Presentation to Management of CCL Industries on Possible Acquisition Target

Your client CCL Industries, a packaging company, has concluded that the market is undervaluing its share price. It has further concluded that increased scale and presence in the capital markets will allow it to achieve a more premium valuation, and is looking to expand. Given that organic growth is difficult in the current economic and market environment, CCL has begun considering growth through acquisition as a method by which to achieve its desired scale. It has identified one acquisition opportunity in particular that it finds particularly compelling. This opportunity is the acquisition of West Dominion Tube & Container Inc., which is trading at historically low multiples given the recent deflation in the equity markets. Recognizing the opportunity to buy the company at a depressed valuation, the management of CCL has requested advice from you and a number of your competitors. You are invited to give a short minute presentation to the management of CCL followed by a brief Q&A.

1. Consider the description of West Dominion and notes on CCL in this package. Utilizing the information here and Excel merger model provided, clearly lay out for CCL management the key considerations of executing this transaction. In preparing your response, carefully select different combinations of assumptions in the model and analyze the resulting key outputs. Your response should address the following questions and include quantitative and qualitative rationales.
   - What are the key issues management and shareholders of CCL need to consider when evaluating this transaction?
   - How would executing this transaction impact a shareholder of CCL from a financial perspective; specifically, how would the EPS and EBITDA of CCL change?
   - What combination of shares or cash would you recommend CCL to use to fund the consideration for West Dominion?
   - What is the likelihood of achieving various synergies laid out in the model and what is the impact of these synergies being realized?
   - What is an appropriate range for the premium CCL may consider paying over the market price of West Dominion? What are the risks of offering too much or too little?
2. CCL has informed you it has heard a rumour that West Dominion's minority shareholder, KKR, is planning on making an unsolicited all-cash offer for West Dominion. Contrast how a shareholder of West Dominion may view an offer from CCL versus KKR's offer and analyze how this situation affects a potential bid by CCL. You response should be based on qualitative analysis and be supported by specific calculations where possible to answer the following questions:
   - What factors may influence the premium that either CCL or KKR would be able to pay for West Dominion?
   - Would a strategic (industry) buyer be willing or able to pay a higher premium than a financial (non-industry based, such as a private equity fund) buyer?

Instructions:

We recommend that you summarize key assumptions and results for a careful selection of scenarios and use various charts to illustrate the results. While it is critical that you build your scenarios based on reasonable and defendable numerical assumptions, you are expected to identify critical qualitative issues accompanying your assumptions. Please keep in mind we expect the winning team to demonstrate the ability to choose a set of reasonable assumptions, identify key qualitative issues associated with this transaction and deliver a concise and effective presentation to the audience.

MODEL INSTRUCTIONS

- The historical CCL financial statements are taken from the CCL annual report.
- You are only expected to make change to the yellow shaded cells. The pre-existing values are possible inputs but you are free to change them based on your own judgment.
- The blue-shaded cells show key summary outputs that you should pay attention to when evaluating the input assumptions chosen for the model.
- You are not expected to make changes to any other assumptions or the mechanics of the model.

Company Description: West Dominion Tube & Container

West Dominion Tube & Container Inc. (NYSE:WDT) is a US-based manufacturer of plastic and glass tubing products and food storage containers. It is headquartered in Louisville, Kentucky, and distributes its products primarily in the southern US through industrial wholesalers.

West Dominion operates three divisions: the Tube division, which manufactures glass tubing for chemical and industrial applications as well as plastic tubing for household plumbing applications; the Container division, which manufactures plastic food storage containers, beverage containers, and resealable food storage bags; and an R&D division which focuses on the development of environmentally-friendly plastic products manufactured using ‘green’ processes.

The company was founded in 1911 by British immigrant and industrial magnate Kenneth Griffiths. The business operated as a family business under the name Dominion Industrial Products until it underwent a merger with Western Tube Corporation in 1976. A year later, the combined company underwent an IPO on the New York Stock Exchange under the ticker WD. In 1989, the company was taken private by a group of investors that included the private equity firm Kohlberg Kravis Roberts & Co.; it underwent a second IPO six years later, in 1995, under the new and current ticker WDT. Kohlberg Kravis Roberts & Co. continues to hold an 11% interest in West Dominion, and has two members on the 10-person board.

West Dominion trades at relatively high P/E of 20x and somewhat above average EV / EBITDA of 9.8x but has very little debt compared to most of its peers.

Current Share Price – CAD$ 18.50

Shares Outstanding (Fully Diluted) – 17.3 million

Current Market Cap. – CAD$ 432.1 million

Current Enterprise Value – CAD$ 429 million

2010E EPS – CAD$ 0.93
2010E EPS – CAD$ 0.94
2011E EPS – CAD$ 1.06

2010E EBITDA – CAD$ 43.8 million
2010E EBITDA – CAD$ 44.7 million
2011E EBITDA – CAD$ 48.3 million

Net Debt / Cap. (Market) – 16%

NIBC | NATIONAL INVESTMENT BANKING COMPETITION & CONFERENCE

I. Summary

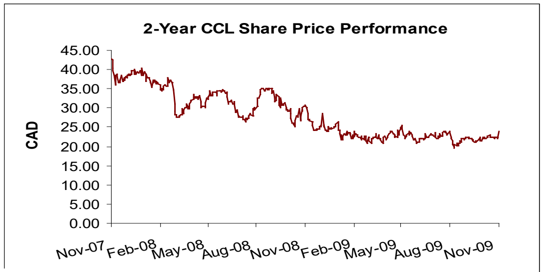
Full Name: CCL Industries Inc.
Exchange: TSE:CCL.B
Last Share Price: $22.42

Market Cap: $735.08M
Debt: $512.4M
Cash: $108.4M
EV: $1170.1

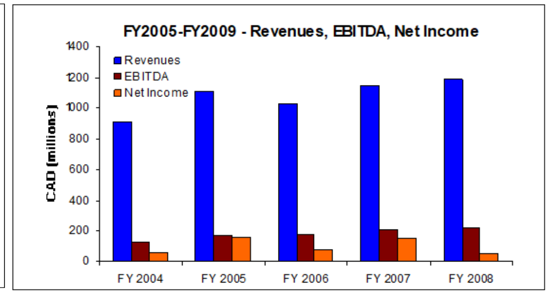
2008 Revenues: $1,189M
2008 EBITDA: $ 230M
2008 Net Loss: $ 48M
Q309 EBITDA: $49.5M
Employees: 5,400

Website:

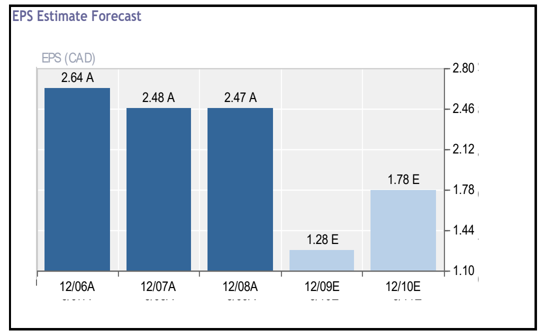
- http://www.cclind.com
- Investor Section



Source: Bloomberg



Source: Bloomberg



Summary Business Description

Company:

- General: CCL Label is the world's largest converter of pressure sensitive and film materials for label applications and sells to leading global customers in the consumer packaging, healthcare, automotive and consumer durable markets. CCL Container and CCL Tube are leading producers of aluminum aerosol cans, bottles and extruded plastic tubes for consumer packaged goods customers in the United States, Canada and Mexico.
- Main segment is Label Division with international operations. The Container and Tube Divisions operate only in North America.

Debt

- 2008 Leverage: 40% Debt and 60% Equity
- Net interest coverage to EBITDA, minimum 6xs (currently 10.3)
- Debt rating BBB high (Investment Grade)

Investment Criteria

- Return on Equity (ROE) equal to leading specialty packaging peers of 12%-14%
- Reinvestment capex hurdle of +17% ROI
- Divisional ROS >10%

Main Segment:

- Label division accounted for 82% of revenues in 2008
- 12% of sales from emerging markets
- Revenue breakdown: Europe 45%, North America contributed 39%, Asia 5%, Latin America 9%.
- Customer markets: Home and Personal Care: 37%, Healthcare: 20%, Premium Food and Beverage: 26%, Specialty labels: 17% (batteries)

Comments:

- 2008 Net Income was depressed because of a $31M goodwill impairment charge related to the Tube Division, which suffered from decreased valuations of similar US companies due to the economic downturn.

NIBC | NATIONAL INVESTMENT BANKING COMPETITION & CONFERENCE

International Comps

(in millions of CAD except per share figures)

Name	Ticker Symbol	Current EV	Market Cap (dil.)	Total Debt	Minority Interest	Cash & Equilv.	Share Price	Dil. S/O	EV/EBITDA T12M	EBITDA T12M	P/E 12M	EPS T12M	PE Annual	Debt /EBITDA	Interest Coverage	Revenues T12M (Net)
Avery Dennison Corp	AVY	5,949	3,941	1,935	-	100	37.75	106	10.3x	680	17.4x	2.55	9.6x	3.0x	3.3x	7,148
Bemis Company	BMS	3,247	3,091	1,407	52	1,180	27.59	109	7.2x	528	15.7x	2.07	14.4x	1.5x	7.6x	4,033
Brady Corporation - CL A	BRC	1,676	1,753	423	-	203	28.13	53	8.4x	234	16.7x	1.97	17.2x	1.0x	4.9x	1,421
Multi-Color Corporation	LABL	245	209	113	-	4	12.35	12	6.3x	45	12.0x	1.20	11.0x	2.6x	3.4x	326
CCL Industries Inc - CL B	CCL/B	1,228	731	512	-	108	25.10	33	6.0x	205	14.6x	1.72	10.0x	2.1x	3.6x	1,189
Winpak LTD	WPK	457	615	-	17	55	8.15	65	5.2x	105	12.2x	0.73	12.7x	(0.0x)	40.8x	546
Aptargroup Inc	ATR	2,406	2,851	322	1	315	35.44	69	7.5x	379	19.9x	2.10	16.2x	0.3x	12.8x	2,211
Cenveo Inc	CVO	1,684	274	1,466	-	10	7.64	55	8.1x	242	N.A.	(1.35)	N.A.	5.2x	N.A.	2,242
Sealed Air Corp	SEE	4,441	3,844	1,709	1	521	20.96	178	6.9x	754	14.7x	1.69	10.7x	2.1x	2.6x	5,169
Pactiv Corporation	PTV	4,225	3,811	1,363	17	111	23.02	133	5.3x	948	9.2x	2.94	14.2x	2.0x	N.A.	3,807
Average		2,556	2,112	925	9	261	22.61	81	7.1x	412	14.7x	1.56	12.9x	2.0x	9.9x	2,809

Name	Description
Avery Dennison Corp	Avery Dennison Corporation develops, manufactures, and markets pressure-sensitive materials, office products and a variety of tickets, tags, labels and other converted products. The Company also manufacture a variety of office products and other converte
Bemis Company	Bemis Company, Inc. manufactures flexible packaging products and pressure sensitive materials. The Company markets its products to customers throughout the United States, Canada, and Europe, as w ell as Mexico and the Asia Pacific region. Bemis' products
Brady Corporation - CL A	Brady Corporation manufactures industrial identification solutions. The Company's products include labels, coated materials, signs, softw are, printing systems, and data-collection systems. Brady sells its products to a variety of industries around the w
Multi-Color Corporation	Multi-Color Corporation produces printed labels for branded consumer products. The Company manufactures labels for a variety of products including liquid detergents, fabric softeners, food products, liquid cleaners, anti-freeze, and chew ing gum.
CCL Industries Inc - CL B	CCL Industries Inc. supplies manufacturing services and specialty packaging products for the non-durable consumer products market. The Company provides formulation and manufacturing services, labels, aluminum and plastic specialty tubes, containers, and
Winpak LTD	Winpak Ltd. manufactures and distributes packaging materials and machines for the protection of perishable foods, beverages, and dairy products. The Company also has clients in the non-food markets such as pharmaceutical and complex industrial applicatio
Aptargroup Inc	AptarGroup, Inc. designs, manufactures, and markets pumps, dispensing closures, and aerosol valves. The Company's products are used for fragrance/cosmetics, personal care, pharmaceutical, household/industrial, and food products. AptarGroup operates w orld
Cenveo Inc	Cenveo Inc. specializes in commercial printing, envelopes, labels, printed office products, and extrusion coating and laminating. The Company operates printing plants and sales offices throughout North America and the United Kingdom.
Sealed Air Corp	Sealed Air Corporation manufactures a w ide range of packaging and performance-based materials and equipment systems. The Company's products serve an array of food, industrial, medical, and consumer applications.
Pactiv Corporation	Pactiv Corporation produces consumer and foodservice/food packaging products. The Company's products include disposable plastic, foam, molded fiber, pressed paperboard, and aluminum packaging products for consumers as w ell as foam, clear plastic, aluminum

Source: Bloomberg, List of companies from BMO Report

NIBC | NATIONAL INVESTMENT BANKING COMPETITION & CONFERENCE

M&A History
(USD millions)

Latest M&A Deals as Buyer (10 of 35)				
Announce Date	Close Date	Target	Pre M&A Enterprise Value	% Premium Paid Over Pre M&A Stock Price
03-Mar-09	Pending	**Ferroprint Western Cape Pty Ltd.** Advisor(s): Not Disclosed	2.1	26.7%
18-Dec-08	31-Dec-08	**ELTEX Industriekennzeichnung GmbH** Advisor(s): Not Disclosed	5.4	37.5%
17-Mar-08	01-Apr-08	**Clear Image Labels Pty Ltd.** Advisor(s): Not Disclosed	33.7	34.7%
01-Feb-08	01-Feb-08	**CD-Design GmbH** Advisor(s): Not Disclosed	14.4	8.0%
10-Jan-07	26-Jan-07	**Decorative Sleeves Ltd.** Advisor(s): HSBC Holdings PLC (S - Financial)	88.8	37.3%
11-Jan-06	11-Jan-06	**Prodesmaq Industria Grafica Ltda.** Advisor(s): Not Disclosed	--	
13-Sep-05	13-Sep-05	**Inprint Systems Ltd.** Advisor(s): Allen & Overy LLP (S - Legal)	25.3	23.0%
02-Aug-05	02-Aug-05	**CCL-PACHEM Label GmbH** Advisor(s): Not Disclosed	--	
02-Aug-05	02-Aug-05	**Merroc Ltd.** Advisor(s): Not Disclosed	--	
20-Dec-04	01-Mar-05	**Steinbeis Packaging** Advisor(s): Not Disclosed	65.2	20.0%
				26.7%

Source: Factset

Management Briefing Updates (CCL)

- CCL has maintained a minimum cash balance of around $100m and in the initial case we suggested this is dictated by operational requirements.
- CCL has generally been keen to not exceed its target leverage ratio with upper threshold of 45% and historic average below 40%.
- CCL has a market cap of around $735m and an EV of $1,170m which puts its size at approximately twice the size of the target.
- The American market is showing signs of recovery while weakness in CCL's European operations is intensifying.
- The tube division experienced a relatively strong year in 2009.
- CCL repurchased approximately 10% of its outstanding shares in May 2009 and indicating that it may regard its shares as undervalued and is not cash constrained
- CCL wishes not to enter into radically new areas but expand its existing product lines and regions.
- CCL is looking at expanding into the higher-value specialty products markets and sold a major manufacturing division.
- CCL states that accretion is a requirement for approving an acquisition
- The label segment accounts for roughly 80% of CCL's revenues but operates in a mature market with a large number of competitors. CCL has stated that innovation and new technologies are important criteria for acquisitions.
- The container business in North America is dominated by CCL and one other major player.
- CCL believes that its competitors in the plastics markets in North America are not highly regarded by their customers creating an opportunity to grab market share.
- CCL has demonstrated significant working capital improvements from 2001 to 2007.