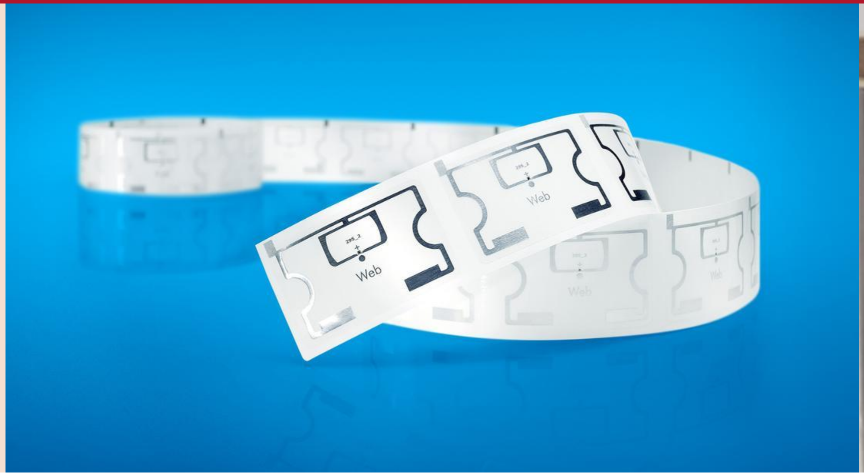
Investor Presentation

March 2022



Forward-Looking Statements

Certain statements contained in this document are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements, and financial or other business targets, are subject to certain risks and uncertainties. Forward-looking statements also include those related to the acquisition of Vestcom, including its effect on our long-term targets and future financial results. We believe that the most significant risk factors that could affect our financial performance in the near-term include: (i) the impacts to underlying demand for our products and/or foreign currency fluctuations from global economic conditions, political uncertainty, changes in environmental standards and governmental regulations, including as a result of COVID-19; (ii) the availability of raw materials; (iii) competitors' actions, including pricing, expansion in key markets, and product offerings; (iv) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through price increases, without a significant loss of volume; and (v) the execution and integration of acquisitions, including our acquisition of CB Velocity Holdings, LLC ("Vestcom").

Actual results and trends may differ materially from historical or anticipated results depending on a variety of factors, including but are not limited to, risks and uncertainties relating to the following:

- COVID-19
- International Operations – worldwide and local economic and market conditions; changes in political conditions; and fluctuations in foreign currency exchange rates and other risks associated with foreign operations, including in emerging markets
- Our Business – fluctuations in demand affecting sales to customers; fluctuations in the cost and availability of raw materials and energy; changes in our markets due to competitive conditions, technological developments, environmental standards, laws and regulations, and customer preferences; the impact of competitive products and pricing; execution and integration of acquisitions, including our acquisition of Vestcom; selling prices; customer and supplier concentrations or consolidations; financial condition of distributors; outsourced manufacturers; product and service quality; timely development and market acceptance of new products, including sustainable or sustainably-sourced products; investment in development activities and new production facilities; successful implementation of new manufacturing technologies and installation of manufacturing equipment; our ability to generate sustained productivity improvement; our ability to achieve and sustain targeted cost reductions; and collection of receivables from customers
- Income Taxes – fluctuations in tax rates; changes in tax laws and regulations, and uncertainties associated with interpretations of such laws and regulations; retention of tax incentives; outcome of tax audits; and the realization of deferred tax assets
- Information Technology – disruptions in information technology systems or data security breaches, including cyber-attacks or other intrusions to network security; and successful installation of new or upgraded information technology systems
- Human Capital – recruitment and retention of employees; and collective labor arrangements
- Our Indebtedness – credit risks; our ability to obtain adequate financing arrangements and maintain access to capital; fluctuations in interest rates; volatility of financial markets; and compliance with our debt covenants
- Ownership of Our Stock – potential significant variability of our stock price and amounts of future dividends and share repurchases
- Legal and Regulatory Matters – protection and infringement of intellectual property; impact of legal and regulatory proceedings, including with respect to environmental, anti-corruption, health and safety, and trade compliance
- Other Financial Matters – fluctuations in pension costs and goodwill impairment

For a more detailed discussion of these factors, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2021 Form 10-K, filed with the Securities and Exchange Commission on February 23, 2022.

The forward-looking statements included in this document are made only as of the date of this document, and we undertake no obligation to update these statements to reflect subsequent events or circumstances, other than as may be required by law.

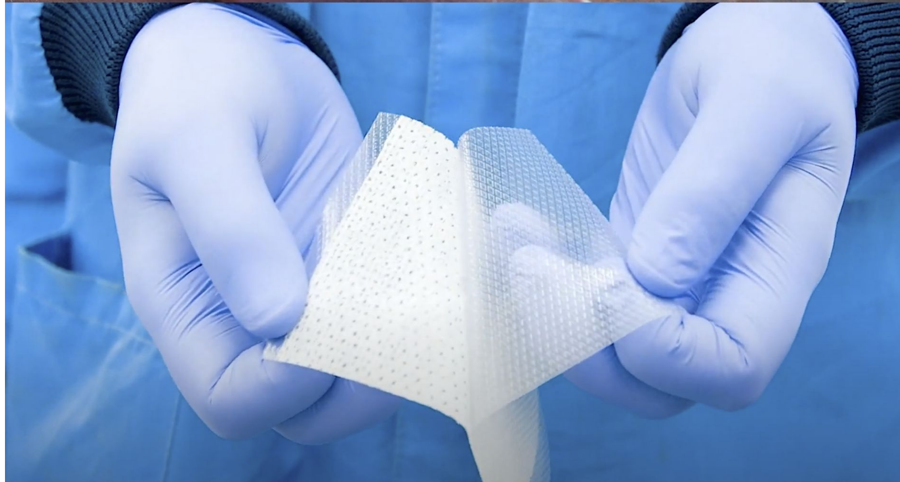
Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures as defined by SEC rules. We report our financial results in conformity with accounting principles generally accepted in the United States of America, or GAAP, and also communicate with investors using certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with, nor are they a substitute for or superior to, the comparable GAAP financial measures. These non-GAAP financial measures are intended to supplement the presentation of our financial results that are prepared in accordance with GAAP. Based upon feedback from investors and financial analysts, we believe that the supplemental non-GAAP financial measures we provide are useful to their assessments of our performance and operating trends, as well as liquidity. In accordance with Regulation G, reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures, including limitations associated with these non-GAAP financial measures, are provided in Appendix B of this document.

OVERVIEW

Creating superior long-term value

- **Consistent GDP+ growth with top-quartile returns**
- **#1 player in primary businesses, leveraging strong competitive advantages**
- **Large, growing, and diverse end markets**
- **Successfully executing key strategies**
  - Drive outsized growth in high-value categories
  - Grow profitably in our base businesses
  - Focus relentlessly on productivity
  - Allocate capital effectively
  - Lead in an environmentally and socially responsible manner
- **Consistently delivering against our long-term objectives while continuing to raise the bar**

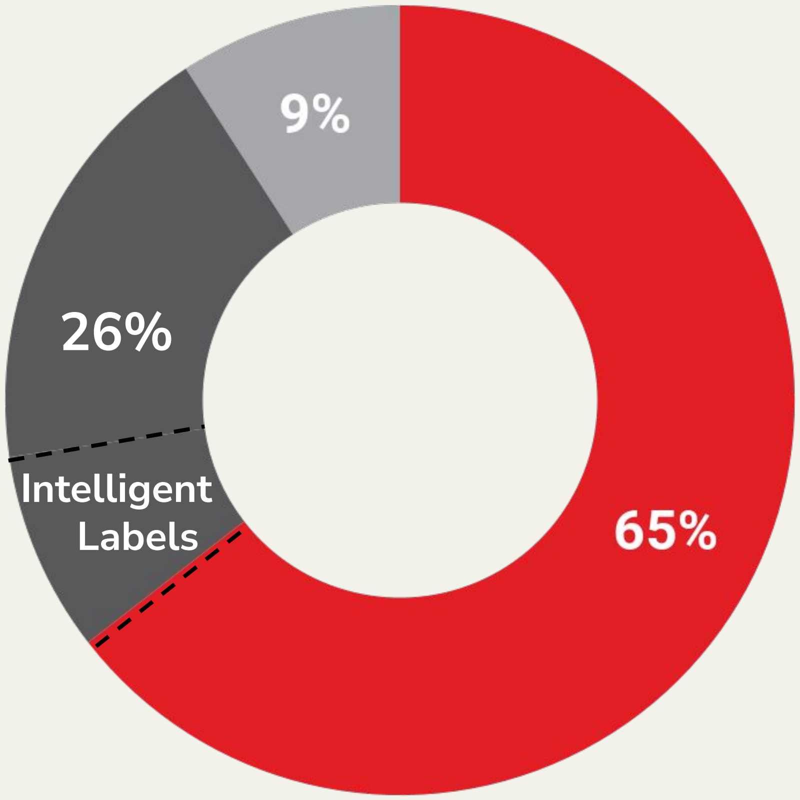


AVERY DENNISON

Avery Dennison at a glance

- **Recognized industry leader**
  - Approximately 36,000 employees
  - Operations in more than 50 countries
  - Materials manufacturer of branding and information labeling solutions and functional materials for consumer goods, apparel, food, logistics, industrial and healthcare industries
- **Sustainable competitive advantages**
  - Global scale; nearly 200 operating locations
  - Innovative materials science capabilities; vertically integrated in adhesives
  - Innovative process technology
  - Operational and commercial excellence

Sales by Segment



LGM
Label and Graphic Materials

RBIS
Retail Branding and Information Solutions

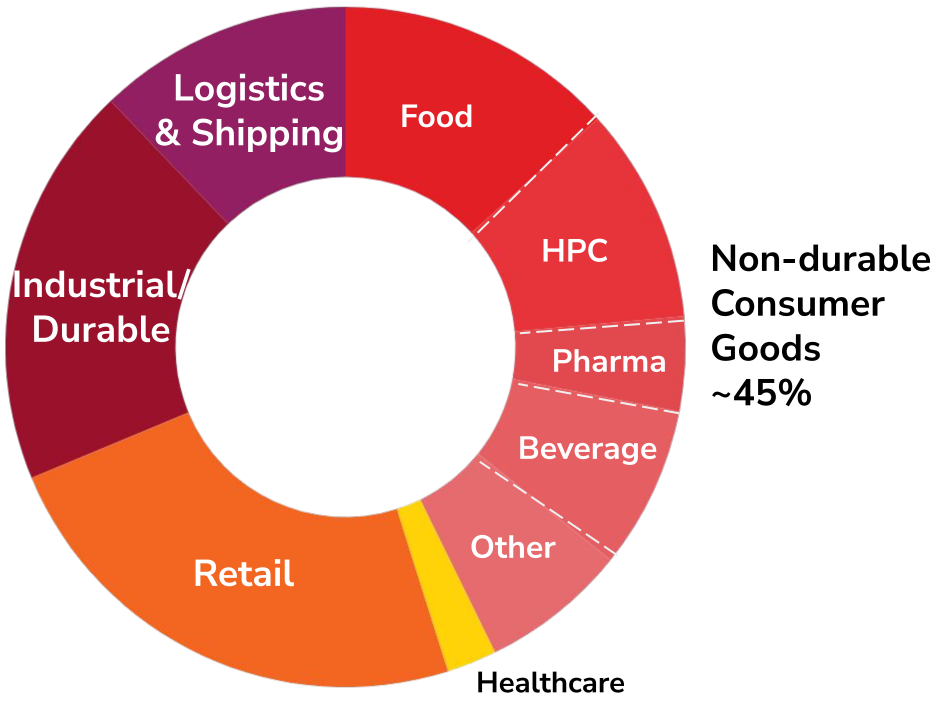
IHM
Industrial and Healthcare Materials

2021 Net Sales

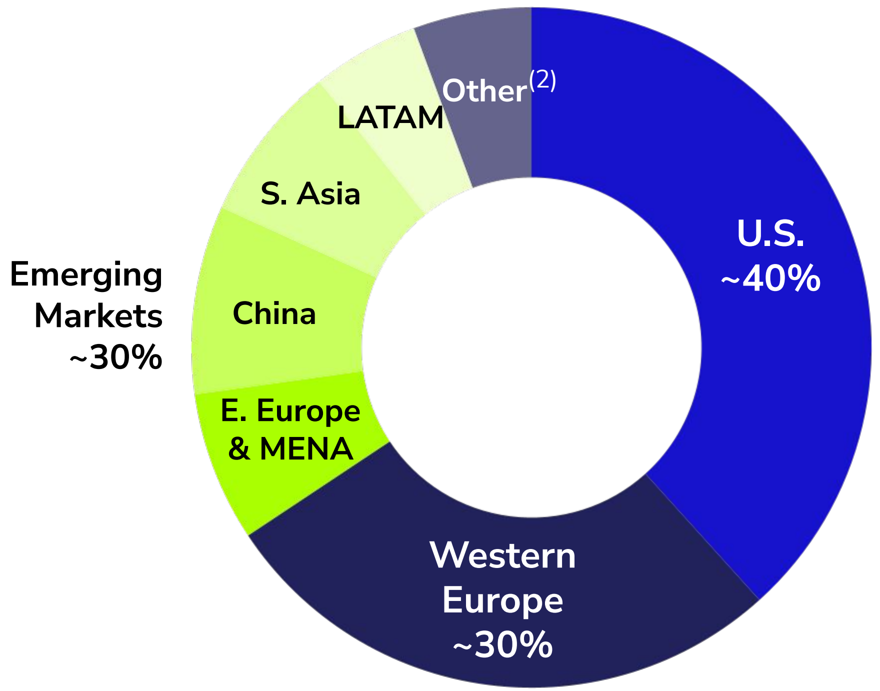
$8.4 billion

Broad exposure to diverse end markets

2021 Sales by Product Category[1]



2021 Sales by End Market, est.[1]



(1) Adjusted to include FY21 Vestcom sales
(2) Includes Australia, Canada, Japan, New Zealand, and South Africa

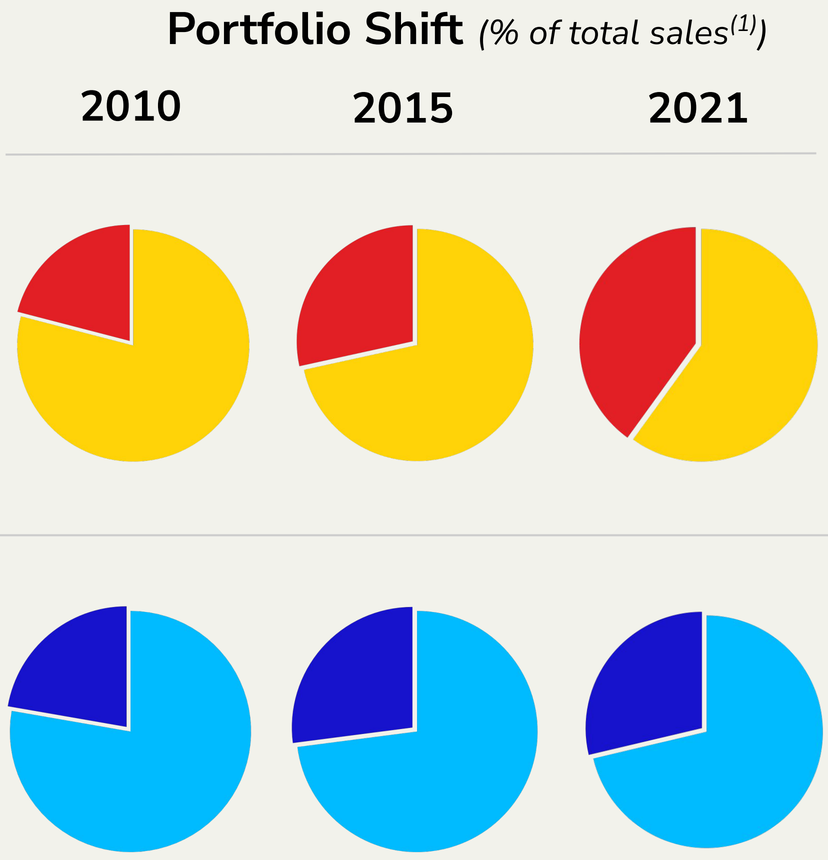
Catalysts for consistent GDP+ top line growth

High-value Categories
~$3.4B

- Secular trends drive GDP+ growth
- Intelligent Labels, specialty labels, graphics, tapes, apparel embellishments

Emerging Markets
~$2.5B[(2)]

- Further penetration of self-adhesive label technology
- Increased per capita consumption



~60% of total sales tied to one or both of these categories

(1) Constant currency
(2) Approximately one-third of emerging market sales are in high-value categories, which are included in the ~$3.4B above.

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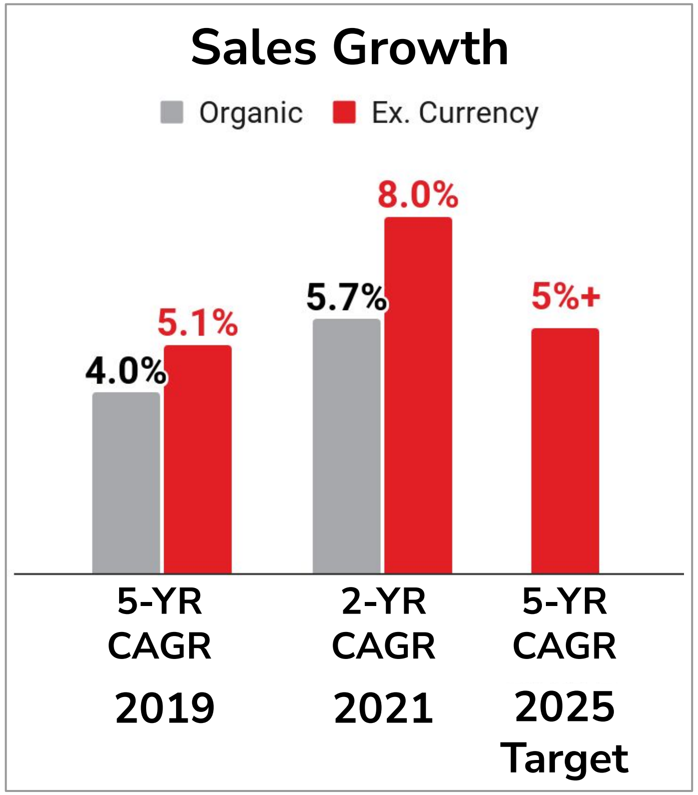
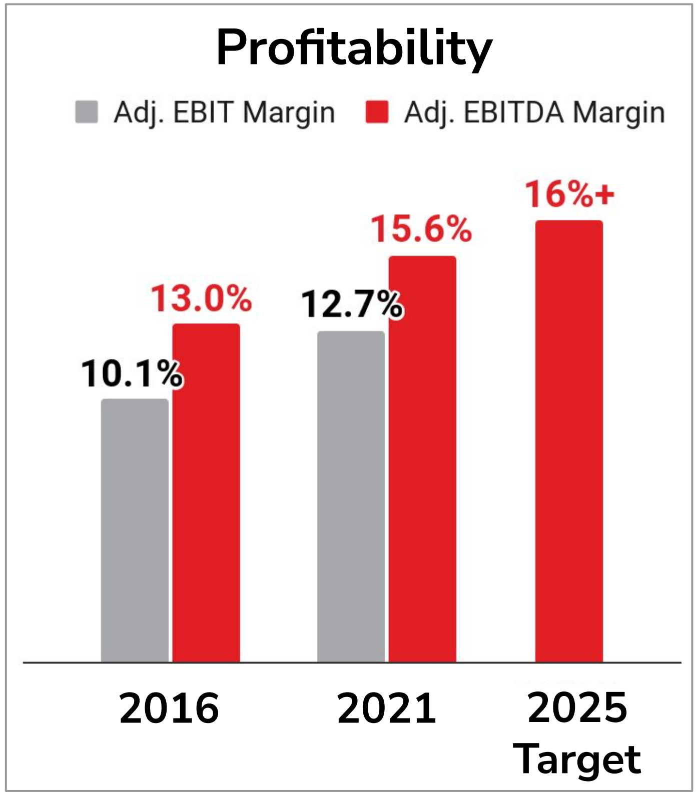
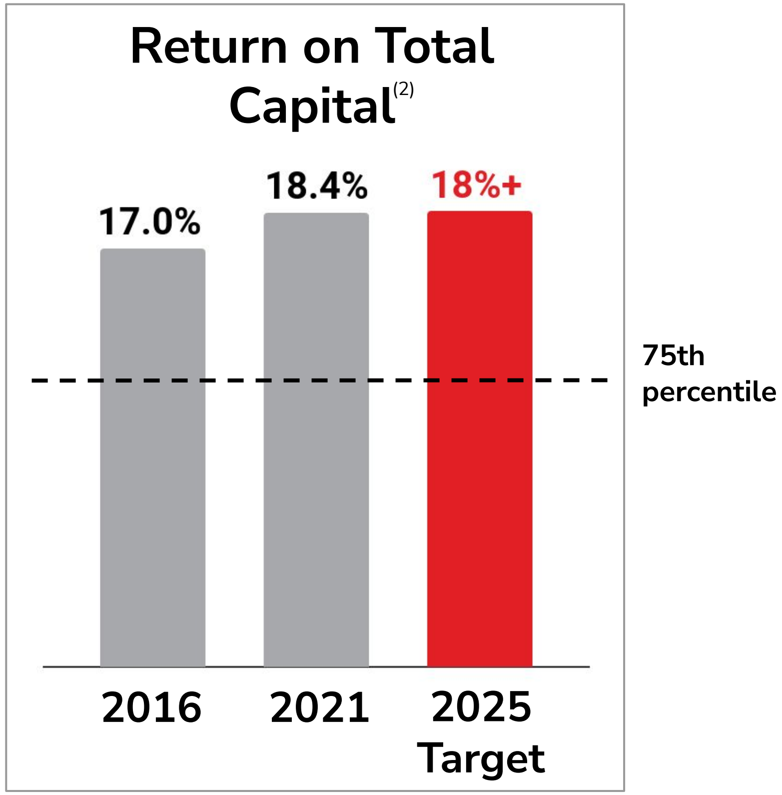
GDP+ growth and top-quartile returns drive continued superior value creation







Global GDP[1]	3.0%	1.0%	3.9%

(1) Source: IHS Markit
(2) 2025 ROTC target excludes acquisition amortization; 75th percentile refers to peer group used to benchmark relative TSR (see p. 69 of 2021 Proxy Statement)

Continue to deliver on long-term financial objectives

	2017–2021 TARGETS	2017–2021 RESULTS
Sales Growth	**5%+ Ex. Currency[1]** **4%+ Organic[1]**	**6.6% Ex. Currency[1]** **4.6% Organic[1,4]**
Operating Margin	**11%+ in 2021**	**12.6% in 2021** **Adj[2]: 12.7% in 2021**
Adjusted EPS Growth	**10%+[1]**	**17.3%[1]**
ROTC incl. Acquisition Amortization (Non-GAAP)	**17%+ in 2021**	**18.4% in 2021**
Net Debt to Adjusted EBITDA	**2.3x to 2.6x[3]**	**2.2 at Y/E 2021**

(1) Reflects five-year compound annual growth rate, with 2016 as the base period
(2) Excluding restructuring charges and other items
(3) Reflects adjustment of target (from a range of 1.7x to 2.0x) in July 2018, following decision to fully fund and terminate our U.S. pension plan. See Form 8-K filed July 11, 2018.
(4) AVY Organic sales growth outpaced global GDP 5-year CAGR of ~2.3% (source: IHS Markit)

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On track to achieve 2025 targets

	2021–2025 TARGETS	2021 RESULTS
Sales Growth	**5%+ Ex. Currency[1]**	On track
Adjusted EBITDA Margin	**16%+ in 2025**	On track
Adjusted EPS Growth	**10%[1]**	On track
ROTC excl. Acquisition Amortization (Non-GAAP)	**18%+**	On track

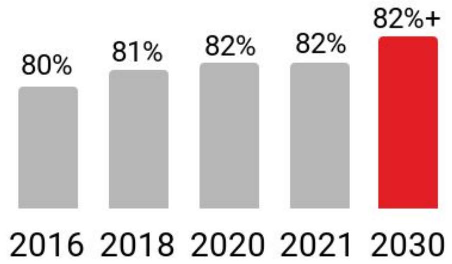
(1) Reflects five-year compound annual growth rates, with 2020 as the base period
Note: Targets reflect a higher than average growth expectation early in the cycle due to an anticipated economic rebound

ESG: Balanced scorecard measuring progress for key stakeholders

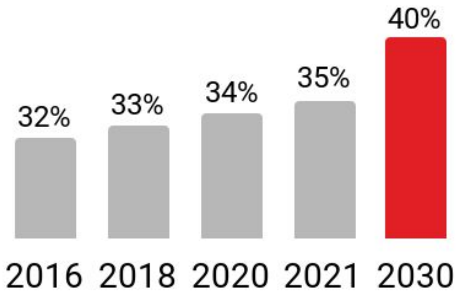
Employees	Customers	Communities	Shareholders

Employees

Employee Engagement

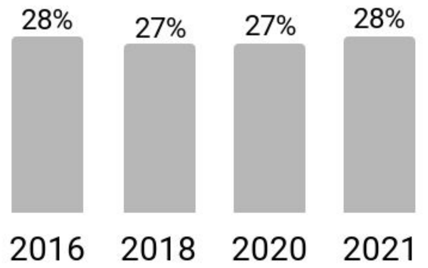


Women Manager+

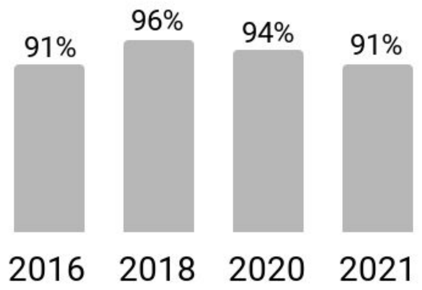


Customers

Vitality Index

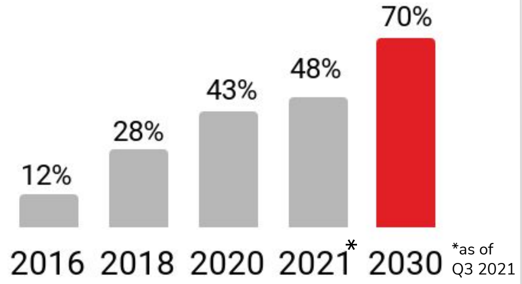


Service Flexibility

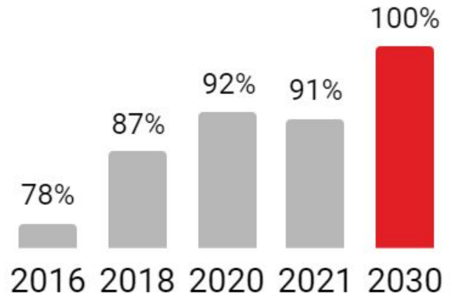


Communities

Cum. GHG% Reduction



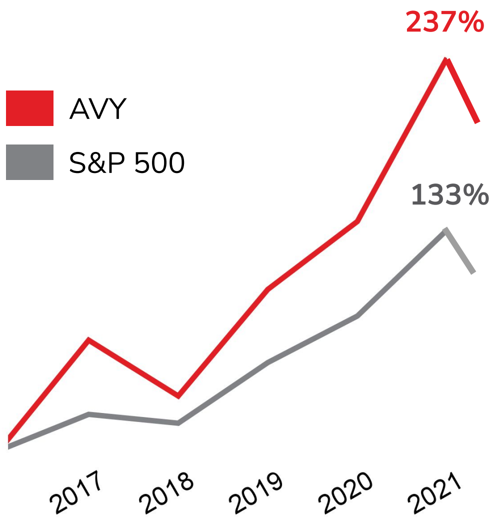
% Certified Paper



Shareholders

Cumulative TSR

(5-year)



Leading in an environmentally and socially responsible manner, with clear 2030 goals

- Deliver innovations that advance the circular economy
- Reduce the environmental impact in our operations and supply chain
- Make a positive social impact by enhancing the livelihood of our people and communities

Our Sustainability Goals

2030 Goals	2030 Targets
Deliver innovations that advance the circular economy	Satisfy the recycling, composting or reuse requirements of all single-use consumer packaging and apparel with our products and solutions. **RBIS:** 100% of core product categories will meet meet our third-party verified Sustainable ADvantage Standard **LGM:** 100% of our standard label products will contain recycled or renewable content. All of our regions will have labels that enable circularity of plastics.
Reduce the environmental impact in our operations and supply chain	Reduce our emissions by **70%** and reduce Scope 3 emissions by **30%** by 2030–with an ambition of **net zero** by 2050. Source **100%** of paper fiber from certified sources Divert **95%** of our waste away from landfills, with a minimum of **80%** of our waste recycled Deliver a **15%** increase in water efficiency at our sites that are located in high or extremely high risk countries
Make a positive social impact by enhancing the livelihood of our people and communities	Foster an engaged team and inclusive workplace by ensuring our employees represent the community in which they live and work. **Metrics**: 85% inclusion index, 82%+ employee engagement, 40% women in manager level or above positions, safety 0.2 RIR Support the participation of our employees in Avery Dennison Foundation grants and foster the well-being of the communities in which we and our supply chain operate.

Visit our ESG website (esg.averydennison.com) for more information on our sustainability goals and progress in our Integrated Report and ESG Download

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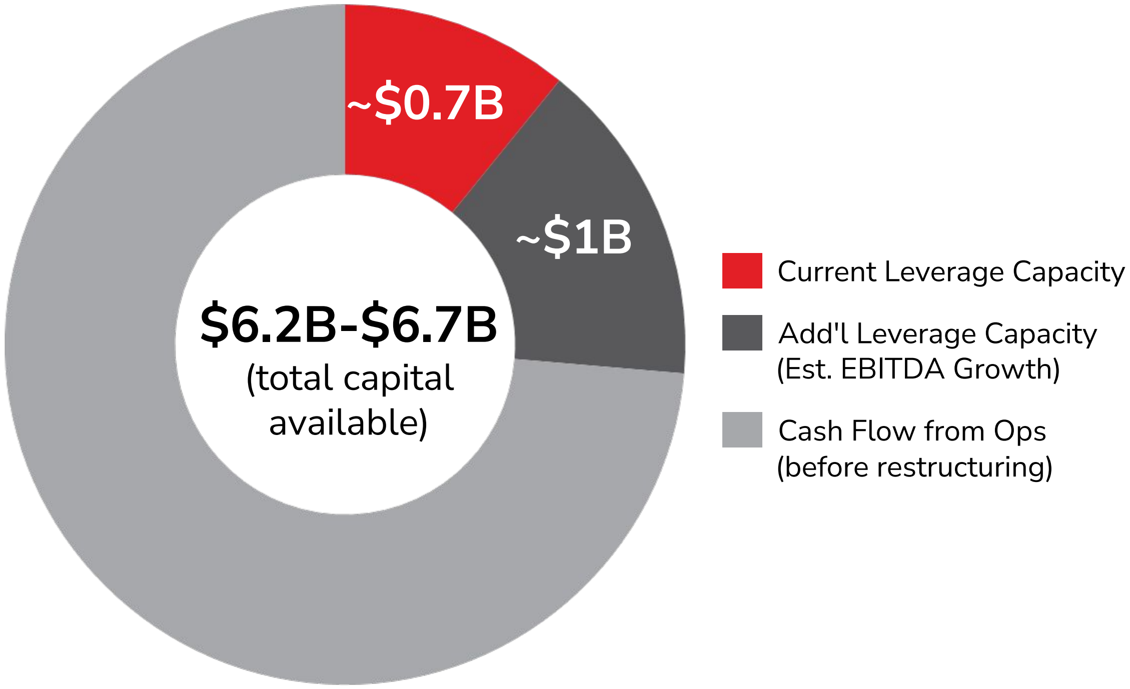
Disciplined approach to capital allocation

Capital Sources
(2021-2025 cumulative)



Capital Uses
(% of total cap. avail.)

	2017-2021	2021-2025
Capex/Restructuring	25%	25%-30%
Dividends	17%	~20%
Buyback/M&A	58%	~50%

Note: Continuing to target 2.3x to 2.6x Net Debt to Adjusted EBITDA

M&A and other forms of external partnership accelerate strategy

- Targeting high-value categories and near adjacencies
- Leveraging our global scale and core competencies
- Disciplined investment with clear financial criteria

Vestcom Overview

Intro video

Market-leading provider of pricing and branded labeling solutions for the retail shelf-edge, powered by advanced data management capabilities

- Proven, consistent, **strong growth and margin** business with significant growth opportunity/white space ahead
- Track record of **delivering strong ROI for customers** through productivity and increased revenue
- Leading provider of **productivity solutions** for executing pricing and planogram changes at shelf edge
- **Consumer engagement** solutions enable sales lift through high impact pricing promotions and branding
- **Long-term exclusive relationships** with market-leading retailers
- **Strong data management capabilities** that streamline the processing of billions of pricing updates monthly

Shelf-Edge Solutions

- Price Communication
- Planogram Compliance
- Branded Content
- Promotional Campaigns

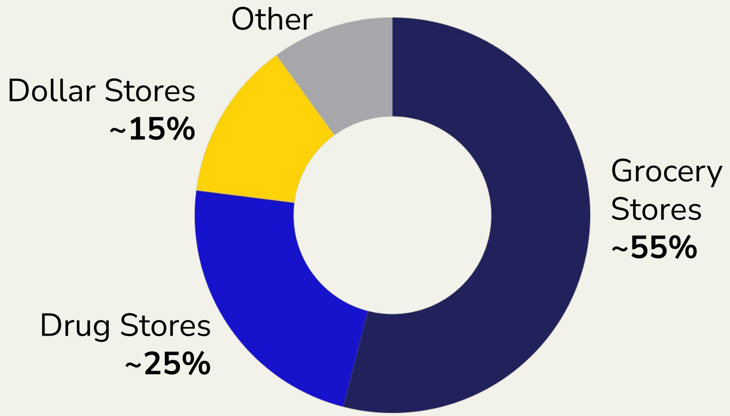
Data Management Capabilities

Data Integration	Data Processing	Media / Label Production	Shipping & Logistics
***Billions** of updates/month*	***1+ million** client files processed/month*	***Thousands** of labels/store/week*	***<24 hour** turnaround*

End Market Revenue Mix

~$400M

Annual Revenue



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Vestcom builds on RBIS pricing and data management capabilities and expands presence in high-value categories

- Highly synergistic adjacency to RBIS
  - Expands RBIS' role in processing/managing variable data in adjacent markets
- Accelerates AVY portfolio shift to high-value categories
- Strong track record across cycles
  - Above company average organic growth
  - Above company average margin, including synergies
- Opportunity to accelerate our Intelligent Labels strategy, particularly in Food
  - Provides strong channel access to targeted market segments
  - Enables further evolution of our data solutions and digital journey, building on our acquisition of ZippyYum and launch of atma.io

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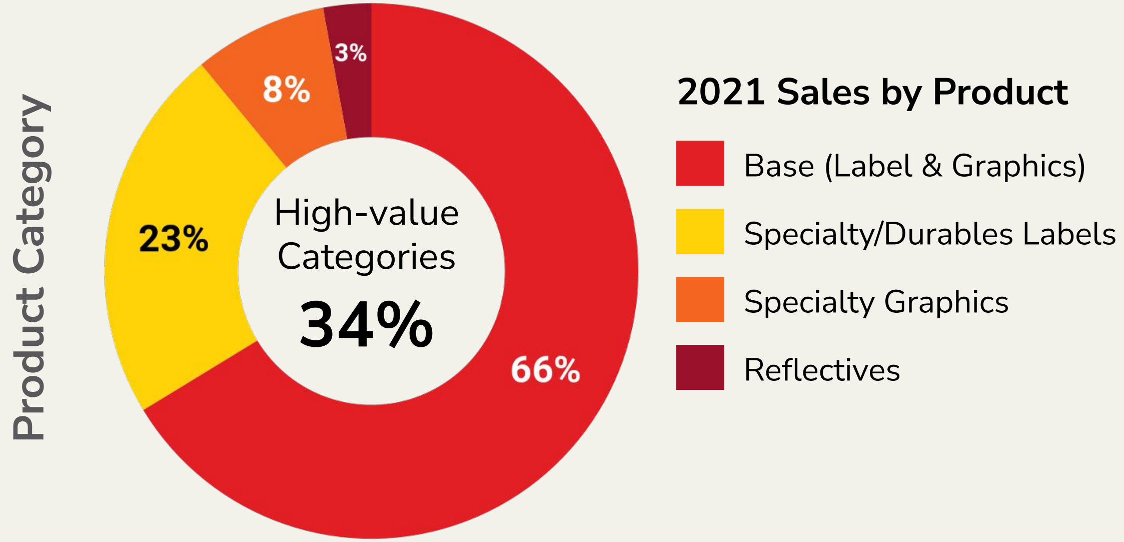
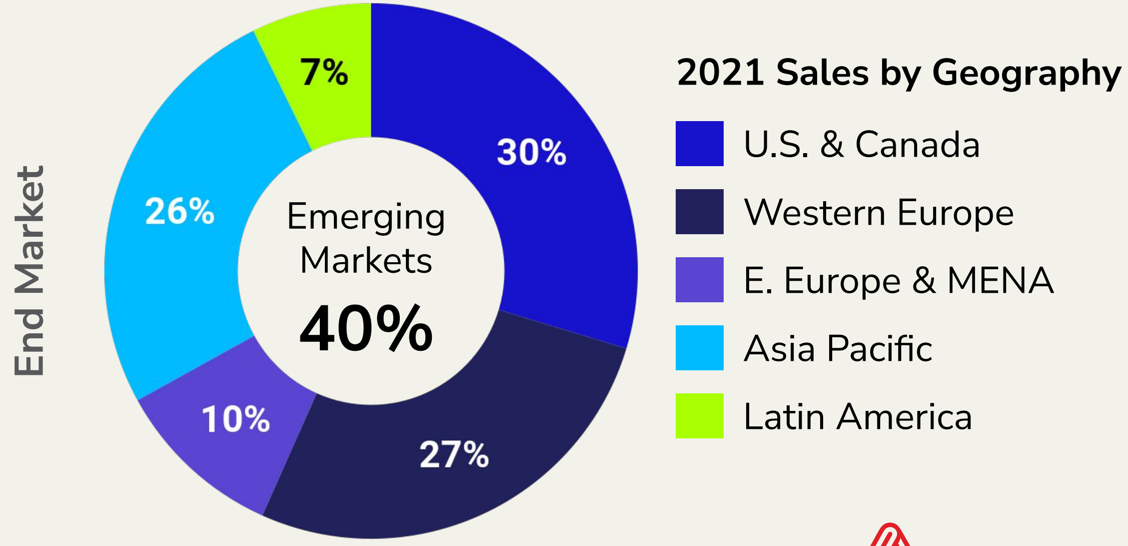
Segment Overview

LGM at a glance

2021 Financial Snapshot

Revenue	**$5.4 bil.**
Sales Change Ex. Currency 5-YR CAGR	**5.1%**
Adj. EBITDA Margin	**16.4%**





LGM delivers growth and high returns

Leader in growing self-adhesive label industry
(~2.5X next largest competitor)

Clear and sustainable competitive advantages

- Global scale, materials science, and process technology
- Operational and commercial excellence
- Industry leading innovations enabling functionality and sustainability

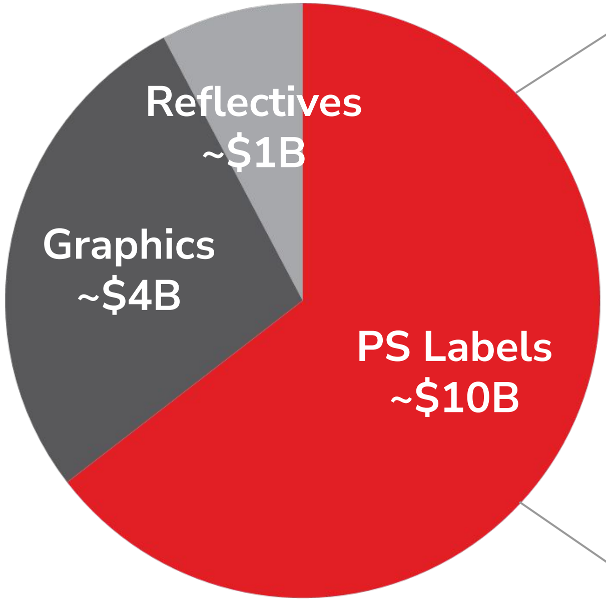
Catalysts for growth above GDP and the industry

- Increasing trends in premium packaging and e-commerce
- Leveraging strengths to win in high-value product categories
- Strong presence in emerging markets

Disciplined approach to profitable growth in base business and relentless focus on productivity and capital efficiency

LGM serves attractive, diverse end-user applications, supported by secular trends

LGM Market Segment Size



PS Label End Segments	
Logistics	20%
Food	20%
Home & Personal Care	15%
Durables/Pharma	15%
Retail	10%
Beverage	10%
Other	10%

Key Trends

- Decoration: premium look & shelf-appeal
- E-commerce & logistics
- Hygiene & freshness requirements
- Information requirements/legislation
- Sustainability
- Convenience & consume-at-home

Opportunity to expand the impact of labels with smart "intelligent label" functionality

- Improve productivity of supply chains
- Reduce waste, enable tracking & tracing
- Provide authenticity checking
- Support the circularity of packaging

Sources: TLMI, FINAT, and internal analysis

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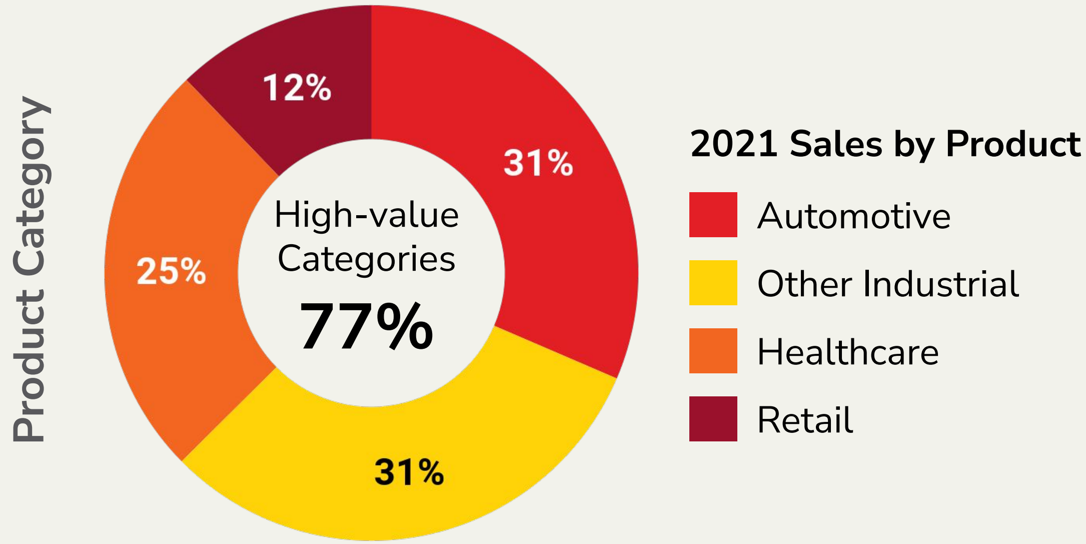
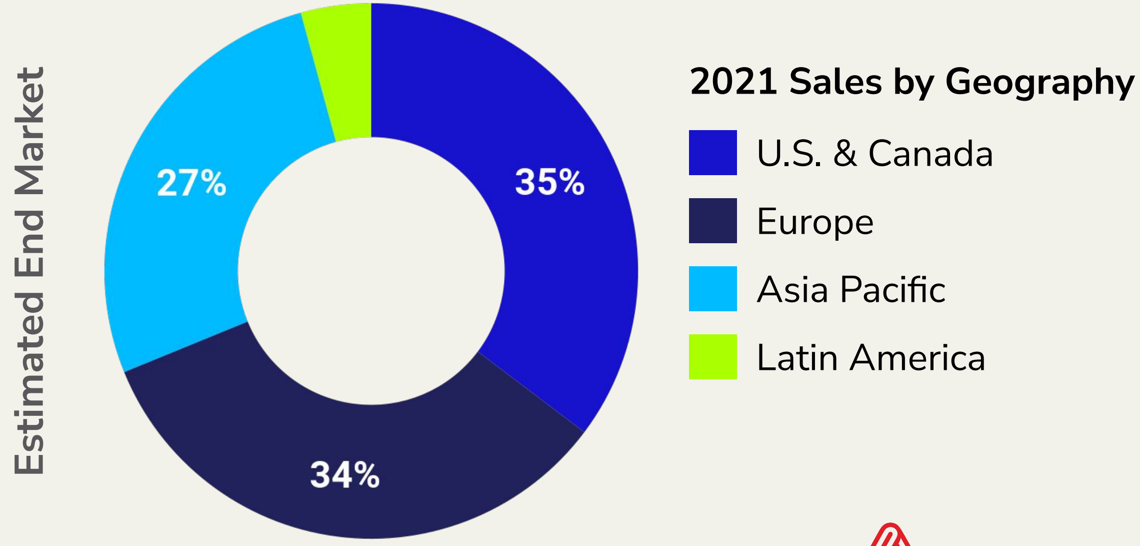
IHM at a glance

2021 Financial Snapshot	
Revenue	**$776 mil.**
Sales Change Ex. Currency 5-YR CAGR	**11.0%**
Adj. EBITDA Margin	**14.4%**





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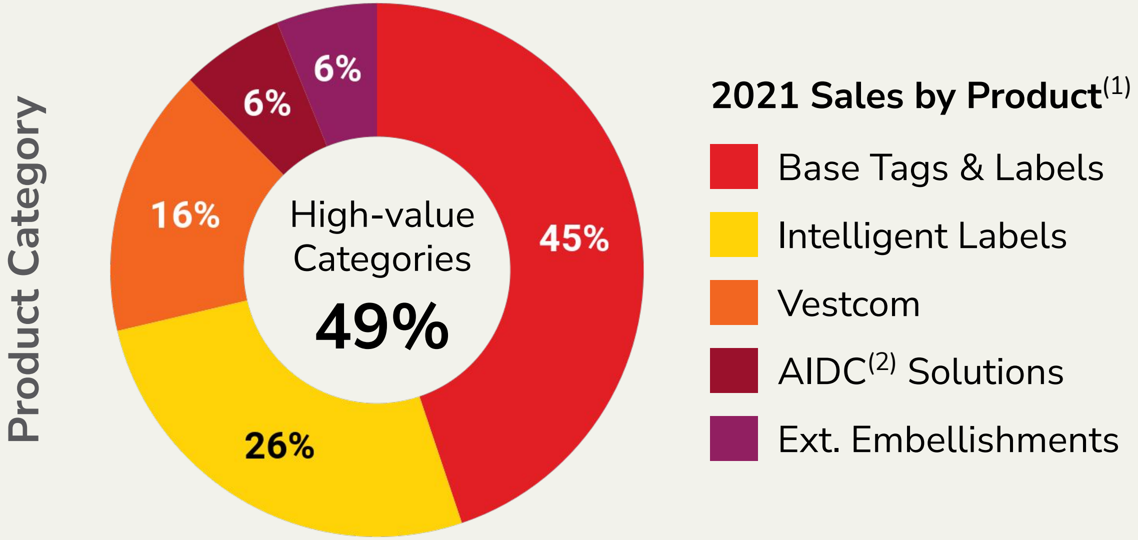
Continuing to position IHM businesses for long-term value creation

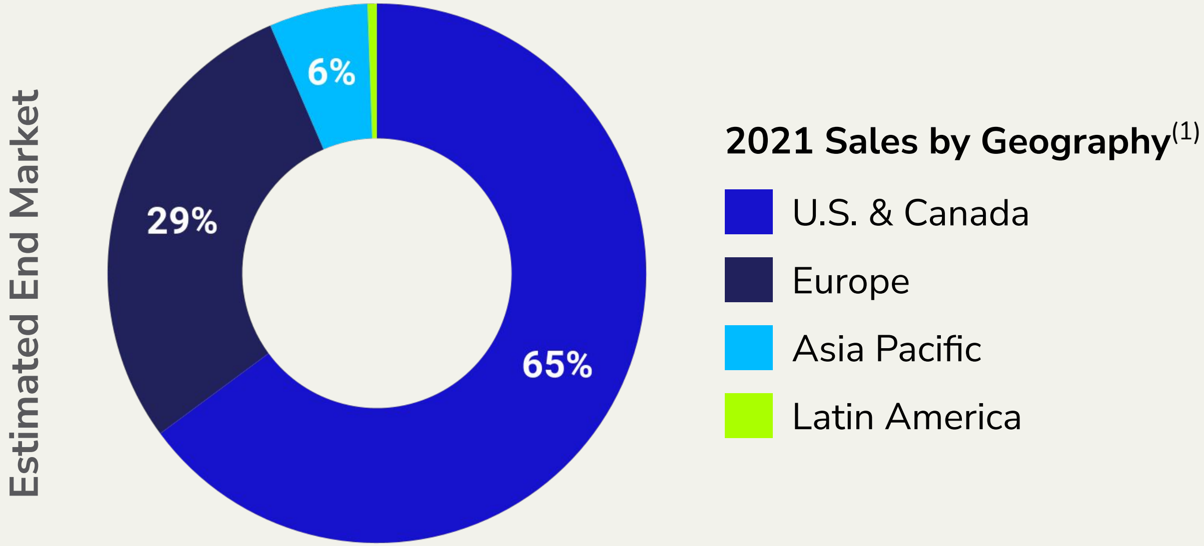
- End markets are attractive, with strong growth opportunities
  - Markets, while more cyclical, are growing above GDP with favorable secular trends (e.g., light-weighting & noise/vibration dampening)
  - Our leadership in coating, adhesives, and materials science position us for success
  - Gaining share in targeted industrial and medical applications
- Transforming IHM portfolio into stronger, more agile and more profitable businesses
  - Adj. EBITDA $112 mil. in 2021, up 46% since the segment was created in 2017
  - Adj. EBITDA margin up ~150 bps since 2017; further opportunity for expansion
  - Reducing complexity and costs through a leaner structure, smaller footprint and productivity
  - Leveraging LGM capabilities in operations, procurement and R&D
- Key strategies
  - Accelerating growth and profitability in industrial and medical tapes through differentiated solutions, robust new product development and tailored go-to-market strategies
  - Continuing to drive productivity
  - Compelling opportunities to expand capabilities through both organic investments and bolt-on acquisitions

RBIS at a glance

2021 Financial Snapshot

Sales	**$2.2 bil.**
Sales Change Ex. Currency 5-YR CAGR	**9.2%**
Adj. EBITDA Margin	**18.0%**



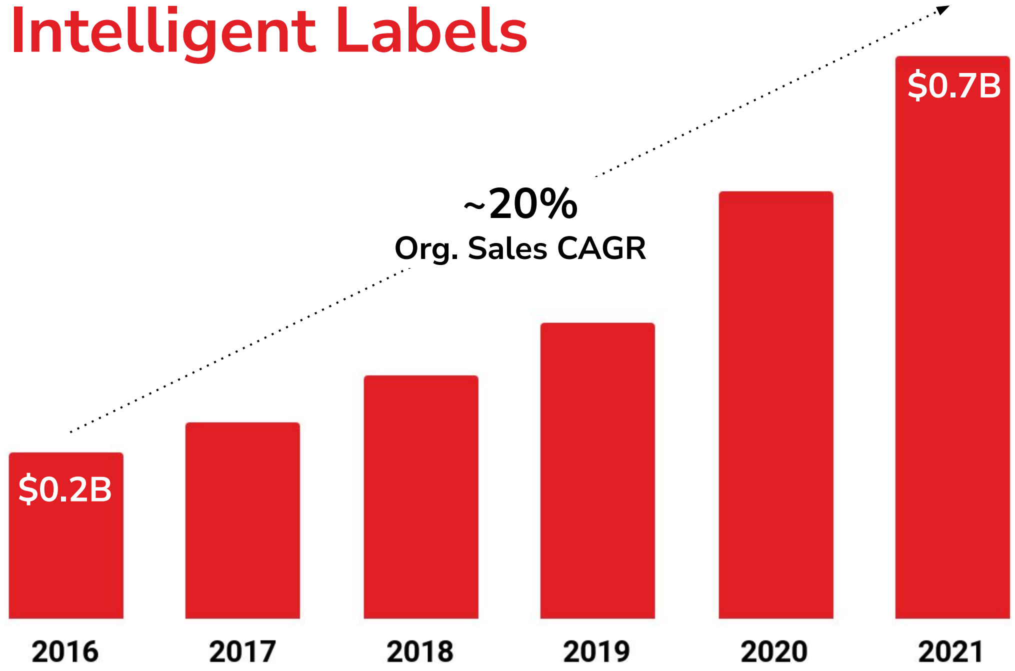


(1) Adjusted to include FY21 Vestcom sales
(2) Automatic Identification and Data Capture ("AIDC")

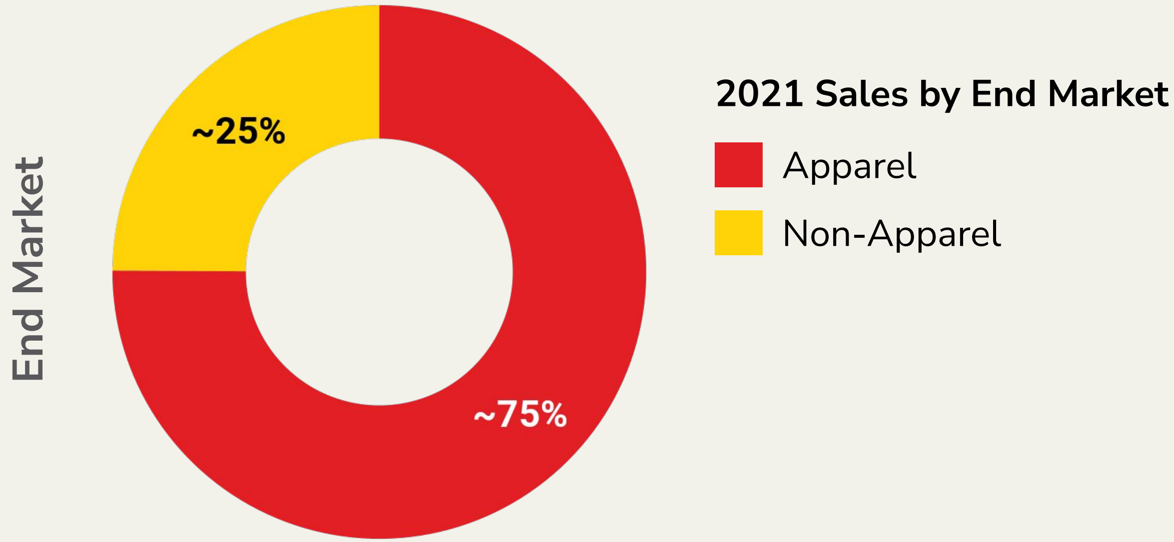
RBIS is delivering on its promise

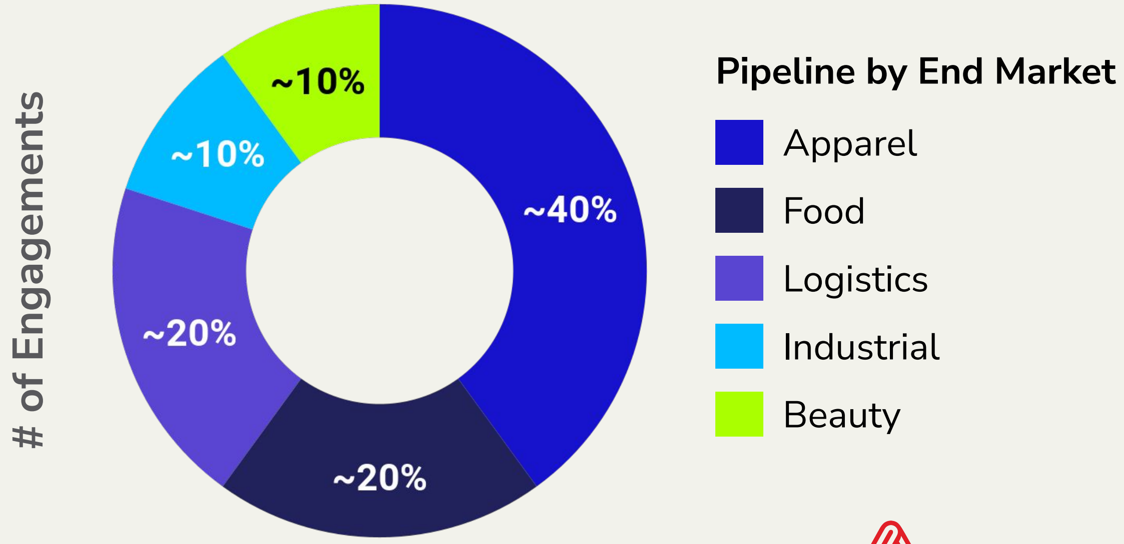
- Leading global player in branding and information solutions for apparel
- Clear and sustainable competitive advantages addressing industry trends
  - Innovation and solutions capability help lead customers through shift from physical to e-commerce/IoT/omni-channel future and visibility/transparency challenges
- Significant growth catalysts in Intelligent Labels (IL) platform and external embellishments (EE) solutions
- Business transformation positions base apparel for sustainable, profitable growth over the long term
- Leveraging customer access and identification and IL solutions to deliver success in food and logistics markets

Intelligent Labels

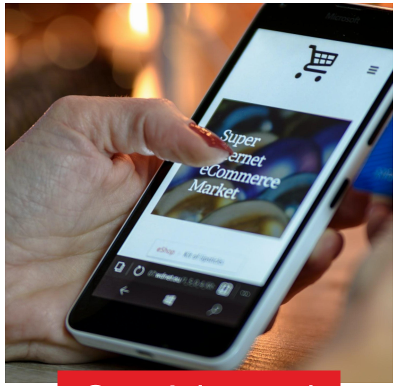


- Industry leading UHF RFID share 50%+
- Targeting 15–20% top-line organic growth
- Historical growth driven by Apparel; Non-apparel segments add significant growth potential
- Clear innovation leader
- Investing in capacity and market development





Intelligent Labels drive improved efficiencies and increased inventory visibility, enabling higher sales, reduced waste and fewer markdowns

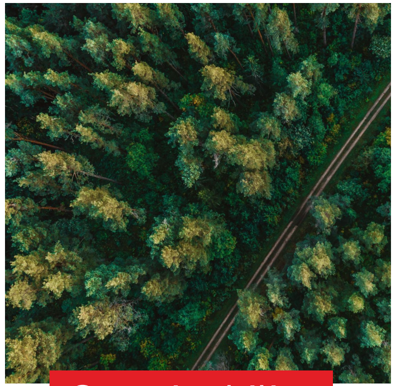


Omnichannel

New delivery models

Consumer experience

Customer safety



Sustainability

Speed
& automation

Supply chain
transparency

Touchless
retail

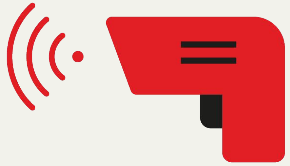
Brand protection
& authentication

Waste
reduction

RFID technology — key capabilities

Fast, accurate automated data capture

Up to 1000 items/sec

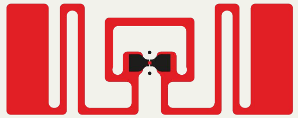


No line of sight requirement

30 ft read-range

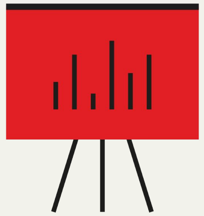
Connecting the physical and digital

Item level serialization/ identification



No maintenance

Battery-free



Low cost

Tens of billions of items already tagged to-date

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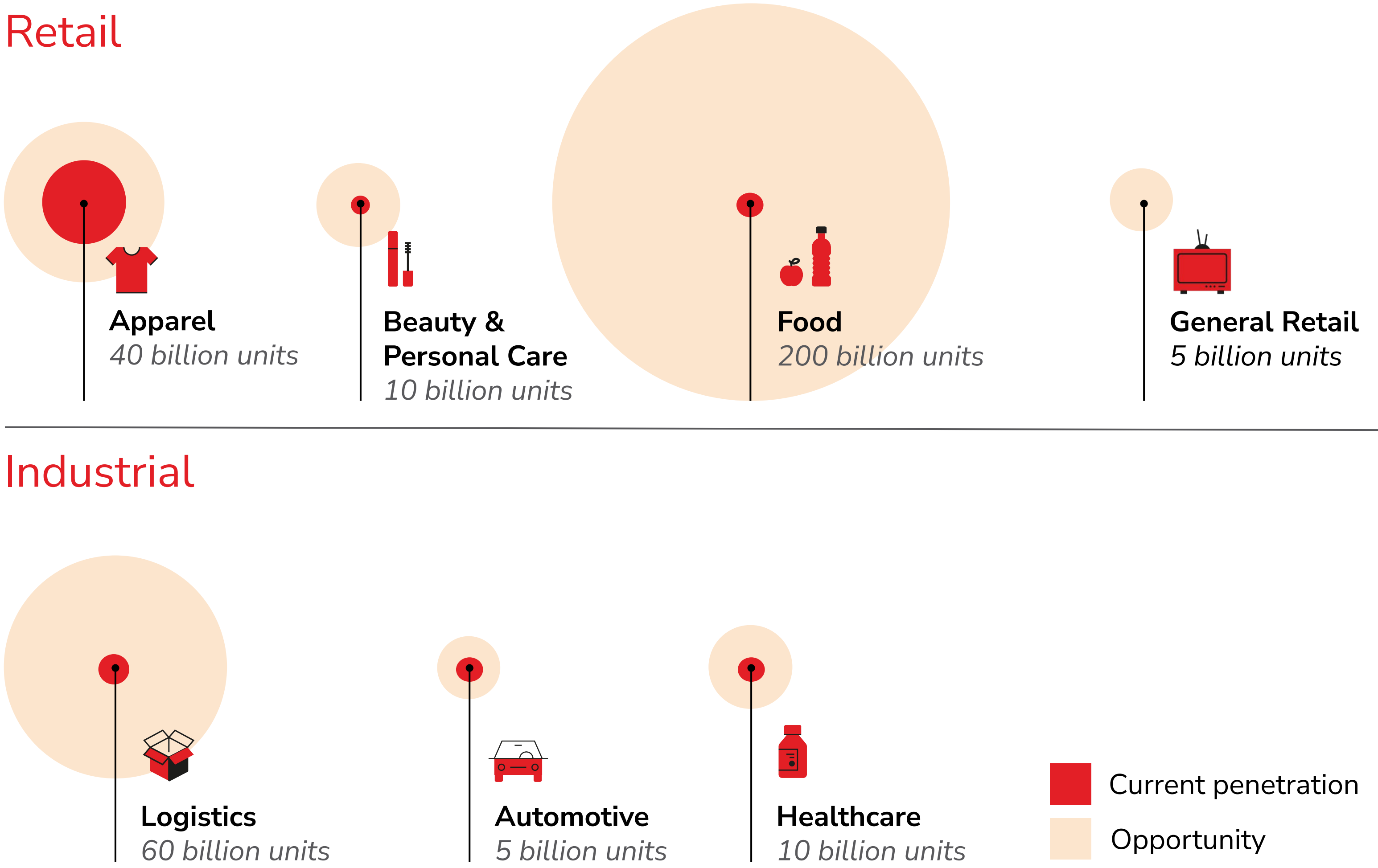
Use case in key segments: solving critical business needs

		Apparel	Beauty	Food	General Retail	Logistics	Auto	Pharma/ Healthcare
Characteristics	SKU complexity	✓	✓	✓	✓		✓	
	Product density	✓	✓	✓	✓	✓		✓
	Omnichannel growth	✓	✓	✓	✓	✓		
	Perishability/shrink	✓	✓	✓	✓		✓	✓
	Labor cost/constraints	✓	✓	✓	✓	✓	✓	✓
Key Benefits	Increased sales	✓	✓	✓	✓			
	Fewer markdowns/chargebacks	✓		✓		✓	✓	
	Higher velocity					✓	✓	
	Reduced waste/shrink	✓	✓	✓	✓		✓	✓
	Higher labor efficiency		✓	✓	✓	✓		✓
	Increased SC traceability & security		✓	✓			✓	✓

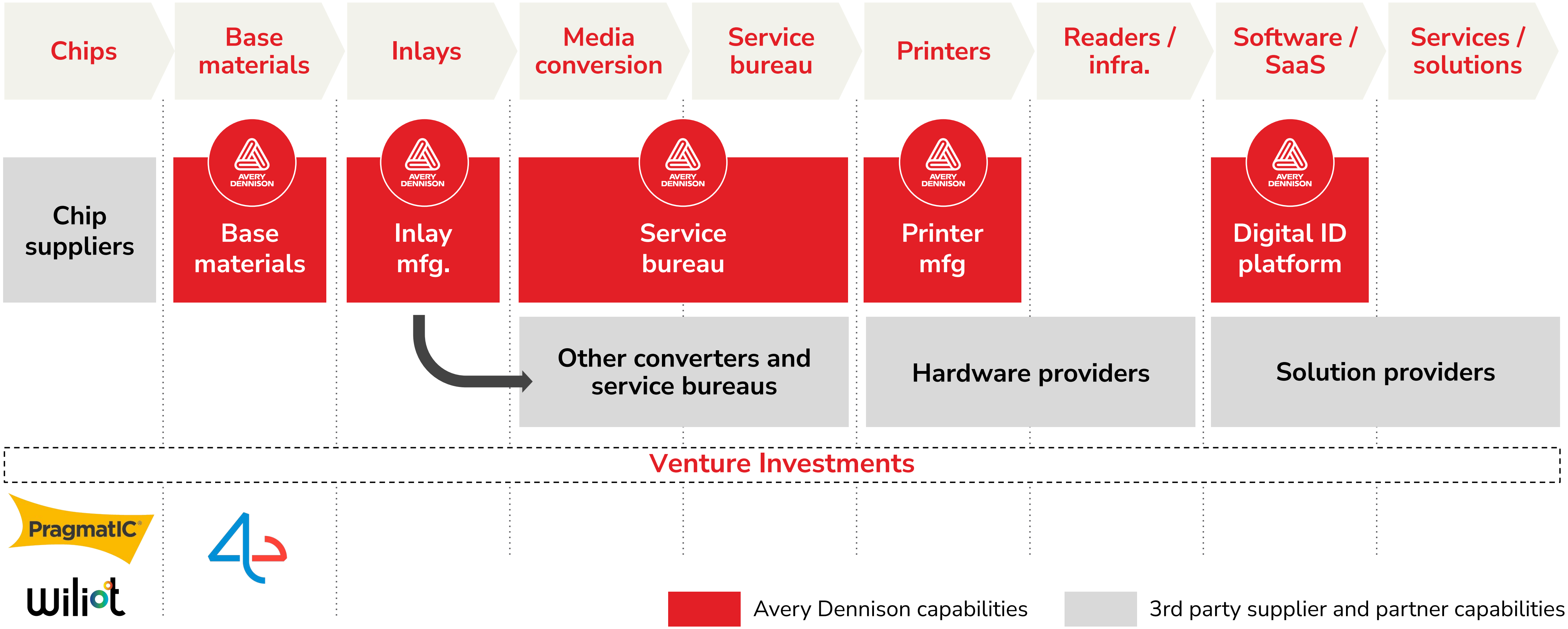
Large, untapped addressable opportunities



- Largest penetration in Apparel, with more than ⅓ of addressable opportunity
- Significant opportunity in adjacent retail segments
- Leverages existing customer relationships

- Historically fragmented segments
- Opportunity to build on both RBIS commercial footprint and legacy Smartrac customer and ecosystem relationships

UHF RFID ecosystem



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Our competitive advantage — uniquely positioned to win

Innovation	Broadest RF product portfolio with unparalleled materials science expertise	Largest IP portfolio with 1500+ patents and applications worldwide	Open innovation: Investments in new tech Wiliot PragmatIC	Most experienced R&D team in the industry	Digital ID platform to accelerate the physical/digital convergence
Scale	Largest global player with 50%+ UHF share	Broadest manufacturing network with 50B+ inlays produced to date	Highest throughput proprietary manufacturing processes	Most sustainable manufacturing technologies	Vertically integrated capabilities for end-to-end efficiencies
Go-to-market	Proven market adoption process	Deep segment expertise	Strong partner ecosystem	Unparalleled global customer and channel reach	Leading brand in the industry

Appendix A

2022 Outlook
Supplemental Sales Information

2022 EPS Guidance (as of February 2, 2022)

Reported EPS	**\$9.25 – \$9.65**
Add Back: **Est. restructuring costs and other items**	**~\$0.10**
Adjusted EPS (non-GAAP)	**\$9.35 – \$9.75**

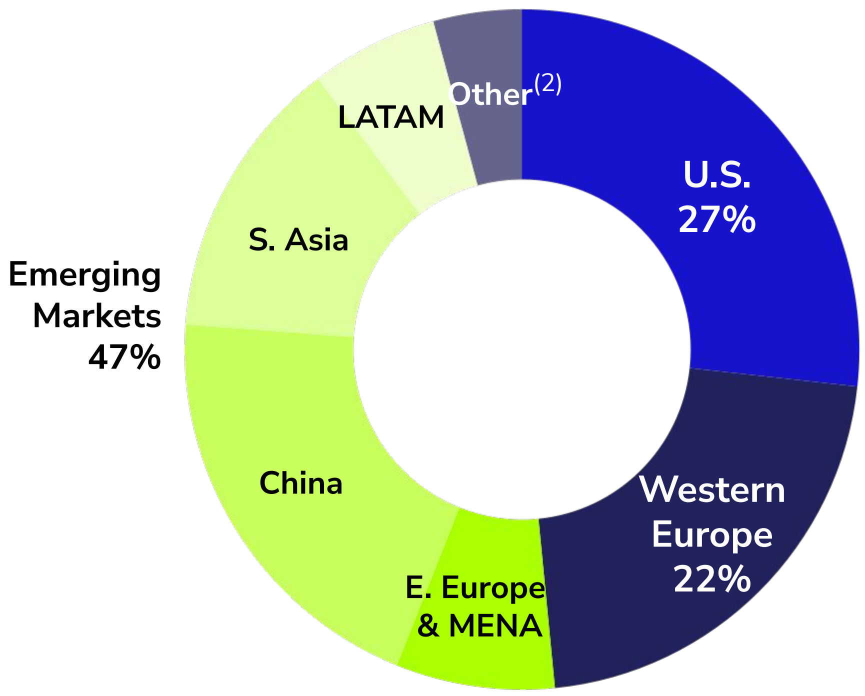
Contributing Factors to 2022

- Reported sales growth of 8% to 11%; ~3% currency headwind
  - Ex. currency growth of 11% to 14%; ~3% benefit from M&A
  - Organic sales growth of 8% to 11%
- Currency translation headwind to operating income of ~\$35 mil., assuming current rates (~\$25 mil. in 1H)
- Increasing pace of organic investment; adding capabilities and capacity, particularly in key strategic platforms
  - Investing incremental ~\$35 mil., principally in Intelligent Labels, digital capabilities and sustainability
  - Fixed and IT capital spend up to \$350 mil.
- Tax rate in mid-twenty percent range
- Earnings growth back-half weighted

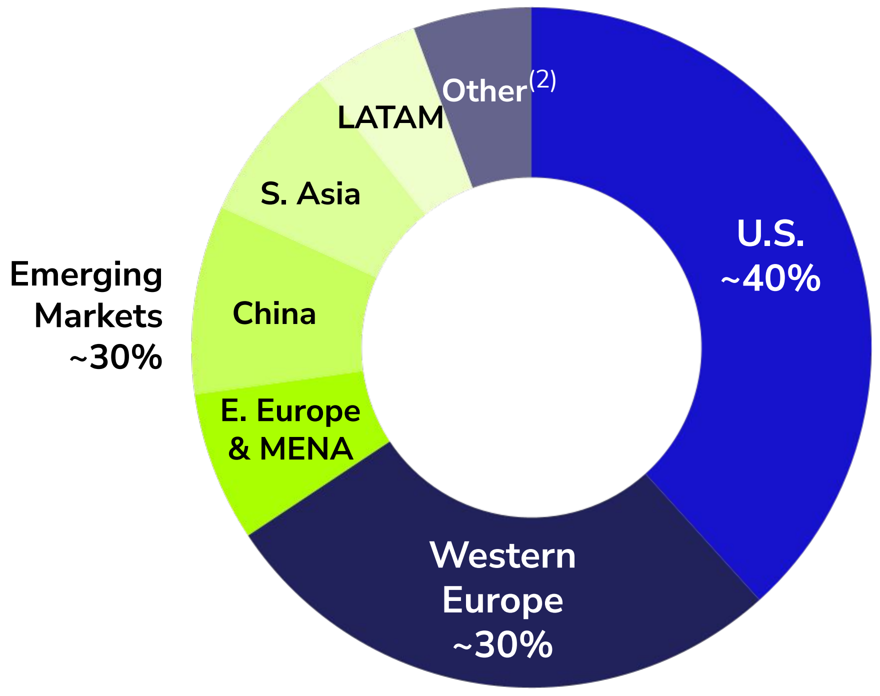
Excluding currency, targeting double-digit adj. EPS growth in 2022

Sales by Geography: diversified geographic exposure

2021 Sales by Manufacturing Location(1)



2021 Sales by End Market, est.(1)



(1) Adjusted to include FY21 Vestcom sales
(2) Includes Australia, Canada, Japan, New Zealand, and South Africa

Appendix B

Reconciliation of GAAP to Non-GAAP Financial Measures

Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures as defined by SEC rules. We report our financial results in conformity with accounting principles generally accepted in the United States of America, or GAAP, and also communicate with investors using certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with, nor are they a substitute for or superior to, the comparable GAAP financial measures. These non-GAAP financial measures are intended to supplement the presentation of our financial results that are prepared in accordance with GAAP. Based on feedback from investors and financial analysts, we believe that the supplemental non-GAAP financial measures we provide are useful to their assessments of our performance and operating trends, as well as liquidity.

Our non-GAAP financial measures exclude the impact of certain events, activities or strategic decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP financial measures, may make it difficult to assess our underlying performance in a single period. By excluding the accounting effects, positive or negative, of certain items (e.g., restructuring charges, outcomes of certain legal proceedings, certain effects of strategic transactions and related costs, losses from debt extinguishments, gains or losses from curtailment or settlement of pension obligations, gains or losses on sales of certain assets, gains or losses on venture investments and other items), we believe that we are providing meaningful supplemental information that facilitates an understanding of our core operating results and liquidity measures. While some of the items we exclude from GAAP financial measures recur, they tend to be disparate in amount, frequency, or timing.

We use these non-GAAP financial measures internally to evaluate trends in our underlying performance, as well as to facilitate comparison to the results of competitors for quarters and year-to-date periods, as applicable.

We use the following non-GAAP financial measures in this presentation:

- **Sales change ex. currency** refers to the increase or decrease in net sales, excluding the estimated impact of foreign currency translation, and, where applicable, an extra week in our fiscal year and the calendar shift resulting from the extra week in the prior fiscal year, currency adjustment for transitional reporting of highly inflationary economies, and the reclassification of sales between segments. The estimated impact of foreign currency translation is calculated on a constant currency basis, with prior period results translated at current period average exchange rates to exclude the effect of currency fluctuations.
- **Organic sales change** refers to sales change ex. currency, excluding the estimated impact of acquisitions and product line divestitures.

We believe that sales change ex. currency and organic sales change assist investors in evaluating the sales change from the ongoing activities of our businesses and enhance their ability to evaluate our results from period to period.

- **Adjusted operating income** refers to income before taxes; interest expense; other non-operating expense (income), net; and other expense (income), net.
- **Adjusted EBITDA** refers to adjusted operating income before depreciation and amortization.
- **Adjusted operating margin** refers to adjusted operating income as a percentage of net sales.
- **Adjusted EBITDA margin** refers to adjusted EBITDA as a percentage of net sales.
- **Adjusted tax rate** refers to the full-year GAAP tax rate, adjusted to exclude certain unusual or infrequent events that are expected to significantly impact that rate, such as our U.S. pension plan termination, effects of certain discrete tax planning actions, impacts related to the enactment of the U.S. Tax Cuts and Jobs Act (TCJA), where applicable, and other items.
- **Adjusted net income** refers to income before taxes, tax-effected at the adjusted tax rate, and adjusted for tax-effected restructuring charges and other items.
- **Adjusted net income per common share, assuming dilution (adjusted EPS)** refers to adjusted net income divided by the weighted average number of common shares outstanding, assuming dilution.

We believe that adjusted operating margin, adjusted EBITDA margin, adjusted net income, and adjusted EPS assist investors in understanding our core operating trends and comparing our results with those of our competitors.

- **Net debt to adjusted EBITDA ratio** refers to total debt (including finance leases) less cash and cash equivalents, divided by adjusted EBITDA for the last twelve months. We believe that the net debt to adjusted EBITDA ratio assists investors in assessing our leverage position.
- **Return on total capital incl. acquisition amortization (ROTC)** refers to net income excluding the expense and tax benefit of debt financing divided by the average of beginning and ending invested capital. ROTC excl. acquisition amortization refers to ROTC adjusted for the impact of amortization of intangible assets from acquisitions. We believe that ROTC incl. acquisition amortization and ROTC excl. acquisition amortization assist investors in understanding our ability to generate returns from our capital.
- **Free cash flow** refers to cash flow provided by operating activities, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sales of property, plant and equipment, plus (minus) net proceeds from insurance and sales (purchases) of investments. Free cash flow is also adjusted for, where applicable, certain acquisition-related transaction costs and the cash contributions related to the termination of our U.S. pension plan. We believe that free cash flow assists investors by showing the amount of cash we have available for debt reductions, dividends, share repurchases, and acquisitions.

Organic Sales Change — Avery Dennison

($ in millions)	2015	2016	2017	2018	2019	2020	2021	2015-2019 5-Yr CAGR	2020-2021 2-Yr CAGR	2017-2021 5-Yr CAGR
Net sales	$5,966.9	$6,086.5	$6,613.8	$7,159.0	$7,070.1	$6,971.5	$8,408.3			
Reported net sales change	(5.7%)	2.0%	8.7%	8.2%	(1.2%)	(1.4%)	20.6%			
Foreign currency translation	8.6%	2.6%	(0.5%)	(1.4%)	3.3%	0.9%	(3.4%)			
Extra week impact	~1.2%					(1.3%)	1.4%			
Sales change ex. currency[1]	4.0%	4.6%	8.2%	6.9%	2.0%	(1.7%)	18.6%	5.1%	8.0%	6.6%
Acquisitions/Divestitures	0.6%	(0.7%)	(3.9%)	(1.4%)		(1.7%)	(3.1%)			
Organic sales change[1]	4.6%	3.9%	4.2%	5.5%	2.0%	(3.4%)	15.6%	4.0%	5.7%	4.6%

(1) Totals may not sum due to rounding

Organic Sales Change by Segment

($ in millions) **Label and Graphic Materials**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2017-2021 5-Yr CAGR**
Net sales	$4,187.3	$4,511.7	$4,851.1	$4,745.9	$4,715.1	$5,430.4	
Reported net sales change	3.8%	7.7%	7.5%	(2.2%)	(0.6%)	15.2%	
Reclassification of sales between segments				(0.2%)			
Foreign currency translation	3.0%	(0.8%)	(1.9%)	3.6%	1.2%	(3.6%)	
Extra week impact					(1.0%)	1.1%	
Sales change ex. currency[1]	6.8%	6.9%	5.7%	1.2%	(0.5%)	12.7%	5.1%
Acquisitions/Divestitures	(1.4%)	(2.7%)	(0.2%)			(0.8%)	
Organic sales change[1]	5.5%	4.2%	5.5%	1.2%	(0.5%)	12.0%	4.4%

(1) Totals may not sum due to rounding

Organic Sales Change by Segment (cont.)

($ in millions) Retail Branding and Information Solutions	2016	2017	2018	2019	2020	2021	2017-2021 5-Yr CAGR
Net sales	$1,445.4	$1,511.2	$1,613.2	$1,650.3	$1,630.9	$2,201.8	
Reported net sales change	0.1%	4.6%	6.7%	2.3%	(1.2%)	35.0%	
Reclassification of sales between segments				0.6%			
Foreign currency translation	1.8%	0.4%	0.2%	2.2%	0.6%	(2.2%)	
Extra week impact					(1.7%)	2.1%	
Sales change ex. currency[1]	1.9%	5.0%	6.9%	5.1%	(2.3%)	34.9%	9.2%
Acquisitions/Divestitures	1.6%				(7.2%)	(9.7%)	
Organic sales change[1]	3.5%	5.0%	6.9%	5.1%	(9.5%)	25.2%	6.0%

Industrial and Healthcare Materials	2016	2017	2018	2019	2020	2021	
Net sales	$ 453.8	$ 590.9	$ 694.7	$ 673.9	$ 625.5	$ 776.1	
Reported net sales change	(7.7%)	30.2%	17.6%	(3.0%)	(7.2%)	24.1%	
Foreign currency translation	1.7%	(0.4%)	(1.5%)	3.4%	0.1%	(4.4%)	
Extra week impact					(1.6%)	2.0%	
Sales change ex. currency[1]	(6.0%)	29.9%	16.1%	0.4%	(8.7%)	21.7%	11.0%
Acquisitions	(1.6%)	(27.9%)	(14.7%)			(3.8%)	
Organic sales change[1]	(7.5%)	2.0%	1.4%	0.4%	(8.7%)	17.8%	2.2%

(1) Totals may not sum due to rounding

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Adjusted Operating Margin and EBITDA — Avery Dennison

($ in millions)	2016	2017	2018	2019	2020	2021
Net sales	$6,086.5	$6,613.8	$7,159.0	$7,070.1	$6,971.5	$8,408.3
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 590.2	$ 670.5	$ 718.1	$ 770.5	$ 809.2	$1,058.7
Operating margins, as reported	**9.7%**	**10.1%**	**10.0%**	**10.9%**	**11.6%**	**12.6%**
Non-GAAP adjustments:						
Restructuring charges:						
Severance and related costs	$ 14.7	$ 31.2	$ 63.0	$ 45.3	$ 49.1	$ 10.5
Asset impairment and lease cancellation charges	$ 5.2	$ 2.2	$ 10.7	$ 5.1	$ 6.2	$ 3.1
Other items	$ 3.9	$ 3.1	$ (3.8)	$ 2.8	$ (1.7)	$ (8.0)
Adjusted operating income (non-GAAP)	$ 614.0	$ 707.0	$ 788.0	$ 823.7	$ 862.8	$1,064.3
Adjusted operating margins (non-GAAP)	**10.1%**	**10.7%**	**11.0%**	**11.7%**	**12.4%**	**12.7%**
Depreciation & Amortization	$ 180.1	$ 178.7	$ 181.0	$ 179.0	$ 205.3	$ 244.1
Adjusted EBITDA (non-GAAP)	$ 794.1	$ 885.7	$ 969.0	$1,002.7	$1,068.1	$1,308.4
Adjusted EBITDA margins (non-GAAP)	**13.0%**	**13.4%**	**13.5%**	**14.2%**	**15.3%**	**15.6%**

Adjusted Operating Margin and EBITDA — LGM

($ in millions)	2016	2017	2018	2019	2020	2021
Net sales	$4,187.3	$4,511.7	$4,851.1	$4,745.9	$4,715.1	$5,430.4
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 522.0	$ 577.4	$ 568.2	$ 601.5	$ 688.8	$ 801.7
Operating margins, as reported	**12.5%**	**12.8%**	**11.7%**	**12.7%**	**14.6%**	**14.8%**
Non-GAAP adjustments:						
Restructuring charges:						
Severance and related costs	$ 5.8	$ 14.5	$ 50.3	$ 27.7	$ 27.0	$ 1.2
Asset impairment and lease cancellation charges	$ 2.7	$ 0.3	$ 7.5	$ 1.3	$ 0.9	$ 2.2
Other items	$ 4.5	$ (0.3)	$ 4.0	$ (0.7)	$ (5.7)	$ (31.5)
Adjusted operating income (non-GAAP)	$ 535.0	$ 591.9	$ 630.0	$ 629.8	$ 711.0	$ 773.6
Adjusted operating margins (non-GAAP)	**12.8%**	**13.1%**	**13.0%**	**13.3%**	**15.1%**	**14.2%**
Depreciation & Amortization	$ 103.1	$ 102.3	$ 104.7	$ 100.2	$ 107.0	$ 114.3
Adjusted EBITDA (non-GAAP)	$ 638.1	$ 694.2	$ 734.7	$ 730.0	$ 818.0	$ 887.9
Adjusted EBITDA margins (non-GAAP)	**15.2%**	**15.4%**	**15.1%**	**15.4%**	**17.3%**	**16.4%**

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Adjusted Operating Margin and EBITDA — RBIS

($ in millions)	2016	2017	2018	2019	2020	2021
Net sales	$1,445.4	$1,511.2	$1,613.2	$1,650.3	$1,630.9	$2,201.8
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 105.0	$ 126.7	$ 170.4	$ 196.6	$ 144.7	$ 257.2
Operating margins, as reported	**7.3%**	**8.4%**	**10.6%**	**11.9%**	**8.9%**	**11.7%**
Non-GAAP adjustments:						
Restructuring charges:						
Severance and related costs	$ 8.4	$ 16.5	$ 8.8	$ 9.3	$ 17.1	$ 6.7
Asset impairment and lease cancellation charges	$ 2.1	$ 1.9	$ 3.1	$ 0.5	$ 1.6	$ 0.9
Other items	$ (0.7)	$ (0.3)	$ (0.5)	$ 0.1	$ 4.0	$ 29.0
Adjusted operating income (non-GAAP)	$ 114.8	$ 144.8	$ 181.8	$ 206.5	$ 167.4	$ 293.8
Adjusted operating margins (non-GAAP)	**7.9%**	**9.6%**	**11.3%**	**12.5%**	**10.3%**	**13.3%**
Depreciation & Amortization	$ 64.3	$ 56.4	$ 49.0	$ 52.6	$ 71.6	$ 102.2
Adjusted EBITDA (non-GAAP)	$ 179.1	$ 201.2	$ 230.8	$ 259.1	$ 239.0	$ 396.0
Adjusted EBITDA margins (non-GAAP)	**12.4%**	**13.3%**	**14.3%**	**15.7%**	**14.7%**	**18.0%**

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Adjusted Operating Margin and EBITDA — IHM

($ in millions)	2016	2017	2018	2019	2020	2021
Net sales	$ 453.8	$ 590.9	$ 694.7	$ 673.9	$ 625.5	$ 776.1
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 56.1	$ 52.6	$ 62.9	$ 60.0	$ 58.2	$ 81.6
Operating margins, as reported	**12.4%**	**8.9%**	**9.1%**	**8.9%**	**9.3%**	**10.5%**
Non-GAAP adjustments:						
Restructuring charges:						
Severance and related costs	$ 0.5	$ 0.2	$ 3.9	$ 6.1	$ 4.7	$ 1.6
Asset impairment and lease cancellation charges	$ 0.4	$ -	$ 0.1	$ 3.3	$ 3.7	$ -
Other items	$ 1.0	$ 3.5	$ (5.0)	$ -	$ -	$ 0.8
Adjusted operating income (non-GAAP)	$ 58.0	$ 56.3	$ 61.9	$ 69.4	$ 66.6	$ 84.0
Adjusted operating margins (non-GAAP)	**12.8%**	**9.5%**	**8.9%**	**10.3%**	**10.6%**	**10.8%**
Depreciation & Amortization	$ 12.7	$ 20.0	$ 27.3	$ 26.2	$ 26.7	$ 27.6
Adjusted EBITDA (non-GAAP)	$ 70.7	$ 76.3	$ 89.2	$ 95.6	$ 93.3	$ 111.6
Adjusted EBITDA margins (non-GAAP)	**15.6%**	**12.9%**	**12.8%**	**14.2%**	**14.9%**	**14.4%**

Adjusted Net Income

($ in millions)	2016	2017	2018	2019	2020	2021
As reported net income	$320.7	$281.8	$467.4	$ 303.6	$ 555.9	$ 740.1
Non-GAAP adjustments:						
Restructuring charges and other items[1]	$ 43.8	$ 26.3	$ 60.7	$ 40.0	$ 40.6	$ 4.4
Pension plan settlements and related charges			$ 93.7	$ 444.1	$ 0.5	$ 2.5
Tax benefit from pension plan contributions[2][3]			$ (31.0)			
Tax benefit from pension plan settlements and related charges			$ (19.3)	$ (179.0)		
Tax benefit from discrete foreign tax structuring and planning transactions			$ (31.0)	$ (47.9)		
TCJA provisional amounts and subsequent adjustments[3]		$172.0	$ (3.7)			
Impact of previously planned repatriation of foreign earnings for Q4 2017		$ (29.4)				
Adjusted net income (non-GAAP)	$364.5	$450.7	$536.8	$ 560.8	$ 597.0	$ 747.0

The adjusted tax rate was 25%, 24.1%, 24.6%, 25%, and 28% for 2021, 2020, 2019, 2018, and 2017, respectively.

(1) Includes restructuring and related charges, transaction and related costs, gain/loss on venture investments, gain/loss on sale of assets, gain on sale of product line, outcomes of legal proceedings, Argentine peso remeasurement transition loss, reversal of acquisition related contingent consideration, and other items.

(2) Tax benefits from the deduction of the third quarter U.S. pension contributions on our 2017 U.S. income tax return.

(3) In the fourth quarter of 2018, we finalized our provisional amounts as defined under SEC Staff Accounting Bulletin No. 118 related to the TCJA.

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Adjusted EPS

	2016	2017	2018	2019	2020	2021	2017-2021 5-Yr CAGR
As reported net income per common share, assuming dilution	$ 3.54	$ 3.13	$ 5.28	$ 3.57	$ 6.61	$ 8.83	
Non-GAAP adjustments per common share, net of tax:							
Restructuring charges and other items[(1)]	$ 0.48	$ 0.29	$ 0.68	$ 0.47	$ 0.48	$ 0.05	
Pension plan settlements and related charges			$ 0.84	$ 3.12	$ 0.01	$ 0.03	
Tax benefit from discrete foreign tax structuring and planning transactions			$ (0.35)	$ (0.56)			
TCJA provisional amounts and subsequent adjustments[(2)]		$ 1.91	$ (0.39)				
Impact of previously planned repatriation of foreign earnings for Q4 2017		$ (0.33)					
Adjusted net income per common share, assuming dilution (non-GAAP)	$ 4.02	$ 5.00	$ 6.06	$ 6.60	$ 7.10	$ 8.91	**17.3%**

The adjusted tax rate was 25%, 24.1%, 24.6%, 25%, and 28% for 2021, 2020, 2019, 2018, and 2017, respectively.

(1) Includes restructuring and related charges, transaction and related costs, gain/loss on venture investments, gain/loss on sale of assets, gain on sale of product line, outcomes of legal proceedings, Argentine peso remeasurement transition loss, reversal of acquisition related contingent consideration, and other items.

(2) In the fourth quarter of 2018, we finalized our provisional amounts as defined under SEC Staff Accounting Bulletin No. 118 related to the TCJA.

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Free Cash Flow

($ in millions)	2016	2017	2018	2019	2020	2021
Net cash provided by operating activities	$ 582.1	$ 645.7	$ 457.9	$ 746.5	$ 751.3	$1,046.8
Purchases of property, plant and equipment	(176.9)	(190.5)	(226.7)	(219.4)	(201.4)	(255.0)
Purchases of software and other deferred charges	(29.7)	(35.6)	(29.9)	(37.8)	(17.2)	(17.1)
Proceeds from sales of property, plant and equipment	8.5	6.0	9.4	7.8	9.2	1.1
Proceeds from insurance and sales (purchases) of investments, net	3.1	(3.9)	18.5	4.9	5.6	3.1
Payments for certain acquisition-related transaction costs	-	-	-	-	-	18.8
Contributions for U.S. pension plan termination	-	-	200.0	10.3	-	-
Free Cash Flow (non-GAAP)	$ 387.1	$ 421.7	$ 429.2	$ 512.3	$ 547.5	$ 797.7

Return on Total Capital (ROTC)

($ in millions)	2016	2020	2021	
As reported net income	$ 320.7	$ 555.9	$ 740.1	
Interest expense, net of tax benefit	$ 40.3	$ 53.1	$ 52.7	
Effective Tax Rate	32.8%	24.1%	25.0%	
Net income, excluding interest expense and tax benefit of debt financing (non-GAAP)	$ 361.0	$ 609.0	$ 792.8	
Total debt	$1,292.5	$2,116.8	$3,104.7	
Shareholders' equity	$ 925.5	$1,484.9	$1,924.4	
Total debt and shareholders' equity	$2,218.0	$3,601.7	$5,029.1	
				'17-'21 Target
ROTC incl. Acquisition Amortization (non-GAAP)	**17.0%**	**18.1%**	**18.4%**	**17%+**
Intangible Amortization, net of tax benefit	$ 13.4	$ 15.1	$ 33.5	
Net income, excluding interest expense and tax benefit of debt financing and intangible amortization (non-GAAP)	$ 374.4	$ 624.1	$ 826.3	**'21-'25 Target**
ROTC excl. Acquisition Amortization (non-GAAP)	**17.6%**	**18.5%**	**19.1%**	**18%+**

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Net Debt to Adjusted EBITDA

Total Company ($ in millions)	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
	(13 weeks)	(13 weeks)	(13 weeks)	(14 weeks)	(53 weeks)	(13 weeks)	(13 weeks)	(13 weeks)	(13 weeks)	(52 weeks)
	QTD				YTD	QTD				YTD
Net sales	$ 1,723.0	$ 1,528.5	$ 1,729.1	$ 1,990.9	$ 6,971.5	$ 2,051.3	$ 2,102.0	$ 2,071.8	$ 2,183.2	$ 8,408.3
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 199.2	$ 123.5	$ 213.5	$ 273.0	$ 809.2	$ 283.8	$ 269.9	$ 241.5	$ 263.5	$ 1,058.7
Operating margins, as reported	11.6%	8.1%	12.3%	13.7%	11.6%	13.8%	12.8%	11.7%	12.1%	12.6%
Non-GAAP adjustments:										
Restructuring charges:										
Severance and related costs	$ 2.4	$ 37.5	$ 6.5	$ 2.7	$ 49.1	$ 2.4	$ 1.6	$ 1.1	$ 5.4	$ 10.5
Asset impairment and lease cancellation charges	-	1.8	4.4	-	6.2	0.5	0.1	1.3	1.2	3.1
Other items	2.5	0.7	1.5	(6.4)	(1.7)	(2.0)	(2.3)	13.6	(17.3)	(8.0)
Adjusted operating income (non-GAAP)	$ 204.1	$ 163.5	$ 225.9	$ 269.3	$ 862.8	$ 284.7	$ 269.3	$ 257.5	$ 252.8	$ 1,064.3
Adjusted operating margins (non-GAAP)	11.8%	10.7%	13.1%	13.5%	12.4%	13.9%	12.8%	12.4%	11.6%	12.7%
Depreciation and amortization	$ 47.5	$ 50.3	$ 52.0	$ 55.5	$ 205.3	$ 54.4	$ 55.2	$ 61.9	$ 72.6	$ 244.1
Adjusted EBITDA (non-GAAP)	$ 251.6	$ 213.8	$ 277.9	$ 324.8	$ 1,068.1	$ 339.1	$ 324.5	$ 319.4	$ 325.4	$ 1,308.4
Adjusted EBITDA margins (non-GAAP)	14.6%	14.0%	16.1%	16.3%	15.3%	16.5%	15.4%	15.4%	14.9%	15.6%

	4Q20	4Q21
Total Debt	$ 2,116.8	$ 3,104.7
Less: Cash and cash equivalents	252.3	162.7
Net Debt	$ 1,864.5	$ 2,942.0
Net Debt to Adjusted EBITDA LTM* (non-GAAP)	1.7	2.2

*LTM = Last twelve months

AVERY
DENNISON