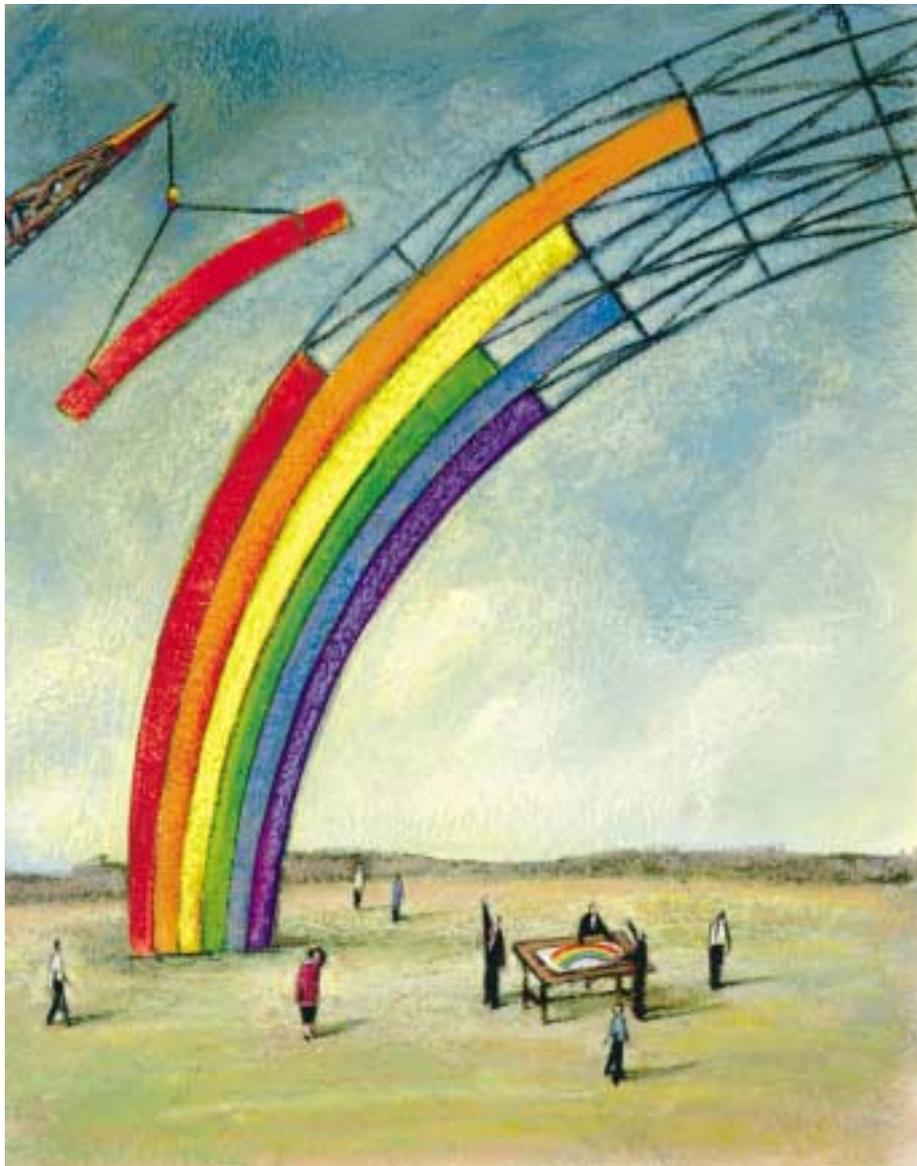


Building Our Future



Performing With Excellence

2000 Annual Report

MULTI-COLOR: THE NO. 1 RESOURCE FOR SPECIALTY LABELS



Founded in 1916, Multi-Color Corporation is the premier supplier of specialty decorative labels and related services for technically demanding applications to consumer product companies and bottle manufacturers. We are acknowledged as the world leader for in-mold labels (IML). Through recent acquisitions, we are leveraging that leadership into the specialty pressure-sensitive and heat-shrink label markets. Our colorful labels give high-impact appeal to house-

hold and laundry products, health and beauty aids, personal care, beverages, and dairy products.

Multi-Color manufacturing operations are conducted in four facilities across the country. Products are shipped to more than 40 locations in the United States, Mexico, South America, and Asia. We offer a full range of printing technologies - gravure, flexographic, offset, and combination printing. We provide technical support unparalleled in the industry. Along with our global partners, we participate in all aspects of the label process, from label and bottle design through label manufacture and application. We provide multiple choices and solutions to our customers' most challenging label needs.

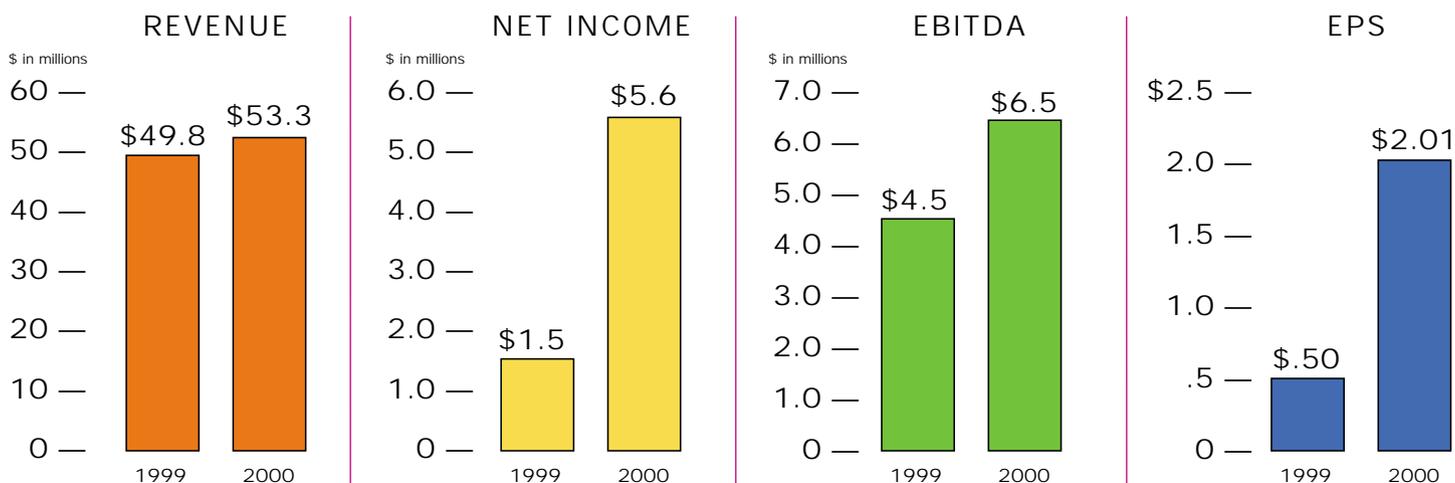
FINANCIAL HIGHLIGHTS

Financial Highlights for Fiscal 2000 Include:

- Delivered four quarters of profitability from operations for the second consecutive year.
- Doubled operating income to \$4.3 million from \$2.2 million in the prior year.
- Increased EBITDA 45% to \$6.5 million.
- Increased earnings per diluted common share to \$2.01 from 50 cents.
- Achieved 7% growth in revenues.
- Redeemed or converted all outstanding preferred stock, thereby eliminating the dividend obligation of \$272,000 a year.

(amounts in thousands except per share data)

Year ended	2000	1999
Net sales	\$ 53,331	\$ 49,786
Operating income	\$ 4,280	\$ 2,165
Net income	\$ 5,626	\$ 1,484
Earnings per diluted common share	\$ 2.01	\$.50





Frank Gerace, President and Chief Executive Officer

Breaking Away From the Competition...

Multi-Color has built a solid foundation for future success. We have initiated a long-range strategic plan for growing our business. We are expanding our leadership in specialty labeling solutions by entering new markets and developing innovative products.

Managing the fundamentals of our business – doing the blocking and tackling that are yielding steadily improving results – will buttress the implementation of our growth strategy. In addition, flexibility and agility are also important to our future success.

Fierce competition among consumer product companies for consumers' hearts and dollars is not a passing phenomenon. It is here to stay, as is the accelerating pace of change in marketing requirements. To match the marketers stride for stride, Multi-Color has to listen, understand and adapt immediately – with the timeliness, cost effectiveness, and quality that make us an industry leader.

Being flexible and agile will enable us to satisfy the unique, yet ever changing needs of our customers. Flexibility and agility – these qualities are integral to our core operating principles, which are based on a foundation of accountability.

We deliver on our commitments today and we will do so tomorrow.

LETTER TO SHAREHOLDERS

Building Our Future

Fiscal 2000 was a very successful year for Multi-Color. We achieved significant and consistent growth in earnings. Complementing that, we developed and put into action a comprehensive strategic plan. Our goal is to rapidly increase revenues and earnings.

To accomplish this, we are expanding into new consumer product categories and new label markets. At the same time, we are keeping ourselves sharply focused on premier, specialty label applications – the area in which we have acknowledged expertise and leadership.

Our first actions included acquiring a Batavia, OH, label manufacturing facility and Uniflex Corporation, a specialist in heat-shrink labels. We have begun leveraging our market leadership in the in-mold label (IML) category to build a similar role for Multi-Color in the specialty pressure-sensitive and heat-shrink label markets.

We are moving ahead with sureness and strength in providing sophisticated decorative label solutions to our customers – many of the world's leading consumer product companies.

Performing with Excellence

Our ability to aggressively grow the company results from the substantially improved performance of Multi-Color over the past two years. At the core of our operational accomplishments are the continued introduction of disciplined process plans of control, and our relentless drive to improve quality, reduce waste, improve safety and increase productivity.

Eight consecutive quarters of profitability in operations attest to our delivering on our commitments. In addition, we completed the 61,000 square foot expansion of our Scottsburg, IN, plant, more than doubling its size and consolidating IML manufacturing operations.

Creating Shareholder Value

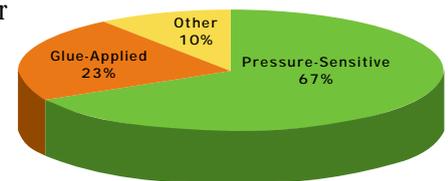
In fiscal 2000, ended March 31, we achieved net income of \$5.6 million, or \$2.01 per diluted common share, on revenues of \$53.3 million. More significant for the long term, operating income nearly doubled to \$4.3 million from \$2.2 million a year earlier, and EBITDA – earnings before interest, taxes, depreciation and amortization – increased 45% to \$6.5 million from \$4.5 million.

Operating income and EBITDA demonstrate the underlying strength of the business. We also redeemed or converted all outstanding preferred stock, thereby eliminating the dividend obligation and reducing dilution to earnings per common share.

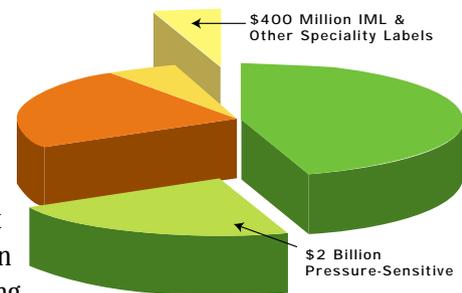
Multiple Technologies, Multiple Solutions and New Markets

The U.S. label market is a mature, but dynamic \$9 billion market. The opportunities for Multi-Color are in high-end applications of pressure-sensitive labels – a \$2 billion market, IML labels – a market of more than \$100 million, and heat-shrink labels – a \$300 million market. Each of these market segments is expanding at an annual pace of 10% to 15%.

U.S. Label Market



Target Markets



To enter the pressure-sensitive and heat-shrink label markets, we began looking for technologies and expertise that would enable us to match our strength in IML.

The state-of-art Batavia printing plant, acquired at the end of 1999, provides us new capabilities in flexographic, offset, and combination printing technologies as well as hot-foil stamping and rotary screen printing – specialized applications for special label solutions.

Batavia positions us for entry into targeted product categories that use pressure-sensitive labels. These include health and beauty aids, wines and spirits, and pharmaceuticals. Our new manufacturing technologies also give us greater flexibility in responding to our customers' IML requirements.

Then, in June 2000, in the first quarter of fiscal 2001, we acquired Uniflex Corporation of Anaheim Hills, CA, and Las Vegas, NV. Uniflex is a leading manufacturer of heat-shrink labels and tamper evident neck bands. Its products are used on containers for beverages, spirits, juices, and dairy products.

Our strength is our ability to offer labeling solutions for highly complex applications. Not only do we offer multiple choices, services, and applications to meet our customers' needs; our goal is to provide multiple resources and solutions to their most difficult labeling challenges. The superior level and quality of our technical support sets us apart from other label manufacturers. By introducing new and innovative products, we continue to respond to the urgent needs of consumer product companies and bottle makers in the ever-faster moving consumer market.

Outlook

Our associates throughout the company and our business partners deserve our thanks for another productive and profitable year. Our associates constantly accept and solve new challenges, thus enabling us to take full advantage of new opportunities. We also want to thank you, our shareholders, for your ongoing support and confidence.

As we enter the new millennium, we believe Multi-Color Corporation is fully prepared to enhance its leadership in its three primary categories of label solutions: IML, specialty pressure-sensitive, and heat-shrink sleeves.

We are dedicated to performing with excellence, achieving our strategic business goals, and delivering profitable growth. We are committed to providing ever more value to our customers, associates and shareholders.



Executive management team members, CEO Frank Gerace, Senior Vice President Sales and Marketing Steve Mulch, and CFO Dawn Bertsche, in an informal meeting

Achievement Checklist

- Acquired Uniflex Corporation of Anaheim Hills, CA, and Las Vegas, NV, in June 2000 to enter the fast-growing, \$300 million U.S. market for heat-shrink labels.
- Entered the market for specialty pressure-sensitive labels by acquiring Buriot International of Batavia, OH. This expands our printing technologies to encompass flexographic, offset, screen printing and hot-foil stamping.
- More than doubled the size of the Scottsburg, IN, plant with a 61,000 square foot expansion that consolidates IML operations and increases efficiency, reduces waste, and improves productivity.
- Installed \$1 million EB (electron beam) coating line in Scottsburg to add high gloss coatings to IML labels.
- Completed \$622,000 environmental project in Scottsburg, adding a new oxidizer to increase capacity for handling emissions and improving air quality.
 - Invested \$393,000 to upgrade graphics and pre-press capabilities at Laser Graphic Systems in Erlanger, KY.
 - Improved quality results by 54%, as measured by customer satisfaction. This results from ongoing use of Process Plans of Control (PPOC).
- Increased productivity at Scottsburg and Laser Graphic Systems by 7%.
- Reduced waste by 5.1%.
- Improved safety results by 24%, as measured by recordable injuries.
- Registered **maxiML™** trademark for our proprietary family of label substrates.



Francis D. Gerace,
President and Chief Executive Officer





“With our **new technologies** - flexographic, offset, offset gravure, screen printing, and electron beam (EB) coating, we open **new horizons** for in-mold labeling (IML). We enable customers to do exactly what they want for **maximum marketing effect**, and we become a more useful supplier. Global companies today want to work with a handful of qualified suppliers.” — John Voelker, Vice President of Sales, In-Mold Labels

IN-MOLD LABELS: THE MARKET LEADER

When a major global consumer product company began thinking about a revolutionary method of labeling liquid varieties of its best-selling household and laundry brands, it turned to Multi-Color to help develop the in-mold label (IML). That was more than 20 years ago, and the manufacture and application of IML labels are as highly technical, very demanding and complex processes today as they were then.

The IML label is applied directly to the plastic bottle as it is being molded at 400 degrees Fahrenheit (and instantly cooled to solidify the bottle). Very few manufacturers have the knowledge, experience and technology to do this.

Our customers attest to the fact that no one puts together a better package of manufacturing and customer support for in-mold labels than Multi-Color.

IML labels have become Multi-Color's No. 1 product and the foundation of our reputation as the best manufacturer of specialty decorative labels in the business.

The U.S. market for IML totals more than \$100 million, and is growing at an

annual rate of more than 10%. Multi-Color, the leading IML manufacturer in the world, has been growing with it.

Major consumer product companies are also focusing on global markets. They are taking us with them. Our sales are increasing rapidly in Mexico and South America. We are also beginning to export to the Asia-Pacific rim countries.

Historically, the principal product categories for IML have been household cleaners and laundry detergents, juices, and automotive coolants. Our manufacturing technologies have been the laser exposing of gravure cylinders and gravure printing.

To increase our ability to access a greater share of the market, we took several steps in fiscal 2000:

- We acquired a state-of-the-art label manufacturing plant in Batavia, OH, with offset, flexographic, screen printing, hot-foil stamping and other label manufacturing capabilities.

Our new printing technologies offer our customers the same cost effective and graphically enhanced IML labels for both traditional and special applications. Marketers are always expanding the number of SKUs, and varieties of a brand, and seeking ever quicker turnaround and more flexibility from their suppliers. We have significantly improved our ability to meet their requirements.

- The \$2.9 million expansion of the Scottsburg plant began to yield its first benefits in the final quarter of fiscal 2000. Additional gains in efficiency, quality, and productivity are expected in the current fiscal year.



Vice President of Sales, IML John Voelker and Technical Representative Bob Wojewoda check an IML label for quality



An associate in Scottsburg, IN, operating a gravure press

- Our Process Plans of Control (PPOC) at Scottsburg and Laser Graphic Systems contributed to a 54% improvement in quality, a 5.1% reduction in waste and an overall productivity gain of 7%.
- We installed new coating capability in Scottsburg. The \$1 million electron beam (EB) coating line applies a very high-gloss coating on labels, adding a new visual dimension to catch the consumer's eye as well as improving the label's packaging performance.
- To increase our ability to manage a variety of sophisticated digital graphic files, we invested \$393,000 in new pre-press software and hardware at Laser Graphic Systems. In addition, Laser Graphics can now produce the films for the plates used for the flexographic and offset presses in Batavia.
- We established the **maxiML**™ trademark to market a family of proprietary substrates – the materials used as the base for manufacturing IML labels.



Multi-Color IML labels are specially designed to fit a multitude of bottle shapes and sizes. Brilliant colors and high impact graphics are used to create shelf appeal for many of America's leading brands.

*ALL® is a trademark of Unilever Corporation

A number of proprietary materials and processes are in development that will further augment our patented and trademarked assets. These initiatives will increase our ability to offer differentiated products in the market.

As we continue to grow our business with existing customers and brands, we expect our new IML capabilities to give us an entrée to introduce IML to new consumer product companies and new brand categories, such as new-age beverages, cosmetics, and food products.



“The market for full-body labeling applications is **growing rapidly**. We see this in new-age beverages, juices and dairy products, even just plain and flavored milk. Heat-shrink labels are **colorful and powerful**. Aggressive marketers choose them to make their products **stand out**. I’m looking for the heat-shrink market to grow 15% to 20% a year.” — John Yamasaki, Vice President of Sales and Product Development, Heat-Shrink Labels

HEAT-SHRINK LABELS: NEW CUSTOMERS, NEW MARKETS

Heat-shrink labels and tamper evident neck bands for branded consumer products are a \$300 million market in the United States.

Heat-shrink labels are specialty, high technology and graphically intense products. With products like these, we will accelerate our pace of revenue and profit growth. Heat-shrink labels will also help us expand our relationships with existing customers – as well as give us opportunities to gain new customers, and to move into new categories of branded consumer products.

Uniflex Corporation, which we acquired in June 2000 is a pioneer in manufacturing heat-shrink labels and tamper evident neck bands. It recorded revenues of \$9.6 million in 1999 and achieved approximately \$1.4 million in earnings before interest, taxes, depreciation and amortization (EBITDA). Uniflex has a reputation for excellence as the quality and service leader. It has a customer list of leading consumer product companies.

The integration of Uniflex’s Las Vegas, NV, gravure manufacturing plant into our operations and Process Plans of Control (PPOC), will add a 15% increase in annualized sales and a corresponding growth in EBITDA.



John Yamasaki, Vice President of Sales and Product Development, Heat-Shrink Labels, and Corporate Controller Julie Whitehead reviewing products



At the Uniflex plant in Las Vegas, NV, associates check a sheet of heat-shrink sleeves

Product categories for heat-shrink labels include new-age beverages, juices, spirits, and dairy products. The labels are manufactured as sleeves that slide over the newly formed bottle and are heat shrunk to fit trimly and exactly, conforming precisely to the container's contours.

We have the great advantage that John Yamasaki, Uniflex's founder and the pioneer leader in heat-shrink label manufacturing in the United States, has joined our senior executive team and will oversee our growth in this highly specialized market.



Uniflex heat-shrink sleeves add allure to new-age beverages, spirits, and dairy products



Tom Vogt, Vice President of Sales, Specialty Labels, and inside sales and Customer Service Representative
Marsha Doon check pressure-sensitive labels



Batavia Plant Manager Jeff McVicker oversees production of a roll of pressure-sensitive labels as it comes off the flexographic press

“Multi-Color is a **new player in pressure-sensitive** labels, but our reputation as one of the best partners in the label industry gives us **instant credibility**. We are going after the highest performance label applications. Because we have a **full range of technologies**, we can take the beautiful designs coming off the computers, and deliver what the marketers are looking for.” — Tom Vogt, Vice President of Sales, Specialty Labels

SPECIALTY PRESSURE-SENSITIVE LABELS: A \$2 BILLION “NICHE” MARKET

Specialty pressure-sensitive labels are a \$2 billion market, accounting for nearly a quarter of the \$9 billion U.S. market for all types of labels. Sales of specialty pressure-sensitive labels are growing at a rate of 15% or better.

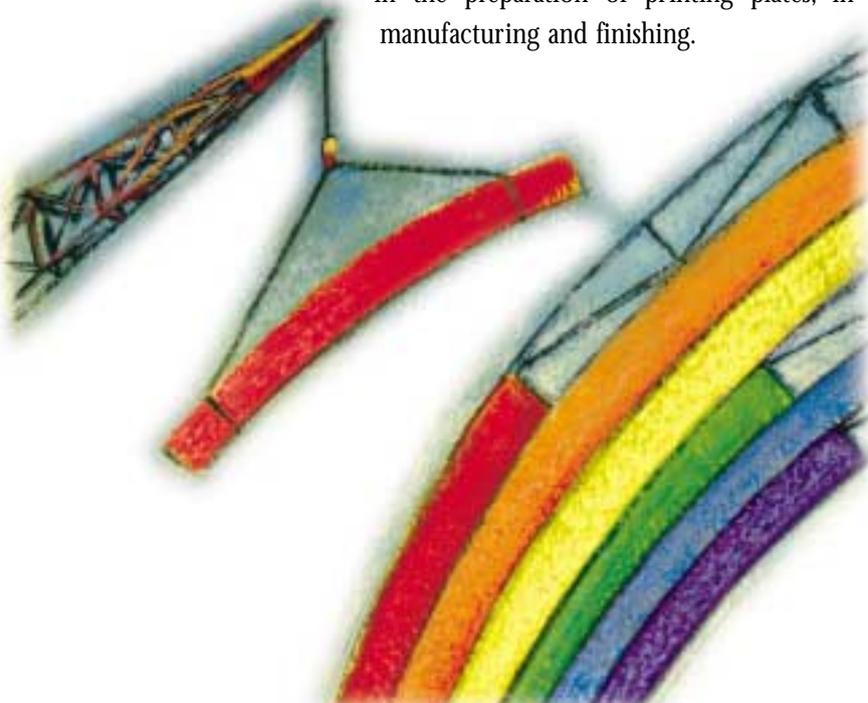
The pressure-sensitive label peels off a backing and then adheres directly to a product surface. The stamps sold in small folders by the U.S. Postal Service are an example of a pressure-sensitive “label.”

A number of consumer product categories use pressure-sensitive labels. These include health and beauty aids, wines and spirits, and pharmaceuticals.

We have identified these categories and their pressure-sensitive labels as a market that fits well with Multi-Color’s expertise and our experience in working hand-in-hand with global consumer product companies. Like IML, they require special expertise in the selection of substrates, in the preparation of printing plates, in inks, coatings and adhesives, and in manufacturing and finishing.

By acquiring a state-of-the-art printing plant in Batavia, OH, in December 1999, we began to position ourselves for entry into this market. The plant has a flexographic press, the basic printing technology for creating rolls of pressure-sensitive labels. The press has interstation ultraviolet (UV) drying equipment, and can also be configured for hot-foil stamping and screen printing.

In addition, we are fortunate to have had Tom Vogt join us as vice president for specialty pressure-sensitive sales. Vogt has nearly 30 years’ experience in printing, much of it involving pressure-sensitive labeling.



D i r e c t o r s

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Vice President of Sales, In-Mold Labels

Thomas J. Vogt,
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John Yamasaki,
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Heat-Shrink Labels

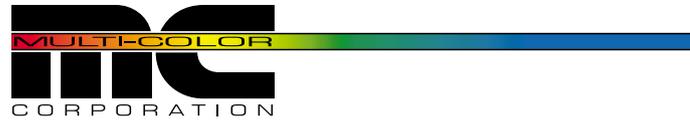
John P. McKeough,
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