



Packaging Solutions **2003 Annual Report**
at a Record Pace



Cincinnati, Ohio based Multi-Color Corporation is a premier global resource of cost-effective and innovative decorating solutions and packaging services to consumer product and food and beverage companies, national retailers and container manufacturers worldwide. Multi-Color is the world's largest producer of both in-mold labels (IMLs) and heat transfer labels (HTLs), and a major manufacturer of high-end pressure sensitive labels and shrink sleeves. The Company's Packaging Services Division, Quick Pak, is a leading provider of promotional packaging, assembly and fulfillment services. Multi-Color has seven manufacturing locations in the United States. Its products are shipped to more than 250 customers in the U.S., Canada, Mexico, Central and South America, and Asia.



In-Mold

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 Downy®, Mimosin®, and many well-known home care products.

Heat Transfer

Through the recent acquisition of Dec Tech, the inventor and pioneer of heat transfer labels (HTLs), Multi-Color is an acknowledged technology and market share leader in this category. Heat Transfer combines heat and pressure to transfer the ink directly onto the surface of the container, providing a true "no label" look. Heat transfer can be found on beverage products like Wild Vines™, personal care products like Dr. Scholl's®, and many other well-known brands.

Shrink Sleeve

Growing in popularity, shrink sleeves are 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 Starbucks Frappuccino® Coffee Drink and Arizona Iced Tea®. Our UniFlex operation is one of the pioneers in shrink sleeve technology and positions us as one of the top suppliers nationally.

Pressure Sensitive

Representing the largest category in the overall label market, pressure sensitive labels are the most versatile and are used across many industries. Pressure sensitive labels are those in which the backing peels off as the label adheres directly to the container surface. Many health and beauty products, such as Head & Shoulders®, use pressure sensitive labels.

Packaging Services

Design, assembly, bundling and fulfillment services offered by Quick Pak help national retailers and consumer product manufacturers create and expand their marketing and merchandising programs.

Financial Performance

(amounts in thousands except per share data)

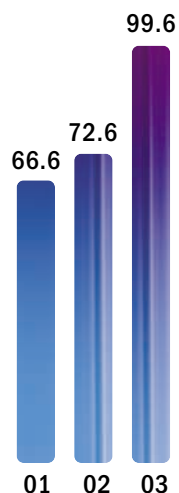
Year ended	2003	2002	2001
Net Sales	\$ 99,560	\$ 72,624	\$ 66,618
Net Income	\$ 6,335	\$ 4,699	\$ 3,559
Earnings Per Share	\$ 1.48	\$ 1.14	\$ 0.91

Company Highlights for Fiscal 2003 Include:

- > Net Sales increased 37%
- > Net Income increased 35%
- > Earnings Per Share increased 30%
- > Established Packaging Services Division with the acquisition of Quick Pak in May 2002
- > Formed Food and Beverage Sales Group in August 2002 to broaden market penetration
- > Acquired heat transfer technology with the acquisition of Dec Tech in January 2003
- > Initiated Phase 1 of Six Sigma improvement process in our Product Leadership Group

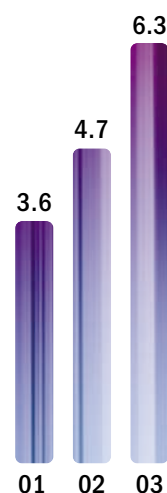
Net Sales

(\$ in millions)



Net Income

(\$ in millions)



Earnings Per Share



Dear Fellow Shareholders:

“**P**ackaging Solutions at a Record Pace” is *our promise to our customers*. Multi-Color labels help accelerate the purchase of more than 330 of the world’s most well-known and respected brands. From household, fabric and personal care, to food and beverage products, to lawn and automotive care, millions of consumers touch our labels every day, every time they make a purchasing decision. Our business model and value proposition of providing packaging solutions through multiple decorating technologies and services speeds up the entire process.

As this year’s annual report will explain, “Packaging Solutions at a Record Pace” benefits our customers and our shareholders. I am proud to report our Fiscal 2003 record-breaking financial results. Sales revenue and net income increased 37% and 35% respectively. And earnings per share increased to \$1.48.

Why More and More Companies are Doing Business with Multi-Color

Multi-Color has become a valuable and indispensable business resource that helps customers meet their marketing objectives, while simultaneously helping them lower their packaging costs and increase their speed to market.

Today’s Multi-Color objectively offers its customers the distinct and unique advantage of choosing the best decorating solution from a broad spectrum of technologies. We do not have a bias toward any specific application; our bias is for our customers to make the best educated packaging decision. Whether in-mold, heat transfer, shrink sleeve or pressure sensitive, we want to provide our customers with the technology that best meets their needs—and they know it.

In addition, this comprehensive array of label solutions housed within one company creates the agility and flexibility to seamlessly offer and transparently manage multiple technologies for our customers. We are truly a business resource for their packaging needs.

A Unique Business Model

Quick Pak, our packaging services division acquired in May 2002, answered a strategic imperative by expanding our business model into design, assembly and fulfillment services to support customer merchandising and promotional programs. Quick Pak’s industry-leading quality and service standards, coupled with Multi-Color’s technical resources, has created a formula for success. Now our consumer product and food and beverage customers can also execute their promotional programs with a company they already know and trust.

Technical Leadership

Companies also turn to Multi-Color for our proprietary technology and technical support.

Our Product Leadership Group, comprised of research and development, product commercialization and technical service, has more than doubled its staff to provide our customers with industry-leading innovation and application support. Our customers know they can rely on Multi-Color for cutting-edge technology to produce their cutting-edge labels.

Another reason companies choose to do business with us is the value we provide through our Business Optimization Group. Charged with the responsibility to play “what if” for our customers, this group analyzes various decorating choices from a matrix of decorating options. By applying meaningful, customer-focused business principles, we determine which label



application and manufacturing technology most economically and efficiently meets their needs.

Taking the Mystery out of Packaging

Demonstrating our commitment to be a business resource, we provide educational services to equip our customers with the information they need to make good business decisions. Central to this effort is our Multi-Color Packaging College, where customers send their key decision makers to learn more about label solutions, packaging services and the printing and converting technologies employed to produce their finished product. We assist them in separating rhetoric from reality—"taking the mystery out of packaging"—and collapsing the decision-making process.

What is Next for Multi-Color?

Here are several of the most significant initiatives our associates are focused on:

- > *A primary objective for fiscal 2004 is to build the Multi-Color brand. It is important that our sales organization continues to remind our customers of the distinct and unique advantages of doing business with Multi-Color Corporation. We are truly a business resource that assists our customers in the packaging decision-making process. Our brand fulfills needs well beyond producing great labels, creating a pleasant purchasing experience for our customers.*
- > *Continue to "raise the performance bar" of our sales groups, as we aim to take advantage of all of the opportunities in a fast-moving marketplace. Armed with four of the major label technologies, our consumer products and food and beverage sales*

groups win when they aggressively engage and develop tighter customer relationships built on trust.

- > *Our Six Sigma Lean Manufacturing initiative, V², is being aggressively implemented across our business. V² is designed to increase **Value** by improving quality and reducing costs, and increase **Velocity** by decreasing operational cycle time.*
- > *Expand the customer base of our Packaging Services Division, Quick Pak, and proceed with growing the services component of our business model.*
- > *Pursue a selective acquisition strategy that supports our financial requirements.*
- > *As always, we will work diligently to serve our shareholders by increasing the value of their investment.*

Living Up to Our Promises

In closing, I am extremely proud of our talented team of Multi-Color associates. They continue to lead our industry, demonstrating superior performance. They continually put the customers' needs ahead of their own and develop and grow as our business grows. They are truly the keys to our success.

When a company combines the right people with the right business model, charged with performance standards that constantly challenge previous results, "Packaging Solutions at a Record Pace" becomes reality.

Francis D. Gerace
President and CEO

Accelerating the Purchase

The speed at which a product flies off the store shelf is dependent upon how well our labels reflect the product's performance, quality and value.



The challenge many brands face is that consumers are confronted with a sea of choices, sometimes making their shopping experience fraught with confusion. Our labels reduce the confusion by vividly and concisely communicating each brand's promise.

How then do you differentiate your soap, shampoo or sports drink from your competition?

The best way to distinguish your product is by using the final and most focused form of advertising available to the product manufacturer—the label. Study after study has shown that packaging accounts for the overwhelming majority of store purchases. In today's markets, consumer brands

gain market share and keep their products looking fresh through innovative packaging and dazzling labels.

This is where Multi-Color labels can help a company separate itself from the pack. Our labels have been helping products into shopping carts in record numbers at record speed.

Getting that new and unique look requires technical flexibility and agility. Because we provide four major types of label solutions, we can truly and objectively offer the

same flexibility and agility to our customers. It won't matter if a new package requires a different type of label to help it jump off the shelf and into the cart. We have the complete decorating toolkit available to complete any new package.



©Disney/Pixar

Top: Appealing to the teenage market, Dr Pepper/Seven Up used shrink sleeve technology to create this bold new label look for their Raging Cow™ beverage line. **Middle:** Heat Transfer technology using the gravure printing process allowed Axe to produce a label that reinforced its brand identity.

Bottom: The recent joint marketing promotion with Frito Lay to celebrate the release of Disney and Pixar's new movie, "Finding Nemo", highlights one of the many ways Multi-Color can help companies use labels to create awareness and participate in co-branding promotional efforts.

Helping To Make Dawn Complete®

What began as a routine presentation to a design firm resulted in one of our most challenging assignments.

As Procter & Gamble continued to refine the packaging for its Dawn® liquid dishwashing detergent, they sought to create a unique new bottle and label. P&G's design firm remembered a sample prismatic foil label that Multi-Color had previously printed and inquired if we could produce a similar one for Dawn.

The only concern was that the concept for this new Dawn label would require two types of printing technologies,

Decision



screen and flexographic, and two types of foil stamping. Few, if any, label manufacturers have the technology and equipment to handle this assignment cost effectively.

"We knew right away that this would be an extremely challenging label," said Tom Vogt, Vice President Sales, Consumer Products.

First, we started with a plain pressure sensitive label. We added two types of foil stamping, plain and holographic. This required both screen and flexo UV printing technologies. Adding to the challenge was that the label needed to be transparent enough to allow the holographic image to show through from the back of bottle to the front.

And finally, it needed a clear laminate coat.

The result was a dramatic, premier label for the premier version of Dawn ... Dawn Complete®.

"There are plenty of labels with holographic images and plenty with foil stamping, but none with both," added John Voelker, Vice President Sales, P&G Relationship. "This one is unique."

Having all of the necessary technologies and equipment within one company, Multi-Color provided Procter & Gamble the flexibility and agility to achieve success for their aggressive product launch.



Collapsing the Process

Multi-Color does many things to help companies reach their goals faster than ever before.

Possessing all four decorating technologies allows us to quickly, easily and effortlessly switch a company or product from one technology to another. Offering a host of support services in-house means the customer doesn't have to slow down the process to identify and shop multiple vendors. As a company, we continue to expand our product offerings to support the timelines of our customers.

Nowhere is speed to market more on display than with our Packaging Services division, Quick Pak.

Customers use Quick Pak and its packaging services to extend their brand awareness through special or seasonal promotions. By nature, promotions are high volume, national in scope and require extremely compressed turnaround times.

"Many of our customers are learning that seasonal or promotional packaging can increase brand awareness and loyalty, boost sales revenue and increase market share," said Johan Pot, Vice President Sales, Quick Pak. "We are learning, in turn, that by offering other packaging services, we can help enhance our customers' marketing programs and shorten cycle times."



Customers expect our Quick Pak division to have an assembly line fully trained and operational within a week of bidding on a project.

Business Resource

To be a “business resource” for our customers takes much more than great performing labels.

Why Companies Turn To Us For Added Services

As a business resource to our customers, we do more than just supply great performing labels. We are with them every step of the packaging process. From label design to package prototyping to digital art file management, to print tooling production through manufacturing, supply chain management and label application support, we provide many value-added services that delight our customers.

Our Product Leadership Group works with our customers’ product development and engineering departments to ensure that label specifications match up with container specifications to produce consistent results.

Multi-Color has even set up a department within the company, the Business Optimization Group, whose task is to take on a customer role and explore more efficient and cost-effective ways to meet packaging needs.

Because we have all of these capabilities in-house, there’s no need for our customers to look outside of Multi-Color. Our ability to offer these services is another way we increase value by speeding up the process. Just as our customers are continually challenged to improve their speed to market, we, in turn, are obliged to help them do so.



The Andrew Jergens Company uses bundling and shrink wrap services provided by Quick Pak to increase sales through special promotional packages.

We Take The Mystery Out Of Packaging

As new packaging technologies emerge, Multi-Color has the resources to leverage them.

The Multi-Color Packaging College is a valuable service provided to our customers that keeps them abreast of the latest improvements in technology. Bottle manufacturers, food and beverage, and consumer product companies from around the globe send their best and brightest to Multi-Color for two intense days of learning.

Students follow the “life of a label”, learning the basics of label converting, from the receipt of artwork, through the labeling application and packaging process. We have instructors with

more than 200 years of collective experience in the graphics, printing, blow molding and packaging industry, who share their specific expertise. The College includes tours of facilities, inclusive of Quick Pak’s bundling and assembly services.

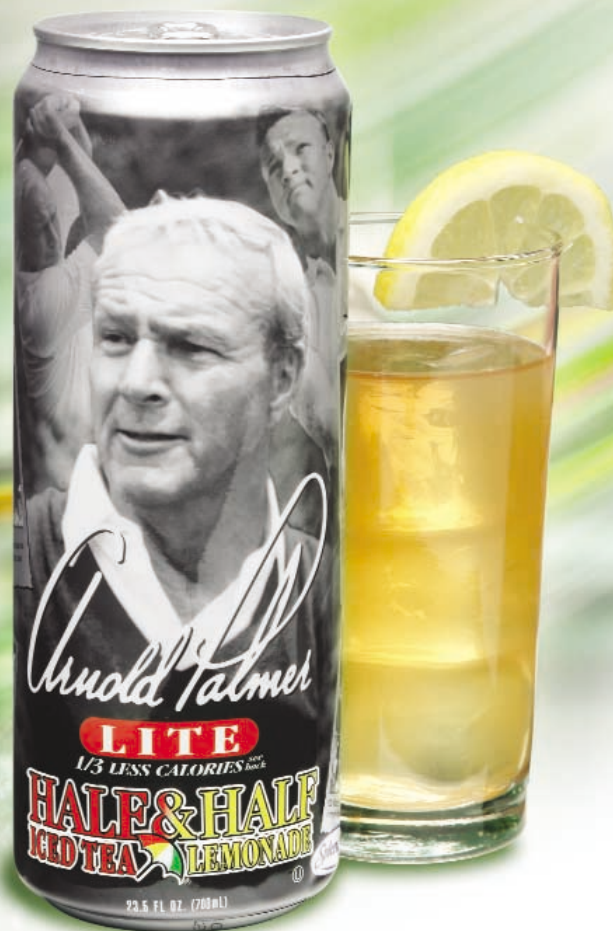
When finished, students are fully equipped to make informed and enlightened decisions about label options and packaging choices. Interest and enrollment in this program have grown to the point where we’ve increased the frequency of classes and robustness of course selection to meet our customers’ needs.



Multi-Color executive, John Geurtsen, discusses heat transfer label technology with customers as our Packaging College continues to expand its curriculum and the frequency at which it is offered.

The Packaging is the Promotion

For many companies, the package becomes its major source of advertising—and our labels become their billboards.



Multi-Color has the technologies to make labels pop and the services to add punch to promotions.

Arizona Beverage Company made a decision last year to expand its packaging supplier base. What they discovered in Multi-Color was a company that is a superior printer, that has kept pace with change and has invested in the latest equipment and technologies. Also important to Arizona was our network of manufacturing facilities and our commitment to shrink sleeve technology. This commitment is critical to Arizona as they're convinced that shrink sleeves provide more creativity and flexibility.

"Arizona is a very inventive and aggressive player in the beverage industry," said John Antonucci, Vice President Sales, Food and Beverage. "They need a company like

Multi-Color that has the adaptability to help them enter new markets quickly."

Arizona turned to Multi-Color to produce their latest promotional package. In us, they found a company that could reproduce their artwork; artwork that contained complex graphics. Because this was a special, limited promotion, they needed a company that could get it done quickly and get it right the first time.

The result of our partnership is a striking 24-oz. container, with a full-body shrink sleeve featuring Arnold Palmer promoting Arizona's new Half & Half iced tea-lemonade beverage.

Quick Pak, our Packaging Services division, is an integral part of Bath & Body Works' merchandising and promotion strategies.



Corporate Information

Directors

Lorrence T. Kellar

*Chairman of the Board,
Multi-Color Corporation
Vice President,
Continental Properties, Inc.*

Francis D. Gerace

*President and
Chief Executive Officer,
Multi-Color Corporation*

Gordon B. Bonfield

*President,
Packaging Services Division,
Multi-Color Corporation*

Robert R. Buck*

*Former President,
Uniform Rental Division,
Cintas Corporation*

Charles B. Connolly

*President,
Connemara Converting*

Roger A. Keller

Private Investor

David H. Pease

*Retired Chairman,
Pease Industries, Inc.*

**Mr. Buck was elected to fill the remainder of the term of Burton D. Morgan, who passed away in March 2003. Mr. Buck is on the Proxy Ballot for election to a full term at the August Shareholder Meeting.*

In remembrance of Burton D. Morgan, our co-founder, board member, business associate and friend; Burt, we will miss you.

Corporate Officers

Francis D. Gerace

*President and
Chief Executive Officer*

Dawn H. Bertsche

*Vice President Finance
and Chief Financial Officer*

Julie A. Whitehead

Corporate Controller

Division Officers

Decorating Solutions

John P. Antonucci

*Vice President Sales,
Food & Beverage*

John P. McKeough

Vice President of Operations

John R. Voelker

*Vice President Sales,
P&G Relationship*

Thomas J. Vogt

*Vice President Sales,
Consumer Products*

Packaging Services

Gordon B. Bonfield

President, Quick Pak

Johan G. Pot

Vice President Sales

Shareholder Information

Corporate Headquarters

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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 21, 2003 at 10:30 am E.T.



The common shares of Multi-Color Corporation trade on The NASDAQ National Market System under the symbol LABL

Transfer Agent

*Fifth Third Bank
Cincinnati, Ohio*

Independent Public Accountants

*Grant Thornton LLP
Cincinnati, Ohio*



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