

CCL Industries Inc.

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News Release

For Immediate Release, Thursday, August 5, 2021

Stock Symbols: TSX – CCL.A and CCL.B

CCL Industries Announces Second Quarter Results

Second Quarter Highlights

- Per Class B share⁽³⁾: **\$0.89 adjusted basic earnings up 50.8%**; **\$0.86 basic earnings up 48.3%**; **currency translation negative \$0.05 per share**
- **Sales increased 15.1% on 20.5% organic growth, 1.5% acquisition growth partially offset by 6.9% negative currency translation**
- **CCL, Avery, Checkpoint and Innovia posted organic sales growth of 14.4%, 28.8%, 61.6% and 12.1%, respectively**
- **Operating income⁽¹⁾ improved 43.9%, with a 16.7% operating margin⁽¹⁾ up 330 bps**

Six-Month Highlights

- Per Class B share⁽³⁾: **\$1.71 adjusted basic earnings up 30.5%**; **\$1.68 basic earnings up 30.2%**; **currency translation negative \$0.07 per share**
- **Sales increased 9.4% on 12.1% organic growth, 2.0% acquisition growth partially offset by 4.7% negative currency translation**
- **CCL, Avery, Checkpoint and Innovia posted organic sales growth of 9.8%, 8.4%, 33.3% and 9.2%, respectively**
- **Operating income⁽¹⁾ improved 26.0%, with a 16.6% operating margin⁽¹⁾ up 210 bps**

Toronto, August 5, 2021 - 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 2021 second quarter results.

Sales for the second quarter of 2021 increased 15.1% to \$1,406.3 million, compared to \$1,221.9 million for the second quarter of 2020, with organic growth of 20.5%, and acquisition-related growth of 1.5% partially offset by 6.9% negative impact from foreign currency translation.

Operating income⁽¹⁾ for the second quarter of 2021 increased 43.9% to \$235.5 million compared to \$163.6 million for the comparable quarter of 2020. Operating income⁽¹⁾ improved 51.4%, excluding currency translation.

The Company recorded expenses for restructuring and other items of \$2.6 million and \$3.8 million for the 2021 and 2020 second quarters, respectively, primarily for reorganization and severance costs.

Tax expense for the second quarter of 2021 was \$51.7 million compared to \$34.3 million in the prior year period. The effective tax rate for the 2021 second quarter was 25.5% compared to 25.1% for the 2020 second quarter.

U.K. tax legislation passed into law during the quarter, resulted in a \$8.0 million increase in tax expense due to an increase in future tax rates and a corresponding increase in deferred tax liabilities. This increase in tax expense was largely offset by a \$7.3 million reduction in valuation allowances due to improved profitability at certain subsidiaries of the Company. Of this \$8.0 million increase to deferred tax liabilities, \$4.7 million primarily related to book and tax timing differences and other discreet items. However, \$3.3 million related to indefinite life intangibles recognized for accounting purposes that had no corresponding tax basis and were therefore excluded from adjusted basic earnings per share⁽³⁾.

Net earnings increased 47.3% to \$153.0 million for the 2021 second quarter compared to \$103.9 million for the 2020 second quarter. Basic and adjusted basic earnings per Class B share⁽³⁾ for the 2021 second quarter were \$0.86 and \$0.89, respectively, compared to basic and adjusted basic earnings per Class B share⁽³⁾ of \$0.58 and \$0.59, respectively, in the prior year second quarter.

Geoffrey T. Martin, President and Chief Executive Officer, commented, "I am pleased to report better-than-expected quarterly results despite ongoing pandemic-related challenges, most severe in parts of Asia Pacific. All Segments posted strong sales growth, up over 20% organically Company-wide, while operating income⁽¹⁾ and adjusted basic earnings per Class B share⁽³⁾ improved 55.5% and 64.8% respectively, excluding the negative impact of currency translation. Adjusted earnings include \$0.02 per Class B share of additional tax expense attributable to new U.K. tax legislation enacted into law during the quarter. Foreign exchange translation prevented the Company posting a record quarter, largely due to the weaker U.S. dollar."

Mr. Martin continued, "Our CCL Segment generated very strong mid-teens organic sales growth this quarter compared to a mid-single digit decline in the prior year period. This drove approximately 20% improvement in operating income⁽¹⁾ compared to the same period for both 2020 and 2019 with a 16.3% operating margin⁽¹⁾, despite many inflationary challenges. Home & Personal Care results improved significantly, even after the translation impact from a weaker U.S. dollar in North America, where recovery in beauty, skin care and travel related products more than offset slowing end markets for sanitizers and cleansers. Internationally, Europe improved but Emerging Markets' organic sales gains and profitability were hurt by currency and a challenging pricing environment, respectively. CCL Design results increased dramatically on robust demand recovery in automotive markets compared to a prior year global industry shutdown, while electronics markets faced tough comparisons to a second quarter 2020 inventory rebuild following last year's first quarter supply chain interruptions in China. Healthcare & Specialty sales were flat organically and profits declined compared to a mix driven, pandemic-related tailwind in the prior year period. Food & Beverage results bounced back sharply following the uptick in "on-premise" demand. Our label joint ventures in Russia and the Middle East delivered strong earnings growth. CCL Secure posted strong profitability on solid demand from legacy regimes and new customer wins. Results in Brazil included an accounting gain resulting from a favourable Supreme Court decision concerning certain indirect taxes. Checkpoint's sales and profitability improved dramatically compared to a time in 2020 when many non-essential retail outlets closed down and apparel supply chains in parts of Asia came to a complete stop. Gains in RFID and security technologies fueled growth; results overall easily surpassed the same period in 2019. All product lines in all parts of the world at Avery posted strong gains against a weak prior year period affected by work place disruption. Back-to-school sell in was good but supply chain challenges, especially from China, could affect the replenishment period in the coming quarter. Innovia's performance also surprised to the upside,

as record high resin costs were largely passed on to customers; strong productivity gains, especially in Mexico, and improved mix further augmented results.”

Mr. Martin added, “Looking ahead, we are carefully monitoring the pandemic situation in parts of Asia Pacific and its impact on economic activity, our colleagues and operations. Inflationary pressures also remain on the watch as we attempt to minimize their impact on customers with proposals for lower cost alternatives or, as necessary, cost recovery related price increases. For the second half of 2021, prior year benchmarks are dramatically more challenging than those of the first half, especially the record third quarter of 2020 aided by high margin windfall orders for CCL Secure. Additionally, foreign currency translation reduced earnings \$0.05 per share for the second quarter of 2021, largely driven by the significantly lower U.S. dollar. At today’s Canadian dollar exchange rates, currency translation would remain a headwind for the third quarter of 2021, if sustained. Matching the earnings performance of the second half of 2020 over the last six months of 2021 will be challenging.”

Mr. Martin concluded, “The Company finished the quarter with a strong balance sheet and robust liquidity. The Company’s consolidated leverage ratio⁽⁵⁾ declined to 1.05 times Adjusted EBITDA⁽²⁾ with \$693.3 million of cash-on-hand and US\$1.2 billion undrawn capacity on its syndicated revolving credit facility, leaving us well placed to fund global expansion initiatives. The Board of Directors declared the quarterly dividend at \$0.21 per Class B non-voting share and \$0.2075 per Class A voting share, payable to shareholders of record at the close of business on September 16, 2021, to be paid on September 30, 2021.”

2021 Second Quarter Highlights

CCL

- Sales increased 9.6% to \$856.3 million, on 14.4% organic growth, 1.9% acquisition contribution partially offset by 6.7% negative impact from foreign currency translation
- Regional organic sales growth: double digit in North America, Europe and Asia Pacific, high single digit in Latin America
- Operating income⁽¹⁾ \$139.5 million, up 21.3%, 16.3% operating margin⁽¹⁾ up 160 bps
- Label joint ventures added \$0.01 earnings per Class B share

Avery

- Sales increased 22.3% to \$178.9 million, on 28.8% organic growth, 2.2% acquisition contribution partially offset by 8.7% negative impact from foreign currency translation
- Operating income⁽¹⁾ \$38.2 million, up 106.5%, 21.4% operating margin⁽¹⁾, up 880 bps

Checkpoint

- Sales increased 54.5% to \$187.7 million, on organic growth of 61.6% partially offset by 7.1% negative impact from foreign currency translation
- Operating income⁽¹⁾ \$29.1 million, up 354.7%, 15.5% operating margin⁽¹⁾, up 1020 bps

Innovia

- Sales increased 6.3% to \$183.4 million with 12.1% organic growth partially offset by 5.8% negative impact from foreign currency translation
- Operating income⁽¹⁾ \$28.7 million, up 21.1%, 15.6% operating margin⁽¹⁾, up 190 bps

CCL will hold a conference call at 7:30 a.m. ET on August 6, 2021, to discuss these results.

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

To access this call, please dial:

1 (844) 347-1036 - Toll Free

1 (209) 905-5911 - International Dial-In Number

2292235: Optional Conference Passcode

Audio replay service will be available from August 6, 2021, at 10:30 a.m. ET until August 22, 2021, at 10:30 a.m. ET.

To access Conference Replay, please dial:

1 (855) 859-2056 - Toll Free

1 (404) 537-3406 - International Dial-In Number

Conference Passcode: 2292235

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 challenging comparisons in the second half of 2021 with the second half of 2020, the impact of foreign currency exchange rates on the 2021 third quarter; income and profitability of the Company's segments; and the Company's expectations regarding inflation, 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 2020 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, 2021</u>	<u>As at December 31, 2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 693.3	\$ 703.7
Trade and other receivables	1,060.2	922.8
Inventories	605.7	533.5
Prepaid expenses	51.3	35.3
Income taxes recoverable	18.0	29.0
Derivative instruments	0.6	0.4
Total current assets	2,429.1	2,224.7
Non-current assets		
Property, plant and equipment	1,830.0	1,882.7
Right-of-use assets	148.9	158.4
Goodwill	1,863.0	1,918.5
Intangible assets	948.2	1,007.6
Deferred tax assets	47.8	42.7
Equity-accounted investments	61.4	66.1
Other assets	28.1	26.8
Derivative instruments	11.4	9.2
Total non-current assets	4,938.8	5,112.0
Total assets	\$ 7,367.9	\$ 7,336.7
Liabilities		
Current liabilities		
Trade and other payables	\$ 1,195.6	\$ 1,135.7
Current portion of long-term debt	160.8	51.8
Lease liabilities	31.8	34.2
Income taxes payable	39.3	40.3
Total current liabilities	1,427.5	1,262.0
Non-current liabilities		
Long-term debt	1,649.1	1,889.4
Lease liabilities	113.9	119.2
Deferred tax liabilities	281.5	270.8
Employee benefits	322.8	385.1
Provisions and other long-term liabilities	13.1	10.9
Derivative instruments	85.0	117.1
Total non-current liabilities	2,465.4	2,792.5
Total liabilities	3,892.9	4,054.5
Equity		
Share capital	432.7	396.8
Contributed surplus	95.2	90.1
Retained earnings	3,197.9	2,937.5
Accumulated other comprehensive loss	(250.8)	(142.2)
Total equity attributable to shareholders of the Company	3,475.0	3,282.2
Total liabilities and equity	\$ 7,367.9	\$ 7,336.7

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>	2021	2020	2021	2020
Sales	\$ 1,406.3	\$ 1,221.9	\$ 2,755.8	\$ 2,518.3
Cost of sales	996.0	894.4	1,958.4	1,820.2
Gross profit	410.3	327.5	797.4	698.1
Selling, general and administrative expenses	191.0	171.3	370.9	352.2
Restructuring and other items	2.6	3.8	2.6	5.6
Earnings in equity-accounted investments	(2.1)	(1.7)	(4.0)	(3.0)
	218.8	154.1	427.9	343.3
Finance cost	13.5	14.9	27.5	31.0
Finance income	(0.7)	(0.6)	(1.4)	(1.3)
Interest on lease liabilities	1.3	1.6	2.7	3.3
Net finance cost	14.1	15.9	28.8	33.0
Earnings before income tax	204.7	138.2	399.1	310.3
Income tax expense	51.7	34.3	98.3	79.8
Net earnings for the period	\$ 153.0	\$ 103.9	\$ 300.8	\$ 230.5
Earnings per share				
Basic earnings per Class B share	\$ 0.86	\$ 0.58	\$ 1.68	\$ 1.29
Diluted earnings per Class B share	\$ 0.86	\$ 0.58	\$ 1.67	\$ 1.28

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>	
	2021	2020	2021	2020
Cash provided by (used for)				
Operating activities				
Net earnings	\$ 153.0	\$ 103.9	\$ 300.8	\$ 230.5
Adjustments for:				
Property, plant and equipment depreciation	59.7	62.2	121.9	123.0
Right-of-use assets depreciation	9.6	10.3	19.5	20.5
Intangible amortization	13.9	14.3	28.5	28.8
Earnings from equity-accounted investments, net of dividends received	4.1	(1.7)	2.2	0.5
Net finance costs	14.1	15.9	28.8	33.0
Current income tax expense	54.8	23.1	107.3	67.0
Deferred taxes expense (recovery)	(3.1)	11.2	(9.0)	12.8
Equity-settled share-based payment transactions	7.3	4.0	14.2	7.5
Gain on sale of property, plant and equipment	(0.4)	(2.4)	(2.1)	(2.5)
	313.0	240.8	612.1	521.1
Change in inventories	(54.5)	(22.8)	(71.8)	(82.7)
Change in trade and other receivables	(81.8)	69.3	(134.3)	(66.8)
Change in prepaid expenses	(13.9)	1.9	(15.9)	2.3
Change in trade and other payables	91.4	(14.0)	55.2	8.8
Change in income taxes receivable and payable	1.0	3.4	(0.7)	4.9
Change in employee benefits	(1.6)	4.8	(15.2)	10.8
Change in other assets and liabilities	(1.0)	(31.3)	0.5	(34.9)
	252.6	252.1	429.9	363.5
Net interest paid	(22.0)	(22.7)	(24.1)	(32.0)
Income taxes paid	(63.0)	(36.0)	(97.8)	(57.8)
Cash provided by operating activities	167.6	193.4	308.0	273.7
Financing activities				
Proceeds on issuance of long-term debt	0.5	818.7	1.9	860.4
Repayment of long-term debt	(18.1)	(842.6)	(92.2)	(903.5)
Repayment of lease liabilities	(8.7)	(11.6)	(17.7)	(23.7)
Proceeds from issuance of shares	14.0	3.1	26.8	3.3
Dividends paid	(37.7)	(32.1)	(75.4)	(64.3)
Cash used for financing activities	(50.0)	(64.5)	(156.6)	(127.8)
Investing activities				
Additions to property, plant and equipment	(74.9)	(61.4)	(132.1)	(157.1)
Proceeds on disposal of property, plant and equipment	2.0	13.7	6.4	14.1
Business acquisitions and other long-term investments	(10.3)	(0.1)	(10.3)	(100.3)
Cash used for investing activities	(83.2)	(47.8)	(136.0)	(243.3)
Net increase (decrease) in cash and cash equivalents	34.4	81.1	15.4	(97.4)
Cash and cash equivalents at beginning of the period	662.7	545.5	703.7	703.6
Translation adjustments on cash and cash equivalents	(3.8)	(7.2)	(25.8)	13.2
Cash and cash equivalents at end of the period	\$ 693.3	\$ 619.4	\$ 693.3	\$ 619.4

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
CCL	\$ 856.3	\$ 781.6	\$ 139.5	\$ 115.0	\$ 1,733.0	\$ 1,620.4	\$ 296.7	\$ 255.6
Avery	178.9	146.3	38.2	18.5	319.3	305.0	59.2	50.6
Checkpoint	187.7	121.5	29.1	6.4	356.4	276.5	54.5	18.5
Innovia	183.4	172.5	28.7	23.7	347.1	316.4	48.2	39.2
Total operations	<u>\$ 1,406.3</u>	<u>\$ 1,221.9</u>	<u>\$ 235.5</u>	<u>\$ 163.6</u>	<u>\$ 2,755.8</u>	<u>\$ 2,518.3</u>	<u>\$ 458.6</u>	<u>\$ 363.9</u>
Corporate expense			(16.2)	(7.4)			(32.1)	(18.0)
Restructuring and other items			(2.6)	(3.8)			(2.6)	(5.6)
Earnings in equity-accounted investments			2.1	1.7			4.0	3.0
Finance cost			(13.5)	(14.9)			(27.5)	(31.0)
Finance income			0.7	0.6			1.4	1.3
Interest on lease liabilities			(1.3)	(1.6)			(2.7)	(3.3)
Income tax expense			(51.7)	(34.3)			(98.3)	(79.8)
Net earnings			<u>\$ 153.0</u>	<u>\$ 103.9</u>			<u>\$ 300.8</u>	<u>\$ 230.5</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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
CCL	\$ 3,780.4	\$ 3,805.6	\$ 1,014.5	\$ 1,066.8	\$ 113.5	\$ 115.6	\$ 101.1	\$ 116.9
Avery	743.4	707.1	263.1	231.9	12.7	13.0	3.9	10.9
Checkpoint	969.6	975.1	492.1	497.7	18.6	19.1	9.6	14.8
Innovia	1,172.4	1,145.9	320.1	288.7	24.3	23.9	17.5	14.5
Equity-accounted investments	61.4	66.1	-	-	-	-	-	-
Corporate	640.7	636.9	1,803.1	1,969.4	0.8	0.7	-	-
Total	<u>\$ 7,367.9</u>	<u>\$ 7,336.7</u>	<u>\$ 3,892.9</u>	<u>\$ 4,054.5</u>	<u>\$ 169.9</u>	<u>\$ 172.3</u>	<u>\$ 132.1</u>	<u>\$ 157.1</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 who may have different capital or organizational structures. Adjusted EBITDA is tracked by financial analysts and investors to evaluate financial performance and is a key metric in business valuations. 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	
	2021	2020	2021	2020
<u>Sales</u>				
CCL	\$ 856.3	\$ 781.6	\$ 1,733.0	\$ 1,620.4
Avery	178.9	146.3	319.3	305.0
Checkpoint	187.7	121.5	356.4	276.5
Innovia	183.4	172.5	347.1	316.4
Total sales	\$ 1,406.3	\$ 1,221.9	\$ 2,755.8	\$ 2,518.3
<u>Operating income</u>				
CCL	\$ 139.5	\$ 115.0	\$ 296.7	\$ 255.6
Avery	38.2	18.5	59.2	50.6
Checkpoint	29.1	6.4	54.5	18.5
Innovia	28.7	23.7	48.2	39.2
Total operating income (non-IFRS measure)	235.5	163.6	458.6	363.9
Less: Corporate expenses	(16.2)	(7.4)	(32.1)	(18.0)
Add: Depreciation & amortization	83.2	86.8	169.9	172.3
Adjusted EBITDA (non-IFRS measure)	\$ 302.5	\$ 243.0	\$ 596.4	\$ 518.2

(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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Basic earnings per Class B Share	\$ 0.86	\$ 0.58	\$ 1.68	\$ 1.29
Restructuring and other items	0.01	0.01	0.01	0.02
New UK Tax Legislation	0.02	-	0.02	-
Adjusted Basic Earnings per Class B Share	\$ 0.89	\$ 0.59	\$ 1.71	\$ 1.31

⁽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 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>June 30, 2021</u>
Cash provided by operating activities	\$ 308.0
Less: Additions to property, plant and equipment	(132.1)
Add: Proceeds on disposal of property, plant and equipment	6.4
Free cash flow from operations	\$ 182.3

⁽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, 2021</u>
Current portion of long-term debt	\$ 160.8
Current lease liabilities	31.8
Long-term debt	1,649.1
Long-term lease liabilities	113.9
Total debt	1,955.6
Cash and cash equivalents	(693.3)
Net debt	\$ 1,262.3
Adjusted EBITDA for 12 months ending June 30, 2021 (see below)	\$ 1,201.4
Leverage Ratio	1.05
Adjusted EBITDA for 12 months ended December 31, 2020	\$ 1,123.2
less: Adjusted EBITDA for six months ended June 30, 2020	(518.2)
add: Adjusted EBITDA for six months ended June 30, 2021	596.4
Adjusted EBITDA for 12 months ended June 30, 2021	\$ 1,201.4

Supplemental Financial Information

Sales Change Analysis Revenue Growth Rates (%)

	Three Months Ended June 30, 2021				Six Months Ended June 30, 2021			
	Organic Growth	Acquisition Growth	FX Translation	Total	Organic Growth	Acquisition Growth	FX Translation	Total
CCL	14.4%	1.9%	(6.7%)	9.6%	9.8%	1.9%	(4.8%)	6.9%
Avery	28.8%	2.2%	(8.7%)	22.3%	8.4%	2.0%	(5.7%)	4.7%
Checkpoint	61.6%	-	(7.1%)	54.5%	33.3%	0.1%	(4.5%)	28.9%
Innovia	12.1%	-	(5.8%)	6.3%	9.2%	4.4%	(3.9%)	9.7%
Total	20.5%	1.5%	(6.9%)	15.1%	12.1%	2.0%	(4.7%)	9.4%

Business Description

CCL Industries Inc. employs approximately 22,200 people operating 191 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.