net finance cost	18.6	19.2	36.6	38.6
Earnings before income tax	343.1	203.6	595.6	424.3
Income tax expense	63.6	47.7	124.0	102.0
Net earnings for the period	\$ 279.5	\$ 155.9	\$ 471.6	\$ 322.3
Earnings per share				
Basic earnings per Class B share	\$ 1.56	\$ 0.88	\$ 2.64	\$ 1.82
Diluted earnings per Class B share	\$ 1.55	\$ 0.88	\$ 2.62	\$ 1.81

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>	
	2024	2023	2024	2023
Cash provided by (used for)				
Operating activities				
Net earnings	\$ 279.5	\$ 155.9	\$ 471.6	\$ 322.3
Adjustments for:				
Property, plant and equipment depreciation	75.1	68.9	150.0	136.4
Right-of-use assets depreciation	13.4	12.5	26.7	24.4
Intangibles amortization	17.5	17.2	35.2	34.4
Earnings in equity-accounted investments, net of dividends received	(5.0)	(5.0)	(13.3)	(0.7)
Net finance costs	18.6	19.2	36.6	38.6
Current income tax expense	61.7	61.3	121.6	116.5
Deferred income tax expense (recovery)	1.9	(13.6)	2.4	(14.5)
Equity-settled share-based payment transactions	9.2	10.9	19.0	21.2
Revaluation gain	(78.1)	-	(78.1)	-
Gain on sale of property, plant and equipment	(0.8)	(2.2)	(1.3)	(3.3)
	393.0	325.1	770.4	675.3
Change in inventories	(31.8)	36.4	(56.2)	21.3
Change in trade and other receivables	(44.9)	54.4	(200.7)	(30.6)
Change in prepaid expenses	4.0	(7.5)	(10.2)	(2.2)
Change in trade and other payables	37.3	(51.9)	45.1	(178.0)
Change in income taxes recoverable and payable	(4.5)	(1.9)	(3.3)	0.4
Change in employee benefits	4.6	(1.5)	10.2	4.3
Change in other assets and liabilities	1.6	(11.6)	11.1	(3.9)
	359.3	341.5	566.4	486.6
Net interest paid	(24.3)	(25.8)	(27.5)	(31.1)
Income taxes paid	(90.4)	(66.7)	(123.1)	(100.4)
Cash provided by operating activities	244.6	249.0	415.8	355.1
Financing activities				
Proceeds on issuance of long-term debt	60.4	12.2	112.0	21.5
Repayment of long-term debt	(8.3)	(53.6)	(24.4)	(57.7)
Repayment of lease liabilities	(12.4)	(11.2)	(24.8)	(22.6)
Proceeds from issuance of shares	-	10.5	6.3	20.0
Repurchase of shares	(40.6)	-	(40.6)	-
Dividends paid	(52.0)	(47.0)	(103.6)	(94.0)
Cash used for financing activities	(52.9)	(89.1)	(75.1)	(132.8)
Investing activities				
Additions to property, plant and equipment	(126.9)	(137.7)	(305.9)	(261.6)
Proceeds on disposal of property, plant and equipment	1.1	8.8	1.9	10.1
Business acquisitions	(142.9)	(65.6)	(142.9)	(65.6)
Cash used for investing activities	(268.7)	(194.5)	(446.9)	(317.1)
Net decrease in cash and cash equivalents	(77.0)	(34.6)	(106.2)	(94.8)
Cash and cash equivalents at beginning of period	747.7	787.1	774.2	839.5
Translation adjustments on cash and cash equivalents	(4.8)	(14.7)	(2.1)	(6.9)
Cash and cash equivalents at end of period	\$ 665.9	\$ 737.8	\$ 665.9	\$ 737.8

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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
CCL	\$ 1,139.8	\$ 995.5	\$ 190.8	\$ 144.0	\$ 2,233.9	\$ 2,008.6	\$ 368.4	\$ 309.4
Avery	276.9	268.0	60.7	50.3	529.7	528.3	111.7	100.9
Checkpoint	244.3	210.5	36.7	28.1	469.0	420.9	73.7	58.9
Innovia	184.6	170.5	15.3	19.6	350.2	338.8	31.7	30.5
Total operations	<u>\$ 1,845.6</u>	<u>\$ 1,644.5</u>	<u>\$ 303.5</u>	<u>\$ 242.0</u>	<u>\$ 3,582.8</u>	<u>\$ 3,296.6</u>	<u>\$ 585.5</u>	<u>\$ 499.7</u>
Corporate expense			(22.8)	(21.3)			(42.6)	(41.2)
Restructuring and other items			(2.1)	(2.9)			(2.1)	(3.7)
Revaluation gain			78.1	-			78.1	-
Earnings in equity-accounted investments			5.0	5.0			13.3	8.1
Finance cost			(20.1)	(20.2)			(39.4)	(40.2)
Finance income			3.5	2.8			7.1	5.1
Interest on lease liabilities			(2.0)	(1.8)			(4.3)	(3.5)
Income tax expense			<u>(63.6)</u>	<u>(47.7)</u>			<u>(124.0)</u>	<u>(102.0)</u>
Net earnings			<u>\$ 279.5</u>	<u>\$ 155.9</u>			<u>\$ 471.6</u>	<u>\$ 322.3</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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
CCL	\$ 5,330.5	\$ 4,753.9	\$ 1,277.3	\$ 1,182.1	\$ 142.4	\$ 125.0	\$ 223.6	\$ 188.9
Avery	1,148.2	1,081.8	320.2	303.5	20.3	21.3	9.0	6.9
Checkpoint	1,173.6	1,106.7	437.3	426.4	25.0	23.5	35.4	28.5
Innovia	1,119.6	1,071.0	304.0	309.7	23.5	24.5	37.9	37.3
Equity-accounted investments	60.5	85.0	-	-	-	-	-	-
Corporate	740.1	825.8	2,188.6	2,079.3	0.7	0.9	-	-
Total	<u>\$ 9,572.5</u>	<u>\$ 8,924.2</u>	<u>\$ 4,527.4</u>	<u>\$ 4,301.0</u>	<u>\$ 211.9</u>	<u>\$ 195.2</u>	<u>\$ 305.9</u>	<u>\$ 261.6</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, revaluation gains 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, revaluation gains 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Sales</u>				
CCL	\$ 1,139.8	\$ 995.5	\$ 2,233.9	\$ 2,008.6
Avery	276.9	268.0	529.7	528.3
Checkpoint	244.3	210.5	469.0	420.9
Innovia	184.6	170.5	350.2	338.8
Total sales	\$ 1,845.6	\$ 1,644.5	\$ 3,582.8	\$ 3,296.6
<u>Operating income</u>				
CCL	\$ 190.8	\$ 144.0	\$ 368.4	\$ 309.4
Avery	60.7	50.3	111.7	100.9
Checkpoint	36.7	28.1	73.7	58.9
Innovia	15.3	19.6	31.7	30.5
Total operating income (non-IFRS measure)	303.5	242.0	585.5	499.7
Less: Corporate expenses	(22.8)	(21.3)	(42.6)	(41.2)
Add: Depreciation & amortization	106.0	98.6	211.9	195.2
Adjusted EBITDA (non-IFRS measure)	\$ 386.7	\$ 319.3	\$ 754.8	\$ 653.7

(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, revaluation gains, 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	
	2024	2023	2024	2023
Basic earnings per Class B Share	\$ 1.56	\$ 0.88	\$ 2.64	\$ 1.82
Restructuring and other items	0.01	0.02	0.01	0.02
Revaluation gain	(0.44)	-	(0.44)	-
Adjusted Basic Earnings per Class B Share	\$ 1.13	\$ 0.90	\$ 2.21	\$ 1.84

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

Free Cash Flow from Operations

Unaudited (In millions of Canadian dollars)	Six Months Ended June 30, 2024
Cash provided by operating activities	\$ 415.8
Less: Additions to property, plant and equipment	(305.9)
Add: Proceeds on disposal of property, plant and equipment	1.9
Free cash flow from operations	\$ 111.8

⁽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)	June 30, 2024
Current portion of long-term debt	\$ 6.3
Current lease liabilities	44.7
Long-term debt	2,206.5
Long-term lease liabilities	168.2
Total debt	2,425.7
Cash and cash equivalents	(665.9)
Net debt	\$ 1,759.8
Adjusted EBITDA for 12 months ending June 30, 2024 (see below)	\$ 1,433.2
Leverage Ratio	1.23
Adjusted EBITDA for 12 months ended December 31, 2023	\$ 1,332.1
less: Adjusted EBITDA for six months ended June 30, 2023	(653.7)
add: Adjusted EBITDA for six months ended June 30, 2024	754.8
Adjusted EBITDA for 12 months ended June 30, 2024	\$ 1,433.2

Supplemental Financial Information

Sales Change Analysis Revenue Growth Rates (%)

	Three Months Ended June 30, 2024				Six Months Ended June 30, 2024			
	Organic	Acquisition	FX	Total	Organic	Acquisition	FX	Total
	Growth	Growth	Translation		Growth	Growth	Translation	
CCL	9.0%	4.6%	0.9%	14.5%	6.0%	4.5%	0.7%	11.2%
Avery	1.1%	1.3%	0.9%	3.3%	(1.7%)	1.4%	0.6%	0.3%
Checkpoint	17.5%	-	(1.4%)	16.1%	13.4%	-	(2.0%)	11.4%
Innovia	6.2%	-	2.1%	8.3%	1.6%	-	1.8%	3.4%
Total	8.5%	3.0%	0.7%	12.2%	5.3%	3.0%	0.4%	8.7%

Business Description

CCL Industries Inc. employs approximately 26,000 people operating 213 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.