



# CCL Industries

## Profile

Geoffrey T. Martin  
President & CEO

November 2019

# Disclaimer

This presentation 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 presentation contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company’s segments; the Company’s anticipated improvement in market share; the Company’s capital spending levels and planned capital expenditures in 2019; the adequacy of the Company’s financial liquidity; earnings per share and EBITDA growth rates; the Company’s effective tax rate; the Company’s ongoing business strategy; the Company’s expectations regarding general business and economic conditions; the Company’s expectation that the Rheinfelden joint venture will start up operations in the summer of 2019; the Company’s expectation that in Q3 the impact of the new BOPP line in Mexico will become clearer; and the Company’s expectation that the Avery Segment is poised for a significantly improved back-to-school season in the third quarter of 2019.

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 instability of the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological changes; changes in government regulations; risks associated with operating and product hazards; and the Company’s ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company’s actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: consumer spending; improved customer demand for the Company’s products; continued historical growth trends, 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; the availability of cash and credit; fluctuations of currency exchange rates and the Company’s continued relations with its customers. Should one or more risks come to fruition or should any assumption prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: “Risks and Uncertainties” of the 2018 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 presentation 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.

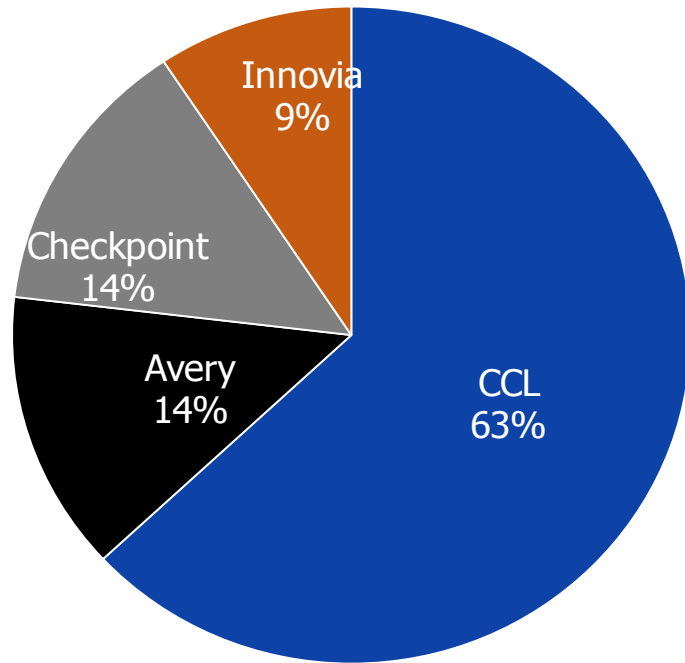
Additional information relating to the Company, including the Company’s Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website [www.cclind.com](http://www.cclind.com).

# CCL.B

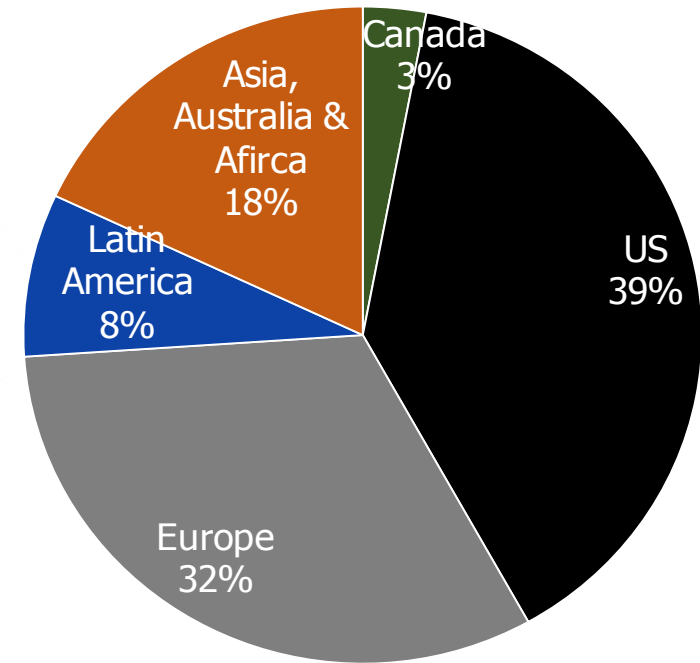
- Listed on the TSX in Toronto, Canada. Entered TSX 60 in June 2017 as market cap passed \$10 billion
- Lang family owns 17.7% of the outstanding equity, including substantially all A class voting shares. 3 family members on the Board, passive in the business, active on all shareholder matters
- Dividend increased 31% to annualized \$0.68/share March 2019



# CCL Industries



**Sales by Segment**



**Sales by Geography**

\$5+ billion in sales with 20% EBITDA margin

# CCL Segment

## Home & Personal Care



- ~25% market share; ~3x larger than closest competitor
- Only real global player in Labels, growing in Tubes
- Customers highly concentrated:

## Food & Beverage



- Fastest organic growth in the Company since 2014
- #2 position in sleeves, pressure-sensitive labels for beer, juice & water and wine & spirits
- Large market with low penetration
- Many customers, most large except in Wine

## Healthcare & Specialty



- 15% market share; 3-4x larger than nearest competitor
- Steady but slow growth
- Most profitable CCL Label sector
- Fragmented customers but all large

## CCL Design



- Automotive & Electronics
- Room to expand margins
- Auto: economically cyclical, Electronics product cyclical
- Customers: OEMs & Supply Chain Tier 1s

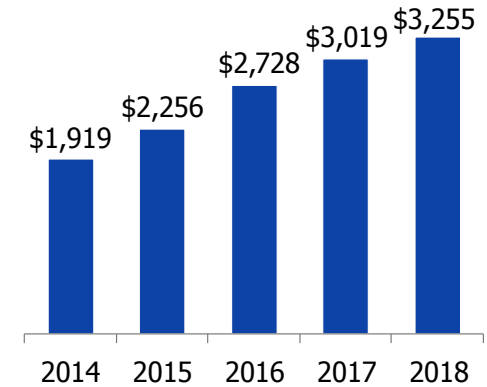
## CCL Secure



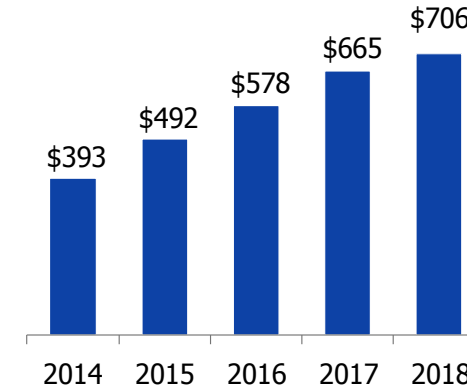
- World leading in Polymer Banknote Substrate
- Major Currency Customers: 30 countries worldwide, including Bank of England, Bank of Canada, Reserve Bank of Australia, Banco de Mexico
- Polymer banknotes 10 times more secure, 75% cleaner, 3 times more durable

## Global business divided into 5 customer sectors

### Historical Sales (C\$ millions)



### Historical EBITDA (C\$ millions)

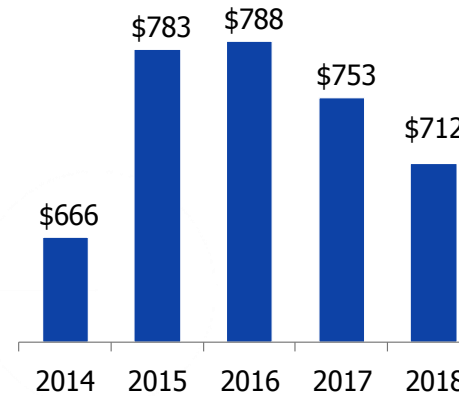


# Avery

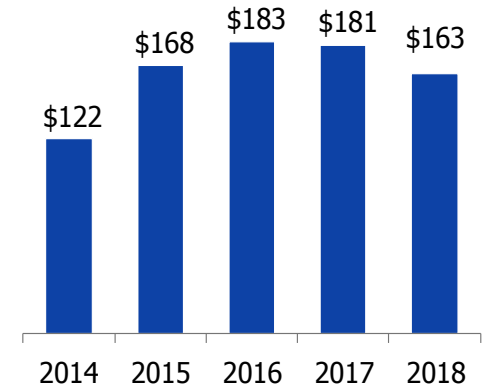
- Highest return & free cash flow business at CCL
- Looking to grow by:
  - Bolt on acquisitions
  - Focus on new channels & products



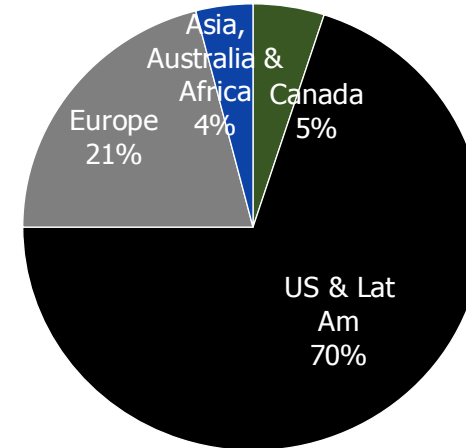
**Historical Sales**  
 (C\$ millions)



**Historical EBITDA**  
 (C\$ millions)






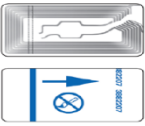

**Sales by Geography**



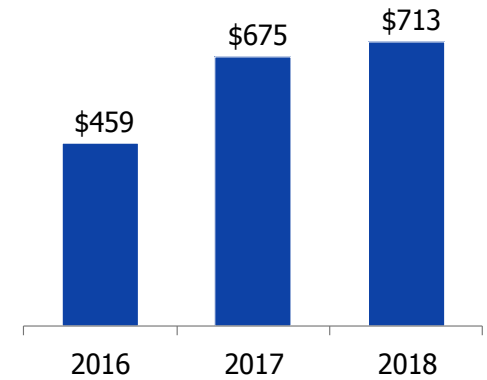
# Checkpoint

## Merchandise Availability Solutions (MAS)

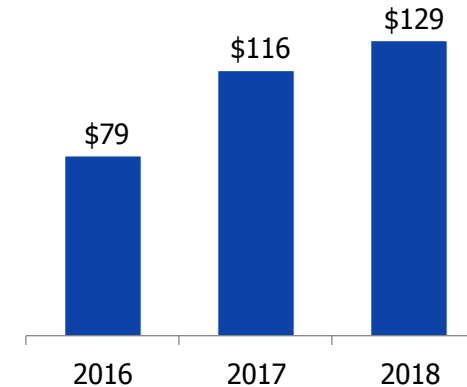
## Apparel Labeling Solutions (ALS)

| Segment Description | Shrink and inventory management solutions for retailers  | Web-based label & tag management service for pricing, inventory control & merchandising of apparel   |
|---------------------|--|--|
| Product Description | <ul style="list-style-type: none"> <li>• Electronic article surveillance ("EAS") systems, labels &amp; consumables</li> <li>• High-theft hard tags for "open displays"</li> <li>• RFID systems, software &amp; services</li> </ul> | <ul style="list-style-type: none"> <li>• Price labels, tickets &amp; tags</li> <li>• Branding labels &amp; tags</li> <li>• Variable data tags &amp; labels</li> <li>• Woven labels</li> <li>• Printed fabric labels</li> <li>• RFID labels</li> </ul>            |
| Products            |    |    |

Historical Sales (C\$ millions)



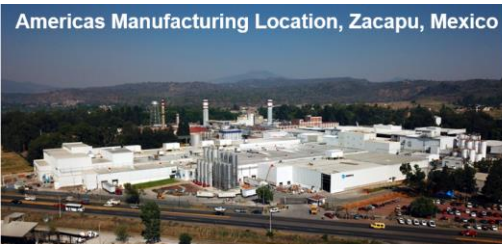
Historical EBITDA (C\$ millions)



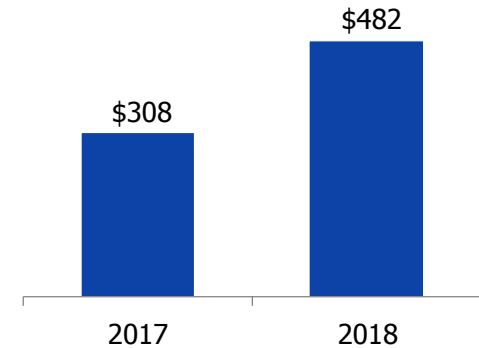
Technology provider of end-to-end solutions to the retail industry

# Innovia

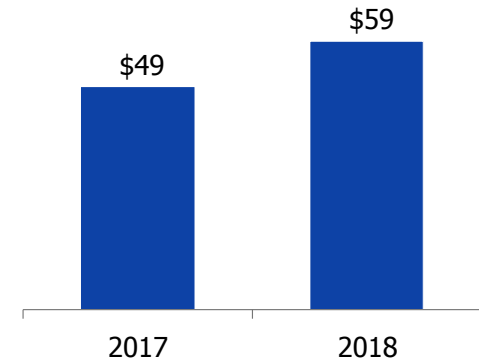
- Established with 2017 acquisition of Innovia and 2018 Treofan
- Leading manufacturer of BOPP films
  - 41% Labels
  - 28% Flexible Packaging
  - 25% Specialty Films
  - 6% Security
- 14 sales & technical offices; 2 R&D centres; 4 production sites



**Historical Sales**  
(C\$ millions)



**Historical EBITDA**  
(C\$ millions)





# Innovia

Periods Ended June 30<sup>th</sup>

| (millions of CDN \$)            | Three months |         | Change   |       | Six months |          | Change   |       |
|---------------------------------|--------------|---------|----------|-------|------------|----------|----------|-------|
|                                 | 2019         | 2018    | Reported | Ex FX | 2019       | 2018     | Reported | Ex FX |
| Sales                           | \$ 142.1     | \$ 88.8 | +60%     | +61%  | \$ 292.0   | \$ 184.5 | +58%     | +59%  |
| Operating income <sup>(1)</sup> | \$ 13.3      | \$ 0.1  | n.m.     | n.m.  | \$ 27.9    | \$ 7.6   | +267%    | +272% |
| Return on sales                 | 9.4%         | 0.1%    |          |       | 9.6%       | 4.1%     |          |       |
| EBITDA <sup>(1)</sup>           | \$ 24.8      | \$ 8.1  | +206%    | +209% | \$ 49.8    | \$ 23.5  | +112%    | +114% |
| % of sales                      | 17.5%        | 9.1%    |          |       | 17.1%      | 12.7%    |          |       |

- Sales growth acquisition driven, pricing & mix offset lower volume
- Legacy Innovia improved significantly on better mix, pricing & productivity actions, stable resins and FX gains on the weak GBP on export sales to the United States
- Treofan contributed modestly, Mexican BOPP line started up in May

# Statement of Earnings

Periods Ended June 30<sup>th</sup>

| (millions of CDN \$)                     | Three months    |                 | Change   |       | Six months      |                 | Change   |       |
|--|-----------------|-----------------|----------|-------|-----------------|-----------------|----------|-------|
|  | 2019            | 2018            | Reported | Ex FX | 2019            | 2018            | Reported | Ex FX |
| Sales                                    | \$ 1,354.2      | \$ 1,264.4      | +7%      | +7%   | \$ 2,686.3      | \$ 2,491.5      | +8%      | +7%   |
| Operating income <sup>(1)</sup>          | 198.7           | 199.6           | (1%)     | (1%)  | 403.6           | 400.2           | +1%      | +0%   |
| Corporate expense                        | <u>14.7</u>     | <u>12.9</u>     |          |       | <u>29.1</u>     | <u>32.1</u>     |          |       |
|  | 184.0           | 186.7           |          |       | 374.5           | 368.1           |          |       |
| Finance cost, net                        | <u>20.6</u>     | <u>20.8</u>     |          |       | <u>42.6</u>     | <u>39.8</u>     |          |       |
|  | 163.4           | 165.9           |          |       | 331.9           | 328.3           |          |       |
| Restructuring and other items            | 2.1             | 3.6             |          |       | 3.5             | 6.9             |          |       |
| Earnings in equity accounted investments | <u>1.2</u>      | <u>0.2</u>      |          |       | <u>2.3</u>      | <u>1.1</u>      |          |       |
| Earnings before income taxes             | 162.5           | 162.5           |          |       | 330.7           | 322.5           |          |       |
| Income taxes                             | <u>41.2</u>     | <u>41.4</u>     |          |       | <u>85.8</u>     | <u>82.7</u>     |          |       |
| Net earnings                             | <u>\$ 121.3</u> | <u>\$ 121.1</u> | +0%      | (1%)  | <u>\$ 244.9</u> | <u>\$ 239.8</u> | +2%      | +2%   |
| Effective tax rate                       | 25.6%           | 25.5%           |          |       | 26.1%           | 25.7%           |          |       |
| EBITDA <sup>(1)</sup>                    | \$ 267.3        | \$ 255.0        | +5%      | +4%   | \$ 538.6        | \$ 504.3        | +7%      | +6%   |

# Cash & Debt Summary

| (millions of CDN \$)  | June<br>2019      | December<br>2018  |
|---|-------------------|-------------------|
| Syndicated revolving LTD (US\$547.0MM, €18.5MM, £60.3MM and C\$101.0MM) | \$ 945.1          | \$ 1,013.5        |
| Bonds (US\$500.0MM due 2026, C\$300.0MM due 2028)                       | 954.8             | 981.8             |
| Syndicated term facility (US\$366.0MM due 2021)                         | 479.3             | 499.1             |
| Bilateral credit facility (US\$20.7MM due 2021)                         | 27.1              | -                 |
| Lease liabilities   | 159.4             | -                 |
| Debt - all other, net of issuance costs                                 | (5.0)             | (2.8)             |
| Total debt  | \$ 2,560.7        | \$ 2,491.6        |
| Less: Cash and cash equivalents   | (481.5)           | (589.1)           |
| Net debt  | <u>\$ 2,079.2</u> | <u>\$ 1,902.5</u> |

- Leverage ratio<sup>(1)</sup> of 1.99x EBITDA
- Available capacity within the syndicated revolving facility is US\$476 million

# Questions



# Definitions Appendix

(1) Non-IFRS measure; see MD&A dated June 30, 2019 for definition.

(2) Free Cash Flow from Operations (non-IFRS measure) = cash from operating activities less capital expenditures, net of proceeds from sale of property, plant and equipment.

# Segment Reporting

**CCL Segment (“CCL”)** is made up of 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 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 and 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 bank note substrate, pressure sensitive stamps, passport components and other security products to government institutions and to corporations for brand protection.

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

**Checkpoint Segment (“Checkpoint”)** is a leading manufacturer of technology-driven loss-prevention, inventory-management and labeling solutions, including RF and 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 radio frequency identification (“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 Segment (“Innovia”)** supplies specialty, high-performance, multi-layer, surface engineered BOPP films from facilities in Australia, Belgium, Mexico 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 the smaller legacy facilities produce almost their entire output for CCL Label.