

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

CCL INDUSTRIES INC.

Interim periods ended March 31, 2015 and 2014
Unaudited

CCL Industries Inc.

Consolidated condensed interim statements of financial position

Unaudited

In thousands of Canadian dollars

	As at March 31 <u>2015</u>	As at December 31 <u>2014</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 205,993	\$ 221,873
Trade and other receivables	464,523	380,965
Inventories	217,182	192,286
Prepaid expenses	14,549	14,949
Income tax recoverable	5,441	11,810
Total current assets	907,688	821,883
Property, plant and equipment	992,678	925,512
Goodwill	616,859	563,730
Intangible assets	240,439	226,567
Deferred tax assets	4,621	4,183
Equity accounted investments	59,709	54,652
Other assets	23,011	21,848
Total non-current assets	1,937,317	1,796,492
Total assets	\$ 2,845,005	\$ 2,618,375
Liabilities		
Current liabilities		
Trade and other payables	\$ 537,206	\$ 519,440
Current portion of long-term debt (note 7)	203,563	59,058
Income taxes payable	27,076	21,419
Derivative instruments	734	280
Total current liabilities	768,579	600,197
Long-term debt (note 7)	537,954	600,011
Deferred tax liabilities	51,396	43,453
Employee benefits	146,471	138,594
Provisions and other long-term liabilities	20,745	19,413
Derivative instruments	655	488
Total non-current liabilities	757,221	801,959
Total liabilities	1,525,800	1,402,156
Equity		
Share capital	252,510	248,087
Contributed surplus	27,792	26,241
Retained earnings	993,723	938,526
Accumulated other comprehensive income (note 5)	45,180	3,365
Total equity attributable to shareholders of the Company	1,319,205	1,216,219
Acquisitions (note 3)		
Subsequent events (note 8)		
Total liabilities and equity	\$ 2,845,005	\$ 2,618,375

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

CCL Industries Inc.

Consolidated condensed interim income statements

Unaudited

In thousands of Canadian dollars, except per share data

Three Months Ended March 31

	<u>2015</u>		<u>2014</u>
Sales	\$ 705,870	\$	609,700
Cost of sales	507,648		448,743
Gross profit	198,222		160,957
Selling, general and administrative	94,489		78,625
Restructuring and other items	940		946
Earnings in equity accounted investments	(518)		(69)
	103,311		81,455
Finance cost	6,706		6,874
Finance income	(396)		(151)
Net finance cost	6,310		6,723
Earnings before income taxes	97,001		74,732
Income tax expense	28,855		22,170
Net earnings	\$ 68,146	\$	52,562
Attributable to:			
Shareholders of the Company	\$ 68,146	\$	52,562
Net earnings for the period	\$ 68,146	\$	52,562
Basic earnings per Class B share	\$ 1.97	\$	1.54
Diluted earnings per Class B share	\$ 1.93	\$	1.51

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

CCL Industries Inc.

Consolidated condensed interim statements of comprehensive income

Unaudited

In thousands of Canadian dollars

	Three Months Ended March 31	
	<u>2015</u>	<u>2014</u>
Net earnings	\$ 68,146	\$ 52,562
Other comprehensive income (loss), net of tax:		
Items that may subsequently be reclassified to income:		
Foreign currency translation adjustment for foreign operations, net of tax expense of \$4,333 for the three months ended March 31, 2015 (2014 - tax expense \$1,918)	84,293	70,218
Net losses on hedges of net investment in foreign operations, net of tax recovery of \$6,079 for the three months ended March 31, 2015 (2014 - tax recovery of \$3,400)	(42,030)	(23,908)
Effective portion of changes in fair value of cash flow hedges, net of tax recovery of \$237 for the three months ended March 31, 2015 (2014 - tax recovery of \$70)	(576)	(169)
Net change in the fair value of cash flow hedges transferred to the income statement, net of tax recovery of \$63 for the three months ended March 31, 2015 (2014 - tax recovery of \$102)	128	300
Other comprehensive income, net of tax	41,815	46,441
Total comprehensive income	\$ 109,961	\$ 99,003
Attributable to:		
Shareholders of the Company	\$ 109,961	\$ 99,003
Total comprehensive income	\$ 109,961	\$ 99,003

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

CCL Industries Inc.

Consolidated condensed interim statements of changes in equity

Unaudited

In thousands of Canadian dollars

	Class A shares	Class B shares	Shares held in trust	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balances, January 1, 2014	\$ 4,504	\$ 246,843	\$ (14,158)	\$ 237,189	\$ 11,919	\$ 768,738	\$ 289	\$ 1,018,135
Net earnings	-	-	-	-	-	52,562	-	52,562
Dividends declared								
Class A	-	-	-	-	-	(562)	-	(562)
Class B	-	-	-	-	-	(7,988)	-	(7,988)
Stock-based compensation plan	-	-	-	-	1,207	-	-	1,207
Shares purchased and held in trust	-	-	(50)	(50)	-	-	-	(50)
Stock option expense	-	-	-	-	756	-	-	756
Stock options exercised	-	4,561	-	4,561	(823)	-	-	3,738
Income tax effect related to stock options	-	-	-	-	1,488	-	-	1,488
Other comprehensive income	-	-	-	-	-	-	46,441	46,441
Balances, March 31, 2014	\$ 4,504	\$ 251,404	\$ (14,208)	\$ 241,700	\$ 14,547	\$ 812,750	\$ 46,730	\$ 1,115,727

	Class A shares	Class B shares	Shares held in trust	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balances, January 1, 2015	\$ 4,504	\$ 257,521	\$ (13,938)	\$ 248,087	\$ 26,241	\$ 938,526	\$ 3,365	\$ 1,216,219
Net earnings	-	-	-	-	-	68,146	-	68,146
Dividends declared								
Class A	-	-	-	-	-	(858)	-	(858)
Class B	-	-	-	-	-	(12,091)	-	(12,091)
Stock-based compensation plan	-	-	-	-	1,385	-	-	1,385
Shares purchased and held in trust	-	-	(72)	(72)	-	-	-	(72)
Stock option expense	-	4,495	-	4,495	1,038	-	-	5,533
Stock options exercised	-	-	-	-	(828)	-	-	(828)
Income tax effect related to stock options	-	-	-	-	(44)	-	-	(44)
Other comprehensive income	-	-	-	-	-	-	41,815	41,815
Balances, March 31, 2015	\$ 4,504	\$ 262,016	\$ (14,010)	\$ 252,510	\$ 27,792	\$ 993,723	\$ 45,180	\$ 1,319,205

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

CCL Industries Inc.

Consolidated condensed interim statements of cash flows

Unaudited

In thousands of Canadian dollars

	Three Months Ended March 31	
	2015	2014
Cash provided by (used for)		
Operating activities		
Net earnings	\$ 68,146	\$ 52,562
Adjustments for:		
Depreciation and amortization	39,405	35,507
Earnings in equity accounted investments, net of dividends received	(518)	(69)
Net finance cost	6,310	6,723
Current income tax expense	22,440	20,265
Deferred taxes	6,415	1,905
Equity-settled share-based payment transactions	2,423	3,451
(Gain) loss on sale of property, plant and equipment	(316)	150
	144,305	120,494
Change in inventories	(20,087)	(15,889)
Change in trade and other receivables	(78,972)	(41,466)
Change in prepaid expenses	770	3
Change in trade and other payables	12,780	(11,037)
Change in income taxes receivable and payable	(737)	2,074
Change in employee benefits	7,877	6,968
Change in other assets and liabilities	1,500	(7,000)
	67,436	54,147
Net interest paid	(10,446)	(10,483)
Income taxes paid	(9,677)	(16,600)
Cash provided by operating activities	47,313	27,064
Financing activities		
Proceeds on issuance of debt	46,682	98,261
Repayment of debt	(13,833)	(2,108)
Proceeds from issuance of shares	3,602	3,738
Dividends paid	(13,021)	(8,600)
Cash provided by financing activities	23,430	91,291
Investing activities		
Additions to property, plant and equipment	(56,665)	(59,878)
Proceeds on disposal of property, plant and equipment	611	5,414
Business acquisitions and other long-term investments (note 3)	(38,812)	(86,924)
Cash used for investing activities	(94,866)	(141,388)
Net decrease in cash and cash equivalents	(24,123)	(23,033)
Cash and cash equivalents at beginning of period	221,873	209,095
Translation adjustment on cash and cash equivalents	8,243	7,781
Cash and cash equivalents at end of period	\$ 205,993	\$ 193,843

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

CCL Industries Inc.

Notes to consolidated condensed interim financial statements Unaudited

In thousands of Canadian dollar, unless otherwise noted

1. Reporting entity

CCL Industries Inc. (the "Company") is a public company, listed on the Toronto Stock Exchange, and is incorporated and domiciled in Canada. These consolidated condensed interim financial statements of the Company as at and for the interim period ended March 31, 2015, comprise the Company, its subsidiaries and its interest in joint ventures and associates. The Company has manufacturing facilities around the world and is primarily involved in the manufacture of labels, containers and consumer printable media products.

2. Basis of preparation

(a) Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

These consolidated condensed interim financial statements should be read in conjunction with the Company's 2014 annual financial statements.

The accounting policies and methods of computation followed in the preparation of these consolidated condensed interim financial statements are consistent with those used in the preparation of the most recent annual report, unless otherwise noted.

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on May 7, 2015.

(b) Basis of measurement

These consolidated condensed interim financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value
- assets related to the defined benefit plans are measured at fair value and liabilities related to the defined benefit plans are calculated by qualified actuaries using the projected unit credit method

(c) Functional and presentation currency

These consolidated condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise noted.

3. Acquisitions

In February 2015, the Company acquired pc/nametag Inc. and Meetings Direct, LLC ("PCN"); two privately owned companies that supply name badges and meeting registration supplies to professional meeting planners and distributors of promotional material in North America. PCN will be an important addition to the Avery Segment adding depth to its meeting supplies and promotional materials product offerings. The purchase price was \$36.6 million (US\$29.2 million) net of cash acquired and inclusive of a \$2.5 million (US\$2.0 million) promissory note due February 2016, subject to post-closing adjustments.

As a result of the timing of the PCN acquisitions in relation to the date of issuance of the financial statements for the first quarter, the availability of information and the inherent complexity associated with the valuations, the allocation of the consideration paid has not yet been completed. The initial allocation has resulted in goodwill and intangible assets of \$28.9 million of which \$4.9 million is deductible for tax purposes.

The following tables summarize the initial allocation of the consideration to the fair value of the assets acquired and liabilities assumed on February 27, 2015:

(in millions of Canadian dollars)

Cash consideration	\$	34.1
Promissory note		2.5
Total consideration	\$	36.6

(in millions of Canadian dollars)

Trade and other receivables	\$	1.8
Inventories		2.1
Other current assets		0.3
Property, plant and equipment		5.3
Other long-term assets		0.3
Goodwill and intangible assets		28.9
Trade and other payables		(2.1)
Net assets acquired	\$	36.6

The determination of the fair value of assets and liabilities acquired is based upon preliminary estimates and assumptions as the Company continues to collect information. The Company will continue to review information prior to finalizing the fair value of the assets acquired and liabilities assumed. The actual fair values of the assets acquired and liabilities assumed may differ from the amounts noted above.

CCL Industries Inc.

Notes to consolidated condensed interim financial statements (continued) Unaudited

In thousands of Canadian dollar, unless otherwise noted

3. Acquisitions (continued)

PCN contributed sales of \$3.8 million and net earnings of \$0.5 million since the date of acquisition, including integration costs.

In February 2015, the Company acquired INT America LLC; a private company based in Detroit, Michigan that builds metal tread plates for domestic automotive original equipment manufacturers. The purchase price was \$4.8 million (US\$3.8 million), subject to post-closing adjustments.

Pro Forma Information

The unaudited pro forma consolidated financial information below has been prepared following the accounting policies of the Company as if the acquisition took place January 1, 2015.

The unaudited pro forma consolidated financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations and financial position that would have been achieved had the pro forma events taken place on the dates indicated, or the future consolidated results of operations or financial position of the consolidated company. Future results may vary significantly from the pro forma results presented.

The historical consolidated financial information has been adjusted in preparing the unaudited pro forma consolidated financial information to give effect to events that are: (i) directly attributable to the acquisition; (ii) factually supportable; and (iii) with respect to revenues and earnings, expected to have a continuing impact on the results of the Company. As such, the impact from acquisition related expenses is not included in the accompanying unaudited pro forma consolidated financial information. The unaudited pro forma consolidated financial information does not reflect any cost savings (or associated costs to achieve such savings) from operating efficiencies, synergies or other restructuring that could result from the acquisition.

(in millions of Canadian dollars)	Three months ended	
	March 31, 2015	
Sales	\$ 713.6	
Net earnings	\$ 69.2	

4. Segment reporting

The Company has three reportable segments, as described below, which are the Company's main business units. The business units offer different products and services, and are managed separately as they require different technology and marketing strategies. For each of the business units, the Company's CEO, the chief operating decision maker, reviews internal management reports regularly.

The Company is comprised of the following main business segments:

- **Label** – Includes the production of pressure sensitive and extruded film materials for a wide range of decorative, instructional and functional applications for large global customers in the consumer packaging, healthcare, automotive and consumer durables markets. Extruded and laminated plastic tubes, folded instructional leaflets, precision printed and die cut metal components with LED displays and other complementary products and services are sold in parallel to specific end-user markets.
- **Avery** – Includes the manufacturing and selling of various consumer products, including labels, binders, dividers, sheet protectors and writing instruments in North America, Latin America, Asia Pacific and Europe.
- **Container** – Includes the manufacturing of specialty containers for the consumer products industry in North America, including Mexico. The key product line is recyclable aluminum aerosol cans and bottles for the personal care, home care and cosmetic industries, plus shaped aluminum bottles for the beverage market.

	Three Months Ended March 31			
	Sales		Operating income	
	2015	2014	2015	2014
Label	\$ 486,131	\$ 423,740	\$ 81,792	\$ 69,387
Avery	160,190	132,923	26,560	13,143
Container	59,549	53,037	8,714	6,024
Total operations	<u>\$ 705,870</u>	<u>\$ 609,700</u>	117,066	88,554
Corporate expense			(13,333)	(6,222)
Restructuring and other items			(940)	(946)
Earnings in equity accounted investments			518	69
Finance cost			(6,706)	(6,874)
Finance income			396	151
Income tax expense			(28,855)	(22,170)
Net earnings			<u>\$ 68,146</u>	<u>\$ 52,562</u>

	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	March 31	December 31	March 31	December 31	Three Months Ended March 31		Three Months Ended March 31	
	2015	2014	2015	2014	2015	2014	2015	2014
Label	\$ 1,809,763	\$ 1,668,565	\$ 461,804	\$ 436,527	\$ 32,084	\$ 28,381	\$ 48,110	\$ 46,516
Avery	571,107	490,337	187,707	189,567	3,327	3,446	6,362	3,750
Container	172,294	162,460	59,551	54,701	3,749	3,474	2,193	9,612
Equity accounted investments	59,709	54,652	-	-	-	-	-	-
Corporate	232,132	242,361	816,738	721,361	245	206	-	-
Total	<u>\$ 2,845,005</u>	<u>\$ 2,618,375</u>	<u>\$ 1,525,800</u>	<u>\$ 1,402,156</u>	<u>\$ 39,405</u>	<u>\$ 35,507</u>	<u>\$ 56,665</u>	<u>\$ 59,878</u>

CCL Industries Inc.

Notes to consolidated condensed interim financial statements (continued)

Unaudited

In thousands of Canadian dollar, unless otherwise noted

4. Segment reporting (continued)

Due to the seasonality of CCL's business, the Company's operating results for the three months ended March 31, 2015, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2015. The first and second quarters are traditionally higher sales periods for the Label and Container Segments as a result of the greater number of work days and various customer activities undertaken during this period versus the third and fourth quarters of the year. For Avery, the third quarter has historically been its strongest, as it benefits from the increased demand related to back-to-school activities in North America.

5. Accumulated other comprehensive income

	March 31 2015	December 31 2014
Unrealized foreign currency translation gains, net of tax recovery of \$4,579 (2014 – tax recovery of \$2,833)	\$ 46,145	\$ 3,882
Losses on derivatives designated as cash flow hedges, net of tax recovery of \$311 (2014 – tax recovery of \$137)	(965)	(517)
	<u>\$ 45,180</u>	<u>\$ 3,365</u>

6. Financial instruments

(a) Fair value hierarchy

The table below summarizes level of hierarchy for financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
March 31, 2015				
Available-for-sale financial assets	\$ -	\$ 17,828	\$ -	\$ 17,828
Derivative financial liabilities	-	1,389	-	1,389
Contingent consideration	-	-	5,148	5,148
Unsecured senior notes	-	-	337,856	337,856
	<u>\$ -</u>	<u>\$ 1,389</u>	<u>\$ 343,004</u>	<u>\$ 344,393</u>
December 31, 2014				
Available-for-sale financial assets	\$ -	\$ 16,463	\$ -	\$ 16,463
Derivative financial liabilities	\$ -	\$ 768	\$ -	\$ 768
Contingent consideration	-	-	5,305	5,305
Unsecured senior notes	-	-	307,415	307,415
	<u>\$ -</u>	<u>\$ 768</u>	<u>\$ 312,720</u>	<u>\$ 313,488</u>

(b) Fair values versus carrying amounts

The carrying values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate fair values due to the short-term maturities of these financial instruments.

The fair value of financial liabilities together with carrying amounts shown in the statement of financial position, are as follows:

	March 31, 2015		December 31, 2014	
	Amount	Fair Value	Amount	Fair Value
Long-term debt	\$ 741,517	\$ 776,657	\$ 659,069	\$ 689,653

The interest rates used to discount estimated cash flows for the long-term debt are based on the government yield curve at the reporting date plus an adequate credit spread.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. The estimates are subjective in nature and involve uncertainties and matters of judgment.

7. Long-term debt

As at March 31, 2015, the current portion of long-term debt includes the unsecured senior notes issued March 2006 at 5.57% of \$139.3 million (US\$110.0 million) repayable in March 2016. The unsecured senior note was classified as long-term debt as at December 31, 2014.

8. Subsequent events

The Board of Directors has declared a dividend of \$0.3750 for the Class B non-voting shares and \$0.3625 on the Class A voting shares that will be payable to shareholders of record at the close of business on June 16, 2015, to be paid on June 30, 2015.