

2002 Annual Report



Cincinnati, Ohio based Multi-Color Corporation is a premier supplier of decorative label solutions and packaging services to consumer product companies, national retailers and container manufacturers worldwide. We are the world's largest producer of in-mold labels (IMLs) and a major manufacturer of high-end pressure sensitive labels and shrink sleeves. The Company's Quick Pak division is a leading provider of promotional packaging, assembly and fulfillment services. Multi-Color has six manufacturing operations in the United States. Its products are shipped to more than 150 customers in the U.S., Canada, Mexico, South America and Asia.



In-Mold Labels – As the inventor of in-mold labels (IMLs), Multi-Color Corporation has always been the acknowledged technology and market share leader. IMLs are applied directly to the bottle as it is being molded at temperatures that can reach up to 400° Fahrenheit. In-mold labels can be found on consumer products like Minute Maid® juices and many well known home care products.



Shrink Sleeve Labels – This is the fastest growing segment of the label industry. Produced in colorful, cutting edge styles and materials, these alluring labels are manufactured as sleeves, slid over glass or plastic bottles and then heated to conform precisely to the contours of the container. Shrink sleeves can be found on many beverages such as Gatorade®. Our UniFlex division is one of the pioneers in shrink sleeve technology and positions us as one of the top suppliers nationally.



Pressure Sensitive Labels – This product line represents the largest category in the overall label market. Pressure sensitive labels, those in which the backing peels off as the label adheres directly to the product surface, are the most versatile and are used across many industries. Most health and beauty products, as well as lawn-care products like Scotts Miracle-Gro®, use pressure sensitive labels.

On the Cover: Our employees are excited about our future for a variety of reasons—a tradition of innovation, a history of solid financial performance and a future filled with growth. It's no wonder we can say with one voice "We Expect Big Things." Pictured on the front cover are our employees: Left Front: Garry Brewster, Martha Pearson, Michelle Blackburn, Gordon Daniels, Frank Papke. Right Front: Angela McDonald, Wilfred Bruns, Schelly Walls, Marie Claire Seaver, Dave Nosker.

Financial Performance

(amounts in thousands except per share data)

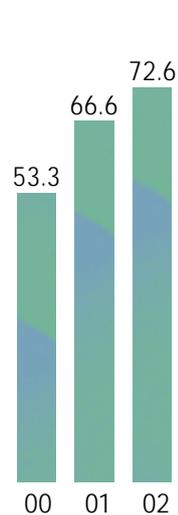
Year ended	2002	2001	2000
Sales Revenue	\$ 72,624	\$ 66,618	\$ 53,331
Operating Income	\$ 8,927	\$ 8,305	\$ 4,280
EBITDA	\$ 11,938	\$ 10,679	\$ 6,526
Share Price	\$ 15.00	\$ 7.33	\$ 4.79

Financial Highlights for Fiscal 2002 Include:

- Sales Revenue increased 9% to \$72.6 million
- Net Income increased 32% to \$4.7 million
- Earnings Per Share increased 25% to \$1.14 per diluted share
- Return on Invested Capital (ROIC) remained strong at 14%
- 3 for 2 stock split in November 2001

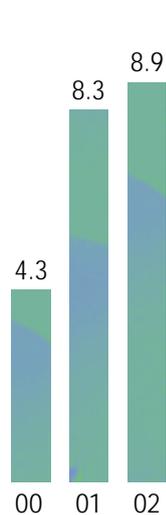
Sales Revenue

\$ in millions



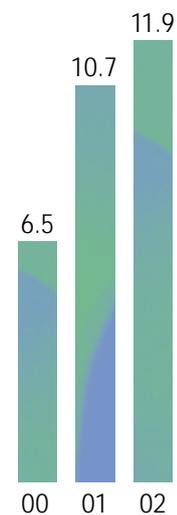
Operating Income

\$ in millions



EBITDA

\$ in millions



High Expectations Lead To Record Results

Dear Fellow Shareholders:
"We Expect Big Things" is the cultural attitude at Multi-Color Corporation. From our Board of Directors, to our senior management, sales executives, technical personnel and operating associates, we demand the best in everything we do. Our record results are an outcome of our attitude.

Multi-Color's enviable financial performance again outpaced the competition. In fact, over the last three years, our track record is hard to beat, regardless of which industry is used as a benchmark. For instance:

Sales Revenue grew to a record \$72.6 million in fiscal 2002 and is up 46% since 1999.

Operating Income improved to a record \$8.9 million last year and is up 312% since 1999.

Net Income jumped 32% to \$4.7 million last year and is up 217% since 1999.

Earnings Per Share rose more than 25% to \$1.14 per diluted share in 2002 and is up 245% since 1999.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) were up 12% last year to \$11.9 million and up more than 164% since 1999.

The Price of Multi-Color stock increased 105% in our last fiscal year and is up 283% during the last three fiscal years.

These numbers clearly demonstrate that the strategic plans we put into place three years ago are working and working well. Let's review the progress we've made.

First, we transformed our manufacturing organization by implementing disciplined plans of control based upon sound business practices, instilled an execution-oriented mindset throughout the company and made personal accountability a requirement. These changes led to significant improvements in safety, quality, productivity and service. Operational excellence became the order of the day and translated into Multi-Color becoming the low-cost provider of technically demanding label applications.

Second, we created a value proposition that is both relevant to our customers' needs and differentiates us from the competition by expanding our product offerings and technological capabilities. Entering the faster growing pressure sensitive and shrink sleeve categories was achieved by the acquisitions of our Batavia, Ohio, Las Vegas, Nevada and Troy, Ohio facilities. These acquisitions also provided us with additional technologies that have transformed Multi-Color into a decorating solutions company.

And third, to drive the transformation forward, key senior and middle management changes were made to ensure the right people were in the right positions. In addition, we implemented human resource, training and compensation programs to

- Established packaging services division with the acquisition of Quick Pak in May 2002.
- First ever 3 for 2 stock split in November 2001
- Won multiple first-place awards in International Label Competition in October 2001
- Acquired Premiere Labels, Inc. of Troy, Ohio in October 2001
- Initiated Quarterly Conference Call and Webcast to provide ongoing communication with analysts and shareholders in July 2001

align the entire organization with our customers' and shareholders' objectives.

Operational excellence, an unparalleled value proposition and a high performing organization have set the stage for accelerated growth.

Winning Through Product Leadership

Today's Multi-Color provides its customers with a broad range of decorating technologies and label

Beyond the Numbers

Fiscal 2002 was a remarkable year for Multi-Color beyond the record sales and income numbers. Whether you consider our November 2001 stock split, the Troy acquisition, producing award-winning labels, or the introduction of MEGABOND®, wherever Multi-Color was engaged, it achieved success.

Multi-Color has proven a company can focus on discipline and relentless cost reduction, and at the

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applications, along with graphics and packaging services. To enhance organizational effectiveness, we consolidated our technical resources under the direction of Phil Courtier, Director of Product Leadership. By focusing on new business commercialization along with product development, we improve speed to market.

Aligning our product development efforts with customer needs has resulted in the introduction of an exciting new product, MEGABOND®. This revolutionary new in-mold label (IML) material has been in development for two years and reinforces our position as the technological leader in the IML arena.

In addition to MEGABOND®, our new product leadership group is developing several other innovative products to be introduced in the near future.

Multi-Color - A "Delta Company"

"Doing whatever it takes" is the doctrine of successful people. This is what we mean by a "Delta Company". Our aggressive and disciplined approach to sales and marketing is delivering impressive results. Led by Vice President of Sales, Tom Vogt, we are fielding a highly trained sales force, equipped with the most advanced products and technologies available.

Multi-Color's account executives are committed to rapidly responding to customer needs with the most cost effective decorating solution. Account executives utilize our "delta hotline" to keep senior management informed of the latest sales activities. Our entire organization is connected to the sales effort with company-wide accountability for organic growth. We expect to win big.

same time be creative and innovative with new ideas in product development, sales and marketing. In essence, Multi-Color is able to flex both sides of its corporate brain.

As we look forward into fiscal 2003, we expect to:

- Expand our product leadership in the label markets we serve.
- Broaden our revenue stream by providing complimentary consumer packaging services that support our customers' marketing strategies.
- Introduce a Six Sigma program throughout the company.
- Continue to execute a selective acquisition strategy.
- And stay focused on aggressively increasing revenues, managing our assets well and improving shareholder value.

In conclusion, Multi-Color continued to deliver above average sales and income growth in spite of last year's tough economic conditions and challenging business climate. This was only possible through the hard work of our associates, their relentless drive to improve and their commitment to be the best. I want to thank them for "Expecting Big Things".



Francis D. Gerace
President and Chief Executive Officer



Thinking BIG

What began in 1918 as simply producing paper labels has evolved into a diverse company that provides a one-stop source for in-mold, pressure sensitive and shrink sleeve label solutions. In addition, Multi-Color has broadened its scope by supporting the marketing strategies of its consumer product customers with a variety of graphic and packaging services. Every year our customers, many of which are multi-billion dollar, multi-national consumer product conglomerates, come to Multi-Color with challenges; big challenges requiring big thinking and even bigger performance.

As you continue reading through the 2002 Annual Report, the recurring reasons new customers are choosing Multi-Color to produce their labels will be apparent.

First, our great looking and great performing decorative labels CAN help their brands increase awareness and improve sales. Second, a critical need for many companies is speed to market; the ability to get their new and/or improved products into stores and customers' hands quickly. They want a world-class supplier with a proven track record, especially when it is imperative to get it right the first time. Third, our multiple label technologies and services provide multiple choices, leading to the most cost effective solutions.

As our customers' needs continually increase in today's ever-changing marketplace, "Thinking Big" is how we meet these complex challenges.

"The Label Sells It"

The old adage "packaging is everything" rings true for many of our customers. Many times a company can boost its revenue by changing its brand's packaging. For consumer products companies, this usually means changing the label. In the case of Playtex, a new label helped reposition Wet Ones® by expanding the use of the product. With Yago Sant Gria®, the new label was primarily responsible for reviving the brand.

Wet Ones® - Repositioning an Already Successful Product

In Summer 2001, the Westport, Connecticut-based Playtex Products, Inc. began searching for ways to increase sales of its Wet Ones wipes.

Viewed as a seasonal product, Wet Ones was primarily used during the summer months as a portable cleaning product to take along during outdoor activities. As the weather grew cold, so did sales.

Moving Wet Ones from the campground to the kitchen was the challenge. It became obvious that to expand Wet Ones into a home-based product, a package suitable for display in the home needed to be created. But where could all of the



necessary consumer product information be placed and still maintain that designer look?

Our solution was a shrink sleeve with bright, colorful and eye-catching graphics that would change seasonally along with the container. This label would be perforated so once the consumer got the package home, they could remove the shrink sleeve and unveil a container that's colorful and attractive enough to display in the kitchen. This way the label would compliment the canister and meet the FDA-mandated information requirements.

The success of the project was a direct result of Multi-Color's ability to provide Playtex a complete, turnkey solution. Not only did we offer extensive shrink sleeve experience, we helped Playtex identify the types of equipment they would need and even provided a source for this equipment. In addition, we worked closely with their container supplier, educating them on shrink sleeve technology and equipment.

But most importantly, Multi-Color helped Playtex solve a business problem. The solution we provided contributed dramatically to the increased success Wet Ones products are now experiencing.

The process went so well that we are working with Playtex on two more products - a prismatic in-mold label for Mr. Bubble® bath soap and another that requires a pressure sensitive label.

Multi-Color's value proposition is its ability to provide a one-stop shop for IML, shrink sleeve and pressure sensitive label solutions, something consumer product companies like Playtex are rapidly discovering. Our success with Playtex validates the relevance of our value proposition.

Repositioning Wet Ones® from an outdoor, seasonal product to an indoor year-round product was accomplished through shrink sleeve label technology.



The dynamic new label on the Yago bottle explodes with color and has contributed to Yago's surge in sales.

Yago Sant Gria® - Reviving a Cultural Icon

When the David Sherman Corporation acquired Yago Sant Gria®, they were looking to revive the struggling brand. Knowing that 70% of buying decisions are made at the store shelf, the label was where David Sherman started.

As many companies do when they want to change, St. Louis-based David Sherman went to trusted sources for recommendations. They worked closely with Saxco International, a packaging specialist in the wine and spirits industry. Saxco suggested Multi-Color, one of the pioneers in shrink sleeve technology.

Because the Yago brand had never used a shrink sleeve before, David Sherman needed start-to-finish assistance. From the initial concept, to the sizing of the graphics, to the eventual application, Multi-Color was there every step of the way.

Plus, Multi-Color's ability to show them realistic "mock labels" actually applied to their bottles allowed David Sherman to make critical design and marketing decisions well in advance of actual production. Seeing early in the process what the consumer will see was exactly what David Sherman needed.

Yago bottles adorned with Multi-Color shrink sleeves can now be found in stores nationwide. Double-digit sales increases have since followed, underscoring the importance and power of an attractive label in the purchase decision.

Performing BIG

Doing Whatever It Takes

Leading consumer product companies mandate extraordinary "speed to market". As these dynamic companies refine their product features and brand appearance, they are always looking for ways to fast-track their product launches.

This is an area where Multi-Color excels. As you'll note in the following examples, our ability to deliver labels in days, not weeks, or our ability to work within extremely narrow and rigid timeframes, has allowed us to capture business from our competitors and increase our share within our target markets.

Jasper – Protecting Shelf Space for Bugs Bunny®

Joplin, Missouri-based Jasper Products, LLC produces flavored soy and dairy products. Jasper's design firm was charged with the task of finding a supplier that could meet the aggressive timetable for their new product launch.

Jasper secured from Bravo Foods, International the rights to produce a new line of Looney Tunes® flavored milk and milk shake products. Adorned with characters like Bugs Bunny® and Wile E. Coyote®, exact reproductions of the graphic images were critical. Also important was the ability of the package to stand out on crowded dairy shelves. The design firm decided this marketing challenge was best accomplished through shrink sleeve technology.

Based on Multi-Color's proven track record and shrink sleeve expertise, along with our ability to provide four-color production mock-ups of the Looney Tunes characters, Jasper became

convinced that Multi-Color was a great choice to meet its marketing challenge.

Speed to market, though, was THE determining factor in Multi-Color being awarded the project.

Meeting challenges is one of the many things we do exceptionally well at Multi-Color. Once we received approved artwork from the design firm, Multi-Color was able to deliver finished labels IN EIGHT DAYS, not the usual four weeks most other suppliers take.

Multi-Color shrink sleeves along with Looney Tunes characters now help Jasper Products capture market share in the fast growing flavored milk products segment . . . and *That's All Folks!*



Multi-Color labels adorned with Looney Tunes® characters now help Jasper Products capture market share in the dairy aisle.

Nolita® - Beach Hair with City Style

Graham Webb International wanted to introduce its latest line of Nolita® hair care products and needed a label that could win the fight for recognition on the ultra-competitive beauty aisle. Because they also wanted a label with upscale graphics that would cover the entire bottle, it was decided to go with a shrink sleeve.

The challenge with using a shrink sleeve was that the bottle's shape was completely round; no other round, eight-ounce bottle had ever used a shrink sleeve.

The biggest challenge, though, was the timeline. In less than eight weeks, Graham Webb went from concept to store shelf, using Multi-Color's *Fast Track* process.

The project went smoothly. The machines were retooled, the graphics reproduced well and the shrink sleeves adhered perfectly to this completely round surface.

Things went so well that Multi-Color is now working with Graham Webb on two additional Nolita products for release later this year.

Both Avon and Graham Webb utilized Multi-Color's *Fast Track* process to meet their rigid timeframes and expedited delivery dates.



The Nutcracker – A Shrink Sleeve Success

Introduced in November 2001, the holiday season Nutcracker line of room spray and body lotion from Avon Products, Inc. was adorned with highly colorful labels. What was so special about this seasonal product was that it had shrink sleeves covering the bottles.

Avon wasn't convinced a shrink sleeve was the proper choice for this project. First, their container was made of a thin-walled plastic. This required a very precise, low level of heat that would allow the label to adhere without melting the container.

Second, the exact quantities necessary for the order fulfillment process were an unknown. After Avon's core of Elite Sales Representatives reviewed product prototypes and provided sales volume feedback, Multi-Color would have only a three-week window to meet product requirements. Once the shopping season ended, the curtain would come down on this holiday production.

Our previous experience placing shrink sleeves on similar soft-sided bottles was an impressive example for Avon to view. Plus, our history of on-time delivery performance demonstrated the kind of responsiveness Avon needed.

The seasonal Nutcracker line of room spray and body lotion was introduced on time and exceeded sales expectations, ensuring an encore presentation of this new holiday favorite.



Winning BIG

Better Label Solutions Through Better Label Technology

As an industry leader for technically demanding label applications, we view ourselves as problem solvers. Whether it's identifying a new substrate, creating a patented process or developing a brand new material, we know that by continuing to lead this industry technically, we will also lead it financially.

The following two examples demonstrate our ability to meet technical challenges for both individual customers and an entire industry.

HERSHEY®S Syrup—Sweet Success Through Innovation

In May 2001, the HERSHEY Foods Corporation was looking for an in-mold label (IML), tear-away coupon to promote their line of syrups. The science was to create an adhesive system that produced just the right amount of stickiness necessary for the coupon to stay on the bottle during distribution, while also allowing the consumer to easily remove it for redemption.

Multi-Color's tradition of innovation had already led to a patent for an IML coupon. The fit was perfect and Multi-Color recently completed a very successful coupon promotion for HERSHEY®S Syrup. In fact, the success of this project has led to other coupon opportunities.

Providing customers like HERSHEY better label solutions through better label technology is

a major reason why consumer product companies continue to choose Multi-Color for multiple label challenges.

As we continue to meet these "Big Challenges" for our customers, it pays off in "Big Ways" for us – repeat business, new business awards and a continuing stream of referrals. As you might guess, helping our customers "Win Big", helps Multi-Color "Win Big" too.



Multi-Color's patented IML coupon offers great promotional opportunities for HERSHEY®S Syrup.

Introducing Bond... MEGABOND®

The invention of in-mold label technology in the late 1970s by Multi-Color was the beginning of a rich tradition of innovation and improvements for the packaging industry.

In keeping with this tradition, the Product Leadership group at Multi-Color created a new generation of IML material called MEGABOND®. Made of a patented, ultra-low density material, MEGABOND improves label application performance.

Previous IML material created a mechanical bond to the bottle. Under extreme conditions, these labels were subject to an IML defect called Heat Retention Blisters (entrapped air causes a bubble) which resulted in reduced line speeds and increased waste. The blow mold industry has an expression, *a blistered label is a wasted bottle*.

The elimination of heat retention blisters now allows the blow molders to run their machines faster while simultaneously reducing the amount of waste—truly a win/win/win situation.

MEGABOND

"We fully expect MEGABOND to eventually replace all other IML products," said Phil Courtier, Multi-Color's Director of Product Leadership.

Technological advances like MEGABOND continue to expand our position as the acknowledged leader in the IML category.

Creating new products and patented processes, reducing production timelines from weeks to days, delivering innovative label solutions when other companies can't, and helping consumer product companies reduce their overall packaging cost—it's no wonder OUR CUSTOMERS EXPECT BIG THINGS TOO.



Tom Scully oversees Philip Albenice and Phil Courtier inspecting MEGABOND® prototypes.

New Packaging Services Division Supports Customers' Marketing Strategies

With the June 3, 2002 announcement that Multi-Color purchased Quick Pak, Inc. of Cincinnati, Ohio, we immediately expanded the service component of our business strategy and broadened our revenue stream by providing complimentary consumer packaging services that support our customers' marketing strategies.



Quick Pak is a leading provider of promotional packaging, assembling and fulfillment services to major health and beauty companies, consumer product manufacturers and national retailers. Its current client roster includes The Andrew Jergens Co., Bath & Body Works and Victoria's Secret Beauty.

Because many of Multi-Color's customers utilize these types of packaging services, the addition of Quick Pak allows us to broaden and deepen our relationship with our current clients while also providing us an opportunity to offer label solutions to Quick Pak customers. *One-stop shopping just got better.*

Along with the purchase of Quick Pak, we also announced the appointment of Gordon B. Bonfield as President, Quick Pak Division. Bonfield was previously the Chief Operating Officer of Ivex Packaging and is a member of our Board of Directors.

Corporate Information

Directors

Lorrence T. Kellar

Vice President Real Estate, Kmart Corporation;
Chairman of the Board, Multi-Color Corporation

Francis D. Gerace

President and Chief Executive Officer,
Multi-Color Corporation

Gordon B. Bonfield

President, Quick Pak Division,
Multi-Color Corporation

Charles B. Connolly

President, Connemara Converting

Roger A. Keller

Private Investor

Burton D. Morgan

President, Basic Search, Inc.

David H. Pease

Retired Chairman, Pease Industries, Inc.

Corporate Officers

Francis D. Gerace

President and Chief Executive Officer

Dawn H. Bertsche

Vice President-Finance, Chief Financial Officer

Gordon B. Bonfield

President, Quick Pak Division

John P. McKeough

Vice President of Operations

Steven G. Mulch

Senior Vice President of Sales and Marketing

Thomas J. Vogt

Vice President of Sales

Shareholder Information

Corporate Headquarters

Multi-Color Corporation
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Cincinnati, Ohio 45202
(513) 381-1480

Visit us at www.multicolorcorp.com

Annual Meeting

The annual meeting of shareholders will be held at the Queen City Club, 331 E. Fourth Street, Cincinnati, Ohio on Thursday, August 15, 2002 at 10:30 AM E.T.



The common shares of Multi-Color Corporation trade on The NASDAQ exchange under the symbol LABL

Transfer Agent

Fifth Third Bank
Cincinnati, Ohio

Independent Public Accountants

Grant Thornton LLP
Cincinnati, Ohio

