



Investor Presentation

Avery Dennison Corporation
November 2018



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. 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: fluctuations in demand affecting sales to customers; worldwide and local economic conditions; changes in political conditions; changes in governmental laws and regulations; fluctuations in foreign currency exchange rates and other risks associated with foreign operations, including in emerging markets; the financial condition and inventory strategies of customers; changes in customer preferences; fluctuations in cost and availability of raw materials; our ability to generate sustained productivity improvement; our ability to achieve and sustain targeted cost reductions; the impact of competitive products and pricing; loss of significant contracts or customers; collection of receivables from customers; selling prices; business mix shift; execution and integration of acquisitions; timely development and market acceptance of new products, including sustainable or sustainably-sourced products; investment in development activities and new production facilities; amounts of future dividends and share repurchases; customer and supplier concentrations; successful implementation of new manufacturing technologies and installation of manufacturing equipment; disruptions in information technology systems, including cyber-attacks or other intrusions to network security; successful installation of new or upgraded information technology systems; data security breaches; volatility of financial markets; impairment of capitalized assets, including goodwill and other intangibles; credit risks; our ability to obtain adequate financing arrangements and maintain access to capital; fluctuations in interest and tax rates; changes in tax laws and regulations, including the Tax Cuts and Jobs Act (TCJA), and uncertainties associated with interpretations of such laws and regulations; outcome of tax audits; fluctuations in pension, insurance, and employee benefit costs, including risks related to the termination of our U.S. pension plan; the impact of legal and regulatory proceedings, including with respect to environmental, health and safety; protection and infringement of intellectual property; the impact of epidemiological events on the economy and our customers and suppliers; acts of war, terrorism, and natural disasters; and other factors.

We believe that the most significant risk factors that could affect our financial performance in the near-term include: (1) the impacts of global economic conditions and political uncertainty on underlying demand for our products and foreign currency fluctuations; (2) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through selling price increases, without a significant loss of volume; (3) competitors' actions, including pricing, expansion in key markets, and product offerings; and (4) the execution and integration of acquisitions.

For a more detailed discussion of these and other factors, see "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" in our 2017 Form 10-K, filed with the Securities and Exchange Commission on February 21, 2018, and subsequent quarterly reports on Form 10-Q. 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 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 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 assessment of our performance and operating trends, as well as our 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

- Consistently delivering against our long-term financial targets
- #1 player in primary businesses, leveraging strong competitive advantages
- Catalysts for consistent GDP+ growth
- Successfully executing key strategies:
 - Driving outsized growth in high value categories
 - Growing profitably in our base business
 - Continuing our relentless focus on productivity
 - Deploying capital effectively



Avery Dennison at a glance

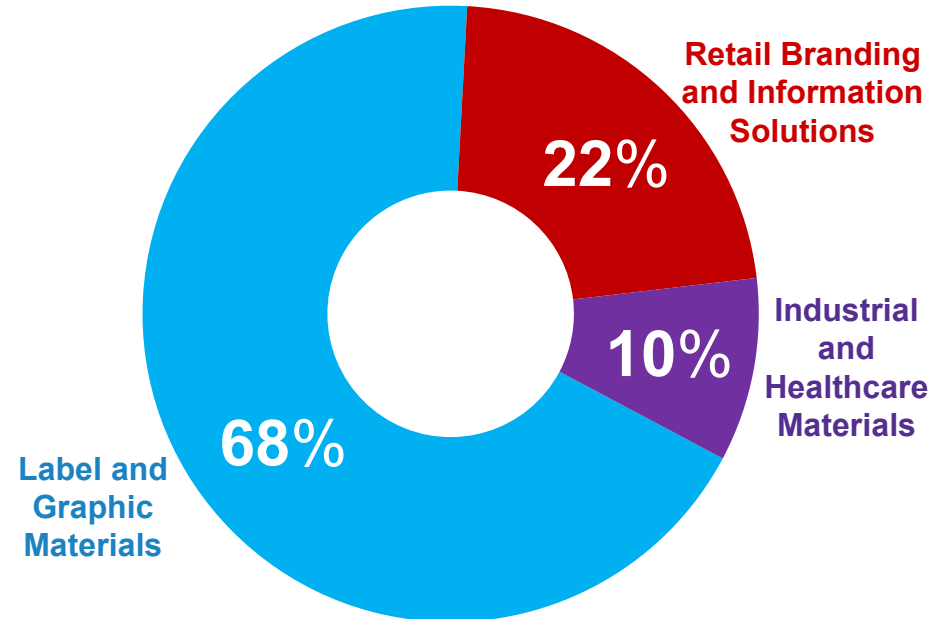
- **Recognized industry leader**

- More than 30,000 employees
- Operations in more than 50 countries
- Manufacturer of pressure-sensitive and functional materials and labeling solutions for the retail apparel market

- **Sustainable competitive advantages**

- Global scale; 180+ operating locations
- Materials science capabilities focused on pressure-sensitive adhesives
- Innovative process technology
- Operational and commercial excellence

Sales by Segment⁽¹⁾

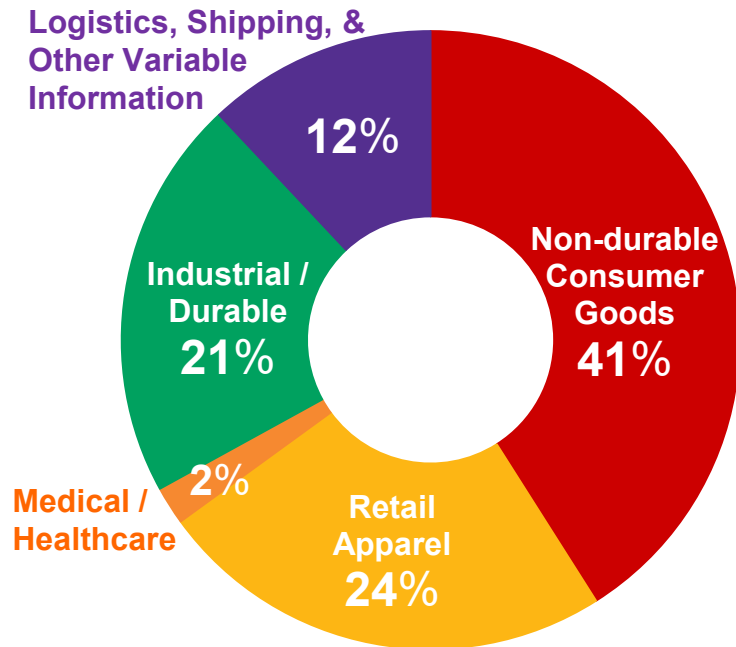


2017 Net Sales = \$6.6 billion

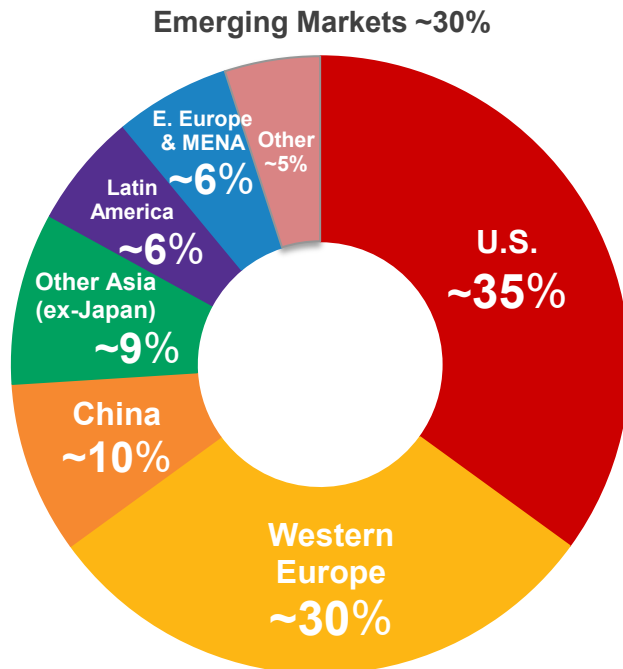
(1) Pie chart based on Q3 2018 YTD net sales

Broad exposure to diverse end markets

2017 Sales by Product Category



2017 Sales by Geography⁽¹⁾



(1) Sales by end demand region, including annualized sales for 2017 acquisitions. Other includes Canada, Japan, South Africa, Australia, and New Zealand

Building on our strengths, positioned to win

2017

- Raised the bar with new long-term goals through 2021
- Increased exposure to high value categories; closed three acquisitions
- RFID delivered ~\$250 mil. of revenue; targeting 15-20%+ growth

2016

- Created IHM to capture opportunities in high value adjacencies
- Increased pace of investment; closed first acquisitions

2015

- Initiated segmented approach and multi-year transformation in RBIS
- Began to build acquisition pipeline

2014

- Raised the bar with new long-term goals through 2018
- Implemented segmented approach to win in base/high value categories of LGM

2013

- Divested Office and Consumer Products / Designed & Engineered Solutions
- With de-levering complete, accelerated disciplined share repurchase strategy

2012

- Publicly committed to first set of long-term goals to achieve superior TSR
- Growth/operational strategies returned to fundamentals
- Initiated Company-wide restructuring program

Catalysts for consistent GDP+ top line growth

High Value Categories ~\$2.3B

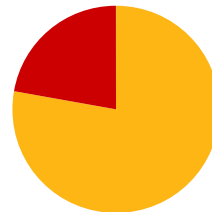
- Secular trends drive GDP+ growth
- Tapes, RFID, Graphics, Specialty Labels

Emerging Markets ~\$2.0B⁽²⁾

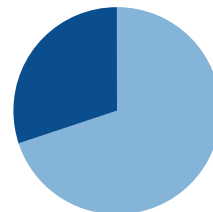
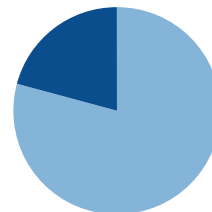
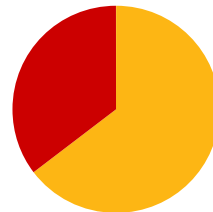
- Further penetration of self-adhesive label technology
- Increased per capita consumption

Portfolio Shift (% of total sales⁽¹⁾)

2010



2017



(1) Constant currency

(2) Approximately one-third of emerging market sales are in high value categories, which are included in the ~\$2.3B above.

Achievement of long-term financial targets expected to drive continued superior value creation

	2017 – 2021 TARGETS	2017 RESULTS
Sales Growth	4%+ Organic ⁽¹⁾ 5%+ with M&A ^(1,2)	4% Organic 8% Ex. Currency
Operating Margin	11%+ in 2021	9.9% Adj ⁽³⁾ : 10.4%
Adjusted EPS Growth	10%+ CAGR ⁽¹⁾	24%
Return on Total Capital (ROTC)	17%+ in 2021	13% Adj ⁽⁴⁾ : 19%
Net Debt to Adjusted EBITDA	2.3x to 2.6x ⁽⁵⁾	1.7x

(1) Reflects five-year compound annual growth rates, with 2016 as the base period

(2) Impact of closed acquisitions as of 3/8/2017 is approximately 1 point of growth

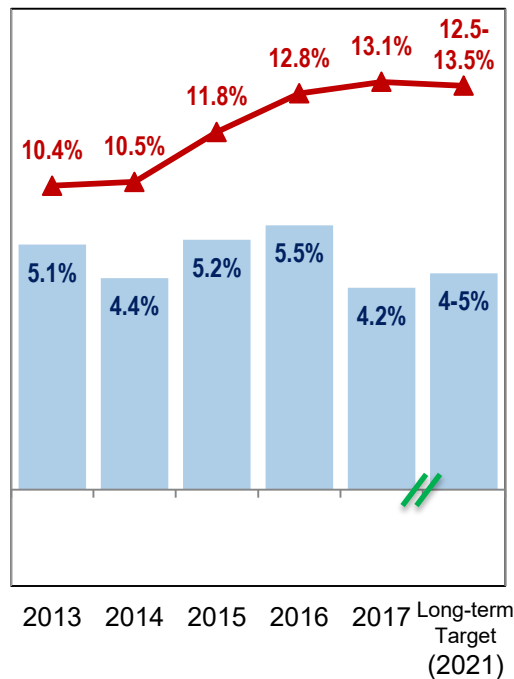
(3) Excluding restructuring charges and other items

(4) Excludes the net impact of the TCJA

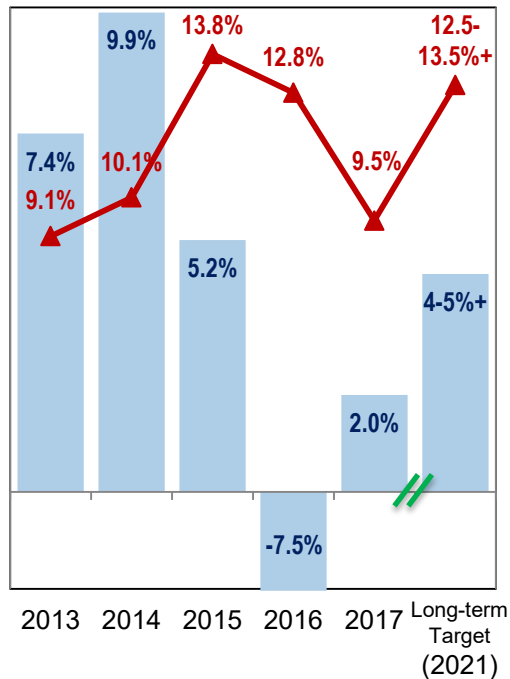
(5) Reflects adjustment of target (from a range of 1.7x to 2.0x) in July 2018, following decision to fully fund and terminate our U.S. pension plan. See Form 8-K filed July 11, 2018.

Targeting continued organic growth and margin expansion across all segments

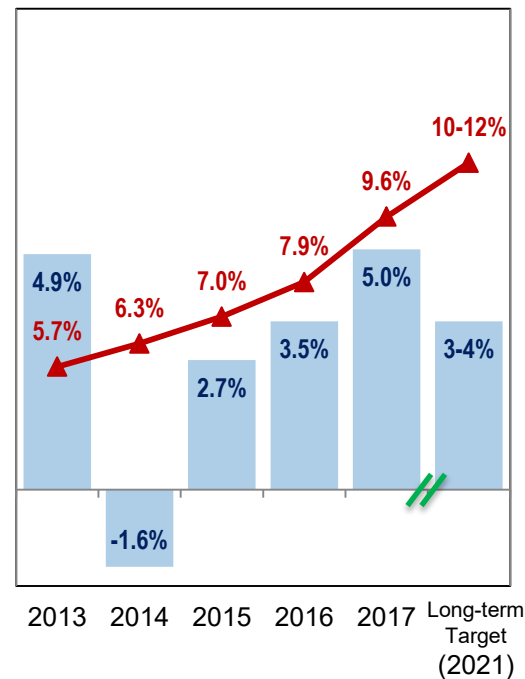
Label and Graphic Materials



Industrial and Healthcare Materials



Retail Branding and Information Solutions



Organic Sales Change ■ Adj. Operating Margin ▲

M&A accelerates strategy

	Segment	Annual Sales	Strategic Fit
Yongle Tape Co. Ltd. (closed Jun. 2017)	IHM (China)	~\$160M	<ul style="list-style-type: none"> Expands capabilities in high value cable harnessing business Key access to auto OEMs and tiers
Mactac Europe (closed Aug. 2016)	LGM/IHM (Belgium)	~\$140M	<ul style="list-style-type: none"> Products and capabilities complementary to existing graphics business Loyal customer base, strong brand
Hanita Coatings (closed Mar. 2017)	LGM (Israel)	~\$50M	<ul style="list-style-type: none"> Access to window films and topcoats Accelerate sales w/ global infrastructure Strong tradition of R&D
Finesse Medical (closed May 2017)	IHM (Ireland)	~\$17M	<ul style="list-style-type: none"> Advanced technologies in wound care and skin treatment
Ink Mill Corp. (closed Sep. 2016)	LGM (US)	immaterial	<ul style="list-style-type: none"> Range of UV and UVLED-curable and eco-solvent inks
PragmatlC (closed Oct. 2016)	RBIS (UK)	immaterial	<ul style="list-style-type: none"> Small equity investment to develop lower cost intelligent label inlays and tags

Targeting high value categories and near adjacencies that leverage our global scale and core competencies

Disciplined approach to capital allocation

5-Year Capital Deployment

(\$ in millions)

2017 - 2021

Cumulative

Capital Sources:

Leverage Capacity (2016)

~\$450

Add'l Leverage Capacity (EBITDA Growth)

up to \$800

Cash Flow from Ops before Restructuring

\$3,200 - \$3,600

Available Capital

\$4,450 - \$4,850

Capital Uses:

Capex

~\$1,250

% of Total

25% - 30%

Restructuring

~\$150

< 5%

Dividends

~\$950

~20%

Total Capital Available for Buyback/M&A

\$2,100 - \$2,500

~50%

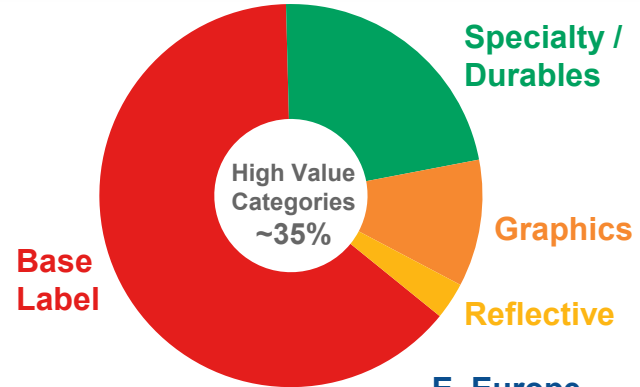
LGM at a glance



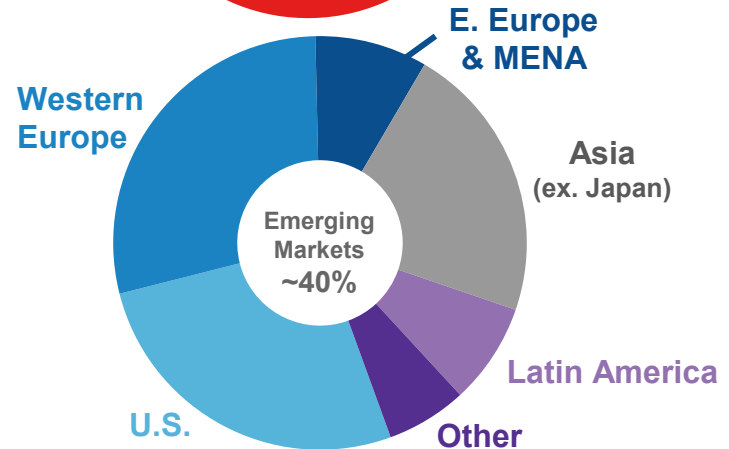
FINANCIAL SNAPSHOT

	<u>2017</u>	<u>2021 Target</u>
Sales	\$ 4.5 bil.	n/a
Organic Sales Change	4.2%	4-5% CAGR
Adjusted Operating Margin	13.1%	12.5-13.5%

Sales by PRODUCT



Sales by GEOGRAPHY

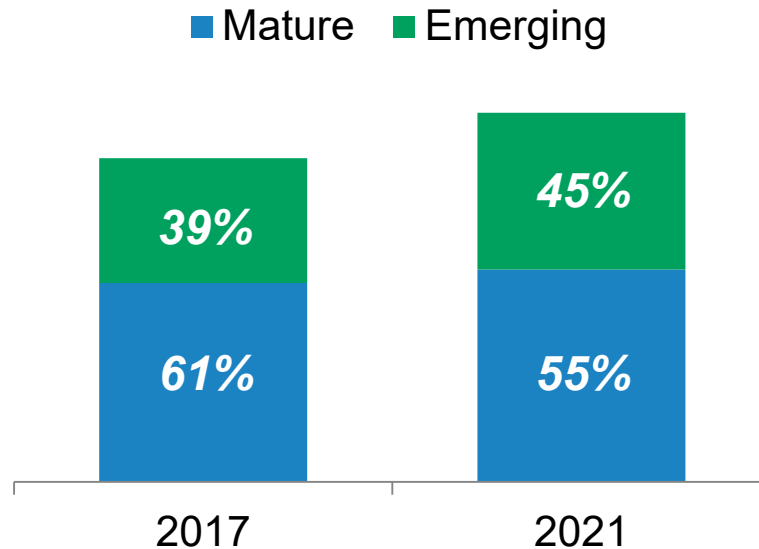


LGM delivers consistent growth and high returns

- **Leader in growing self-adhesive labels industry**
(~2.5X next largest competitor)
- **Clear and sustainable competitive advantages**
 - Global scale, materials science, and process technology
 - Operational and commercial excellence
- **Catalysts for growth above GDP and the industry**
 - Industry leading innovations driving decoration transfer
 - Unparalleled presence in emerging markets
 - Leveraging strengths to win in high value product categories
 - Disciplined approach to profitable growth in base business
- **Relentless focus on productivity and capital efficiency**



Leadership in emerging markets



- Emerging markets growing above GDP, driven by consumption trends and decoration transfer
- Penetration still low; consumption of 1 to 4 SQM per capita compared to >10 SQM in US/W. Europe

Opportunity for share gain in Graphics and Reflective



Product portfolio consists of pressure-sensitive films for:

- Advertising
- Signage
- Architecture
- Fleet/Auto Wrapping

- ~\$600 mil. business growing faster than segment avg.
- Global addressable market ~\$4B, growing GDP+
- Increased scale and complementary products with Mactac and Hanita acquisitions
- Targeting high single digit growth over the long term; gaining share through:
 - Leveraging Label and Packaging Materials foundation
 - Unique expertise in films and micro-replication technology
 - Strong distributor relationships

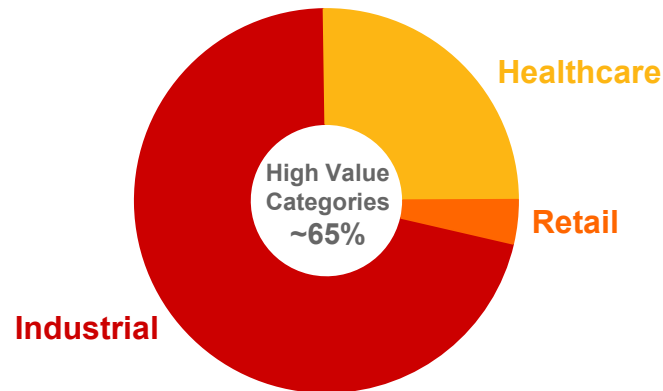
IHM at a glance



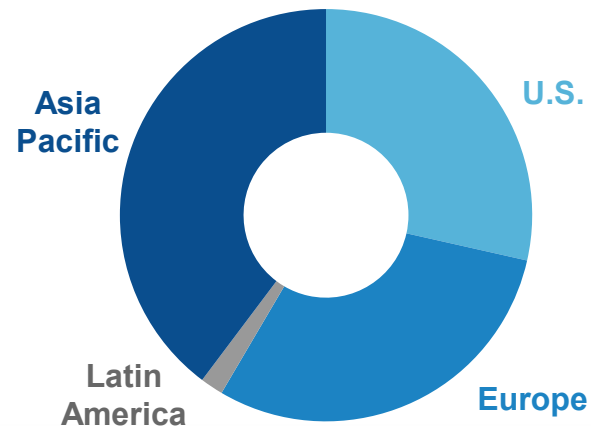
FINANCIAL SNAPSHOT

	<u>2017</u>	<u>2021 Target</u>
Sales	\$ 591 mil.	n/a
Organic Sales Change	2.0%	4-5%+ CAGR
Adjusted Operating Margin	9.5%	12.5-13.5%+

Sales by PRODUCT



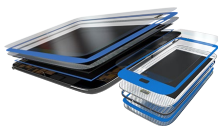
Sales by GEOGRAPHY



IHM positioned for superior long-term value creation

- **Application-based, specified functional materials businesses serving common markets**
- **Share gain opportunity in large, attractive markets**
 - Favorable secular trends drive GDP+ growth
 - Custom engineered solutions support higher margins and strong customer retention rate
 - Industrial business gaining share (5 year organic sales CAGR of 6% through 2017)
 - Healthcare turnaround on track; new product platforms offer significant long-term upside
- **Strong core capabilities; leveraging LGM's manufacturing/R&D strengths**
- **Compelling opportunity to invest and acquire; expanding scale/capabilities**
- **Targeting 4-5%+ organic growth, 12.5%-13.5%+ adjusted operating margin by 2021**

Key market segments: large profit pools growing GDP+



INDUSTRY	Industrial				Healthcare	
	Automotive	Electronics/ Electrical	Building & Construction	General Industrial	Personal Care	Medical/ Wound Care
Estimated Size ⁽¹⁾	~\$4B	~\$3B	~\$3B	~\$8B	<\$1B	~\$1B
LT Growth Outlook	6%-8%	3%-5%	5%-7%	1%-3%	2%-3%	4%-6%
Trend driving GDP+ growth	Light-weighting, demand for reduced noise/vibration	Smaller, more powerful handhelds	Energy efficiency, waterproofing, tape substitute for glue	n/a	n/a	Aging population, chronic disease
Application Solutions	<ul style="list-style-type: none"> • Wire harnessing • Noise/vibration dampening tapes 	<ul style="list-style-type: none"> • Lens bonding • Heat mgmt. • EMI shielding 	<ul style="list-style-type: none"> • HVAC & insulation • Flooring attaching • Window sealing 	<ul style="list-style-type: none"> • Splicing & flexo • Packaging • Noise/vibration dampening 	<ul style="list-style-type: none"> • Diaper closures • Hygiene packaging 	<ul style="list-style-type: none"> • Wound dressing • Surgical drapes • Patches

(1) Estimated industry size includes tape and adhesive applications

Sources: Marketline, S&P Capital IQ, IHS Global, and internal analysis

RBIS at a glance

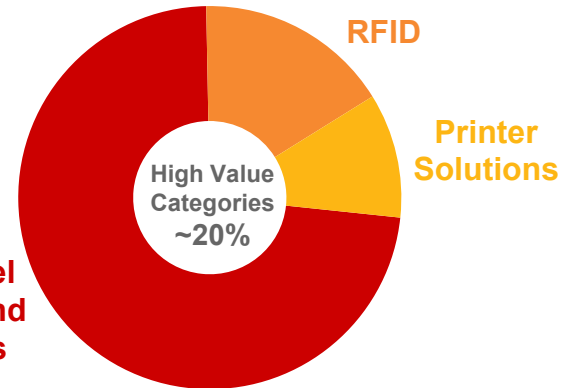


FINANCIAL SNAPSHOT

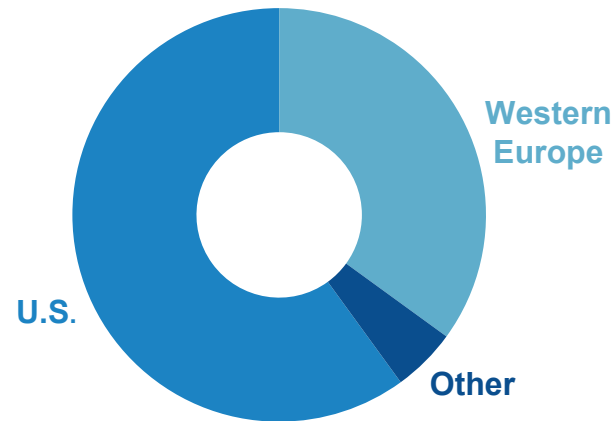
	<u>2017</u>	<u>2021 Target</u>
Sales	\$ 1.5 bil.	n/a
Organic Sales Change	5.0%	3-4% CAGR
Adjusted Operating Margin	9.6%	10-12%

Sales by PRODUCT

Apparel
Tags and
Labels



Sales by END MARKET



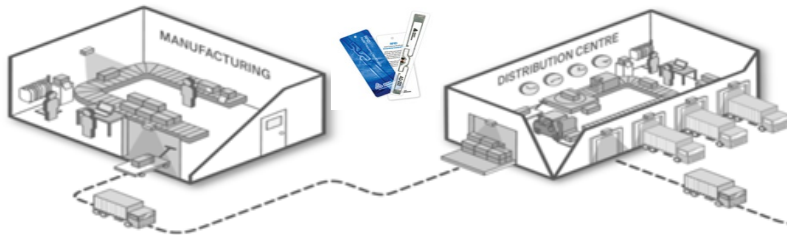
RBIS multi-year transformation on track

- Leading global player in branding and information solutions for apparel
- Attractive growth catalysts in RFID and external embellishments
- Base apparel business positioned for sustained profitable growth
 - Dramatically improving delivery cycle times; flexibility now a competitive advantage
 - Continued focus on cost reduction, through productivity initiatives and localized material sourcing
 - Core volume growth ahead of apparel unit imports
- Reduced fixed cost structure improves margins and competitiveness
- Confident in ability to deliver and sustain double-digit operating margins

RFID – Industry benefits and RBIS competitive advantages

Process

Apparel Supply Chain



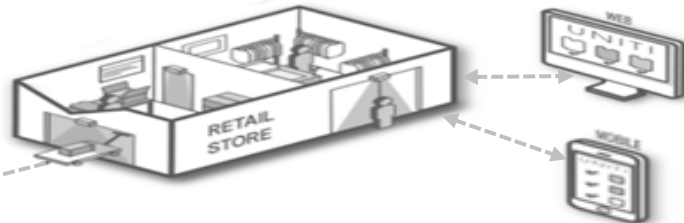
- Reduced errors, cost, losses
- Seamless integration into existing trim
- 80% improvement on ship/pack accuracy

RFID Benefits

- 800+ RFID patents
- Global service bureaus, world-class quality
- In-plant capabilities for speed advantage

Competitive Advantages

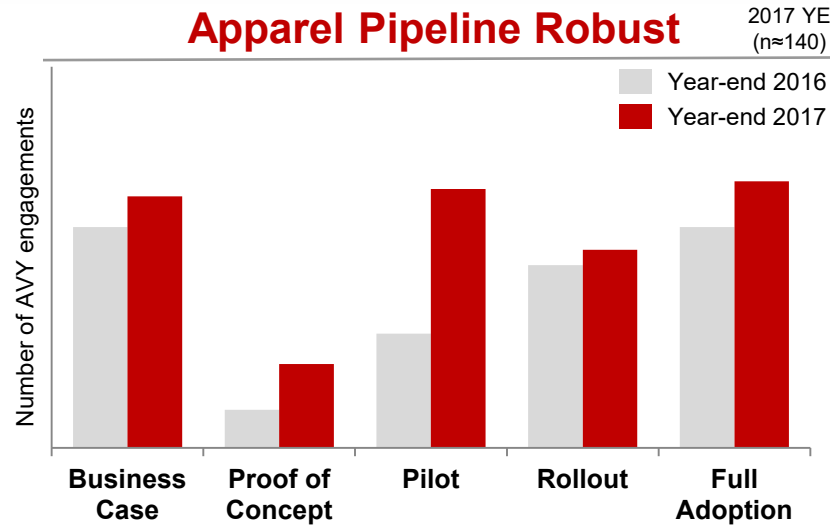
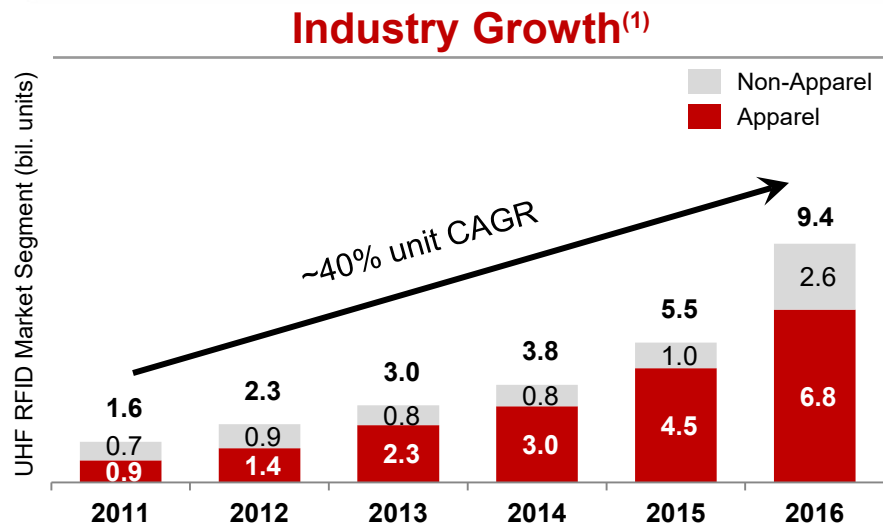
In-Store + Web/Mobile



- 99+% inventory accuracy (vs. ~65% without RFID)
- 60-80% reduction in out-of-stock items
- 2-12% overall sales lift, 10% shrink reduction
- Enables omni-channel retail and Internet of Things

- Proven five-step adoption process
- Most experienced market development team
- Global PMO, piloting, advance ROI model

Accelerated RFID adoption driving significant growth



Key Strategies

- Drive RFID adoption as key enabler for omni-channel retailing
- Invest in innovation/technology to address market needs and drive category expansion
- Extend adoption into non-Apparel verticals (Intelligent Labels)

(1) Source: IDTechEx (data as of August 2017)

Summary

- Well positioned in large growing markets with sustainable competitive advantages
- Catalysts for consistent GDP+ growth
- Successfully executing key strategies:
 - Driving outsized growth in high value categories
 - Growing profitably in our base business
 - Continuing our relentless focus on productivity
 - Deploying capital effectively
- Continuing disciplined investment in the business, M&A and returning cash to shareholders



Appendix A

**First Nine Months 2018 Results, EPS Guidance,
and Progress Against 2018 Targets**

2018 Results – First Nine Months Review

Reported EPS of \$4.16; Adj. EPS (non-GAAP) of \$4.54, up 24% driven primarily by strong operating results and currency translation

- Reported sales increased 10.5%; sales change ex. currency (non-GAAP) of 7.6%
 - Organic sales change (non-GAAP) of 5.7%
- Reported operating margin down 40 bps, reflecting charges associated with LGM European restructuring program
 - Adjusted operating margin (non-GAAP) improved 30 bps as the benefit of higher volume and strong operating results was partially offset by higher employee-related costs and investments for growth

LGM delivering strong sales growth; adjusted margin down modestly, reflecting net impact of pricing and raw material costs

RBIS delivering strong sales growth in both the base business and RFID, with significant margin expansion

IHM results disappointing with modest organic growth and acquisition-related margin decline

FY18 Reported EPS guidance midpoint reduced by \$0.88 compared to original guidance for the year, driven by LGM restructuring program and planned termination of U.S. pension plan (both announced during 1H-18)

- **Raised FY18 guidance midpoint for Adj. EPS by \$0.20 compared to original guidance for the year**

2018 EPS Guidance *(as of October 23, 2018)*

	<u>Previous</u>	<u>Updated</u>
Reported EPS	\$4.50 – \$4.85	\$4.57 – \$4.92
Add Back:		
Est. restructuring costs, pension settlement charges, and other items	\$1.25 – \$1.45	\$1.18 – \$1.38
Adjusted EPS (non-GAAP)	\$5.95 – \$6.10	\$5.95 – \$6.10

Contributing Factors to 2018 Results

- Reported sales growth of ~8.5%, including ~1.5 pts. from currency translation (previously 2 pts.)
 - Sales change ex. currency of ~7.0% (previously ~6.5%)
 - Organic sales change of ~5.5% (previously 5.0% to 5.5%)
- Currency translation tailwind to operating income of ~\$12 mil., assuming recent rates (previously ~\$18 mil.)
- Incremental savings of ~\$30 mil. from restructuring actions, net of transition costs (previously \$25 mil. to \$30 mil.)
- Tax rate in the mid-twenty percent range
- Fixed and IT capital spending of \$250 mil. to \$260 mil. (previously \$250 mil. to \$270 mil.)
- Average shares outstanding (assuming dilution) of ~89 mil.
- The net effect of non-cash charges and the tax impact related to termination of our U.S. pension plan is expected to reduce reported EPS by \$0.50 to \$0.70

Expect to meet or exceed five year targets through 2018

	2014 – 2018 TARGETS	2014 – 2017 RESULTS
Organic Sales Growth	4%–5% CAGR ⁽¹⁾	4% 4 Yr CAGR
Operating Margin	9%–10% in 2018 (up ~2 pts vs. 2013)	10.1% in 2017 Adj ⁽²⁾ : 10.7% in 2017
Adjusted EPS Growth	12%–15%+ CAGR ⁽¹⁾	17% 4 Yr CAGR
Return on Total Capital (ROTC)	16%+ in 2018	13% in 2017 Adj ⁽³⁾ : 19% in 2017
Net Debt to Adjusted EBITDA	1.7x to 2.0x	1.7x in 2017

(1) Reflects five-year compound annual growth rates, with 2013 as the base period

(2) Excluding restructuring charges and other items

(3) Excludes the net impact of the TCJA



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 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 assessment 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, both positive or negative, of certain items (e.g., restructuring charges, legal settlements, certain effects of strategic transactions and related costs, losses from debt extinguishments, gains and losses from curtailment and settlement of pension obligations, gains or losses on sales of certain assets, and other items), we believe that we are providing meaningful supplemental information that facilitates an understanding of our core operating results and liquidity measures. These non-GAAP financial measures are used internally to evaluate trends in our underlying performance, as well as to facilitate comparison to the results of competitors for a single period. While some of the items we exclude from GAAP financial measures recur, they tend to be disparate in amount, frequency, or timing.

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

- *Sales change ex. currency* refers to the increase or decrease in sales excluding the estimated impact of foreign currency translation and the currency adjustment for transitional reporting of highly inflationary economies (Argentina). 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 the increase or decrease in sales excluding the estimated impact of foreign currency translation, currency adjustment for transitional reporting of highly inflationary economies (Argentina), product line exits, acquisitions and divestitures, and, where applicable, the extra week in our fiscal year.

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

- *Adjusted operating income* refers to income before taxes, interest expense, other non-operating expense, and other (income) expense, net.
- *Adjusted operating margin* refers to adjusted operating income as a percentage of sales.
- *Adjusted tax rate* refers to the projected full-year GAAP tax rate, adjusted to exclude certain unusual or infrequent events that are expected to significantly impact the GAAP tax rate, such as updates to the year-end 2017 TCJA provisional amount, as well as additional items such as impacts related to our U.S. pension plan termination and the effects of certain potential tax planning actions.
- *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 weighted average number of common shares outstanding, assuming dilution.

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

- *Free cash flow* refers to cash flow from operations, 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 sales (purchases) of investments and proceeds from insurance. Free cash flow is also adjusted for the cash contributions and cash tax effects 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.

This document has been furnished (not filed) on Form 8-K with the SEC and may be found on our website at www.investors.averydennison.com.

Organic Sales Change – Avery Dennison

(\$ in millions)	2012	2013	2014	2015	2016	2017	2014-2017		4-Yr CAGR
							9 mo. '17	9 mo. '18	
Net sales	\$5,863.5	\$6,140.0	\$6,330.3	\$5,966.9	\$6,086.5	\$6,613.8	\$4,878.5	\$5,390.3	
Reported sales change		4.7%	3.1%	(5.7%)	2.0%	8.7%	7.6%	10.5%	
Foreign currency translation		0.1%	1.1%	8.6%	2.6%	(0.5%)	0.3%	(2.9%)	
Sales change ex. currency ⁽¹⁾		4.8%	4.2%	2.9%	4.6%	8.2%	7.8%	7.6%	
Extra week impact			~(1.2%)	~1.2%					
Acquisitions/Divestitures				0.6%	(0.7%)	(3.9%)	(3.8%)	(1.9%)	
Organic sales change ⁽¹⁾		4.8%	3.1%	4.6%	3.9%	4.2%	4.1%	5.7%	4.0%

(1) Totals may not sum due to rounding and other factors.

Organic Sales Change – Segments

(\$ in millions)

Label and Graphic Materials	2012	2013	2014	2015	2016	2017	9 mo. '17	9 mo. '18
Net sales	\$3,959.8	\$4,137.3	\$4,298.7	\$4,032.1	\$4,187.3	\$4,511.7	\$3,350.0	\$3,669.7
Reported sales change		4.5%	3.9%	(6.2%)	3.8%	7.7%	7.3%	9.5%
Foreign currency translation		0.4%	1.6%	10.2%	3.0%	(0.8%)	0.1%	(3.6%)
Sales change ex. currency ⁽¹⁾		4.9%	5.5%	4.0%	6.8%	6.9%	7.3%	6.0%
Extra week impact			~(1.2%)	~1.2%				
Acquisitions		0.2%	0.1%		(1.4%)	(2.7%)	(3.3%)	(0.2%)
Organic sales change ⁽¹⁾		5.1%	4.4%	5.2%	5.5%	4.2%	4.1%	5.8%

Retail Branding & Information Solutions	2012	2013	2014	2015	2016	2017	9 mo. '17	9 mo. '18
Net sales	\$1,462.6	\$1,534.9	\$1,516.0	\$1,443.4	\$1,445.4	\$1,511.2	\$1,115.7	\$1,201.1
Reported sales change		4.9%	(1.2%)	(4.8%)	0.1%	4.6%	4.3%	7.7%
Foreign currency translation			0.9%	3.9%	1.8%	0.4%	0.8%	(0.7%)
Sales change ex. currency ⁽¹⁾		4.9%	(0.3%)	(0.9%)	1.9%	5.0%	5.1%	7.0%
Extra week impact			~(1.2%)	~1.2%				
Product line divestiture				2.4%	1.6%			
Organic sales change ⁽¹⁾		4.9%	(1.6%)	2.7%	3.5%	5.0%	5.1%	7.0%

Industrial and Healthcare Materials	2012	2013	2014	2015	2016	2017	9 mo. '17	9 mo. '18
Net sales	\$ 441.1	\$ 467.8	\$ 515.6	\$ 491.4	\$ 453.8	\$ 590.9	\$ 412.8	\$ 519.5
Reported sales change		6.1%	10.2%	(4.7%)	(7.7%)	30.2%	20.5%	25.8%
Foreign currency translation		0.4%	0.8%	8.7%	1.7%	(0.4%)	0.6%	(3.2%)
Sales change ex. currency ⁽¹⁾		6.5%	11.0%	4.0%	(6.0%)	29.9%	21.0%	22.7%
Extra week impact			~(1.2%)	~1.2%				
Acquisitions		0.9%			(1.6%)	(27.9%)	(20.3%)	(21.1%)
Organic sales change ⁽¹⁾		7.4%	9.9%	5.2%	(7.5%)	2.0%	0.7%	1.6%

(1) Totals may not sum due to rounding and other factors.

Adjusted Net Income and Adjusted EPS

Net Income

(\$ in millions)

	2013	2014	2015	2016	2017	9 mo. '17	9 mo. '18
As reported net income from continuing operations	\$241.7	\$247.3	\$274.4	\$320.7	\$281.8	\$ 341.4	\$ 370.3
Adjustments ⁽¹⁾	\$ 2.6	\$ 3.8	\$ (0.6)	n/a	n/a	n/a	n/a
Previously reported net income from continuing operations	244.3	251.1	273.8	320.7	281.8	341.4	370.3
Non-GAAP adjustments:							
Restructuring charges and other items	\$ 36.6	\$ 68.2	\$ 68.3	\$ 65.2	\$ 36.5	\$ 27.5	\$ 43.3
Tax effect of pre-tax adjustments and impact of adjusted tax rate	\$ (12.3)	\$ (21.3)	\$ (22.6)	\$ (21.4)	\$ (10.2)	\$ (37.9)	\$ (9.4)
Estimated tax provision impact resulting from the TCJA ⁽²⁾					\$172.0		
Impact of previously planned repatriation of foreign earnings for Q4 2017					\$ (29.4)		
Adjusted Net Income from Continuing Operations (non-GAAP)	\$268.6	\$298.0	\$319.5	\$364.5	\$450.7	\$ 331.0	\$ 404.2

EPS

	2013	2014	2015	2016	2017	9 mo. '17	9 mo. '18
As reported net income per common share from continuing operations, assuming dilution	\$ 2.41	\$ 2.58	\$ 2.95	\$ 3.54	\$ 3.13	\$ 3.79	\$ 4.16
Adjustments ⁽¹⁾	\$ 0.03	\$ 0.04	\$ -	n/a	n/a	n/a	n/a
Previously reported net income per common share from continuing operations, assuming dilution	\$ 2.44	\$ 2.62	\$ 2.95	\$ 3.54	\$ 3.13	\$ 3.79	\$ 4.16
Non-GAAP adjustments per common share, net of tax:							
Restructuring charges and other items	\$ 0.24	\$ 0.49	\$ 0.49	\$ 0.48	\$ 0.29	\$ (0.12)	\$ 0.38
Estimated tax provision impact resulting from the TCJA ⁽²⁾					\$ 1.91		
Impact of previously planned repatriation of foreign earnings for Q4 2017					\$ (0.33)		
Adjusted Net Income per Common Share from Continuing Operations, assuming dilution (non-GAAP)	\$ 2.68	\$ 3.11	\$ 3.44	\$ 4.02	\$ 5.00	\$ 3.67	\$ 4.54

2014-2017

4-Yr CAGR

16.9%

(1) GAAP adjustments for 2013-2015 reflect the previously disclosed impact of the third quarter of 2015 revision to certain benefit plan balances, which had an immaterial impact on the non-GAAP amounts.

(2) Our income tax provision for fiscal year 2017 includes the provisional estimated impact of the TCJA. The TCJA significantly revises U.S. corporate income tax law by, among other changes, lowering corporate income tax rates, implementing a territorial tax regime, and imposing a one-time transition tax through a deemed repatriation of accumulated untaxed earnings and profits of foreign subsidiaries. This provision includes a reasonable estimate ("provisional amount") of the impact of the TCJA on our tax provision following the guidance of SEC Staff Accounting Bulletin No. 118 (SAB 118).

Adjusted Operating Margin – Avery Dennison

Avery Dennison

(\$ in millions)

	2013	2014	2015	2016	2017	9 mo. '17	9 mo. '18
Net sales	\$6,140.0	\$6,330.3	\$5,966.9	\$6,086.5	\$6,613.8	\$4,878.5	\$5,390.3
Operating income from continuing operations before interest expense, other non-operating expense and taxes, as reported ⁽¹⁾	\$ 440.5	\$ 446.3	\$ 493.5	\$ 590.2	\$ 670.5	\$ 495.0	\$ 524.1
Adjustments ⁽²⁾	\$ (4.8)	\$ 3.6	\$ (1.0)	n/a	n/a	n/a	n/a
Operating income from continuing operations before interest expense, other non-operating expense and taxes, previously reported	\$ 435.7	\$ 449.9	\$ 492.5	\$ 590.2	\$ 670.5	\$ 495.0	\$ 524.1
Operating margins, as reported	7.2%	7.1%	8.3%	9.7%	10.1%	10.1%	9.7%
<u>Non-GAAP adjustments:</u>							
Restructuring charges:							
Severance and related costs	\$ 27.2	\$ 54.7	\$ 52.5	\$ 14.7	\$ 31.2	\$ 21.7	\$ 56.0
Asset impairment and lease cancellation charges	\$ 13.1	\$ 11.4	\$ 7.0	\$ 5.2	\$ 2.2	\$ 2.1	\$ 9.7
Other items	\$ (2.1)	\$ 0.5	\$ 5.0	\$ 3.9	\$ 3.1	\$ 3.7	\$ 1.2
Adjusted operating income from continuing operations before interest expense, other non-operating expense and taxes (non-GAAP)	\$ 473.9	\$ 516.5	\$ 557.0	\$ 614.0	\$ 707.0	\$ 522.5	\$ 591.0
Adjusted operating margins (non-GAAP)	7.7%	8.2%	9.3%	10.1%	10.7%	10.7%	11.0%

(1) In the first quarter of 2018, we adopted Accounting Standards Update (ASU) No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, on a retrospective basis. This ASU requires employers with defined benefit plans to present the components of net periodic benefit cost other than service cost, outside of operating income. Prior year results have been reclassified as required by the ASU.

(2) GAAP adjustments for 2013-2015 reflect the previously disclosed impact of the third quarter of 2015 revision to certain benefit plan balances, which had an immaterial impact on the non-GAAP amounts.

Adjusted Operating Margin – LGM

Label and Graphic Materials

(\$ in millions)

	2013	2014	2015	2016	2017	9 mo. '17	9 mo. '18
Net sales	\$4,137.3	\$4,298.7	\$4,032.1	\$4,187.3	\$4,511.7	\$3,350.0	\$3,669.7
Operating income from continuing operations before interest expense, other non-operating expense and taxes, as reported ⁽¹⁾	\$ 419.4	\$ 409.4	\$ 464.6	\$ 522.0	\$ 577.4	\$ 436.6	\$ 418.1
Operating margins, as reported	10.1%	9.5%	11.5%	12.5%	12.8%	13.0%	11.4%
Non-GAAP adjustments:							
Restructuring charges:							
Severance and related costs	\$ 6.9	\$ 38.2	\$ 12.8	\$ 5.8	\$ 14.5	\$ 9.6	\$ 48.7
Asset impairment and lease cancellation charges	\$ 3.7	\$ 1.9	\$ 0.8	\$ 2.7	\$ 0.3	\$ 0.3	\$ 7.2
Other items	\$ -	\$ -	\$ (1.7)	\$ 4.5	\$ (0.3)	\$ 0.5	\$ 4.0
Adjusted operating income from continuing operations before interest expense, other non-operating expense and taxes (non-GAAP)	\$ 430.0	\$ 449.5	\$ 476.5	\$ 535.0	\$ 591.9	\$ 447.0	\$ 478.0
Adjusted operating margins (non-GAAP)	10.4%	10.5%	11.8%	12.8%	13.1%	13.3%	13.0%

(1) In the first quarter of 2018, we adopted Accounting Standards Update (ASU) No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, on a retrospective basis. This ASU requires employers with defined benefit plans to present the components of net periodic benefit cost other than service cost, outside of operating income. Prior year results have been reclassified as required by the ASU.

Adjusted Operating Margin – RBIS

Retail Branding and Information Solutions

(\$ in millions)

	2013	2014	2015	2016	2017	9 mo. '17	9 mo. '18
Net sales	\$1,534.9	\$1,516.0	\$1,443.4	\$1,445.4	\$1,511.2	\$1,115.7	\$1,201.1
Operating income from continuing operations before interest expense, other non-operating expense and taxes, as reported ⁽¹⁾	\$ 65.9	\$ 73.3	\$ 59.2	\$ 105.0	\$ 126.7	\$ 82.9	\$ 122.4
Operating margins, as reported	4.3%	4.8%	4.1%	7.3%	8.4%	7.4%	10.2%
<u>Non-GAAP adjustments:</u>							
Restructuring charges:							
Severance and related costs	\$ 19.6	\$ 16.0	\$ 34.1	\$ 8.4	\$ 16.5	\$ 11.9	\$ 7.1
Asset impairment and lease cancellation charges	\$ 8.5	\$ 5.3	\$ 1.6	\$ 2.1	\$ 1.9	\$ 1.8	\$ 2.5
Other items	\$ (6.9)	\$ 0.5	\$ 6.5	\$ (0.7)	\$ (0.3)	\$ 0.3	\$ (0.5)
Adjusted operating income from continuing operations before interest expense, other non-operating expense and taxes (non-GAAP)	\$ 87.1	\$ 95.1	\$ 101.4	\$ 114.8	\$ 144.8	\$ 96.9	\$ 131.5
Adjusted operating margins (non-GAAP)	5.7%	6.3%	7.0%	7.9%	9.6%	8.7%	10.9%

(1) In the first quarter of 2018, we adopted Accounting Standards Update (ASU) No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, on a retrospective basis. This ASU requires employers with defined benefit plans to present the components of net periodic benefit cost other than service cost, outside of operating income. Prior year results have been reclassified as required by the ASU.

Adjusted Operating Margin – IHM

Industrial and Healthcare Materials

(\$ in millions)

	2013	2014	2015	2016	2017	9 mo. '17	9 mo. '18
Net sales	\$ 467.8	\$ 515.6	\$ 491.4	\$ 453.8	\$ 590.9	\$ 412.8	\$ 519.5
Operating income from continuing operations before interest expense, other non-operating expense and taxes, as reported ⁽¹⁾	\$ 42.1	\$ 47.6	\$ 59.6	\$ 56.1	\$ 52.6	\$ 39.1	\$ 44.9
Operating margins, as reported	9.0%	9.2%	12.1%	12.4%	8.9%	9.5%	8.6%
Non-GAAP adjustments:							
Restructuring charges:							
Severance and related costs	\$ 0.4	\$ 0.1	\$ 3.4	\$ 0.5	\$ 0.2	\$ 0.2	\$ 0.2
Asset impairment and lease cancellation charges	\$ 0.3	\$ 4.2	\$ 4.6	\$ 0.4	\$ -	\$ -	\$ -
Other items	\$ -	\$ -	\$ -	\$ 1.0	\$ 3.5	\$ 2.9	\$ -
Adjusted operating income from continuing operations before interest expense, other non-operating expense and taxes (non-GAAP)	\$ 42.8	\$ 51.9	\$ 67.6	\$ 58.0	\$ 56.3	\$ 42.2	\$ 45.1
Adjusted operating margins (non-GAAP)	9.1%	10.1%	13.8%	12.8%	9.5%	10.2%	8.7%

(1) In the first quarter of 2018, we adopted Accounting Standards Update (ASU) No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, on a retrospective basis. This ASU requires employers with defined benefit plans to present the components of net periodic benefit cost other than service cost, outside of operating income. Prior year results have been reclassified as required by the ASU.

Return on Total Capital (ROTC)

(\$ in millions)							Adjusted ROTC (excludes net impact of TCJA)
	2012	2013	2014	2015	2016	2017	2017
As reported net income from continuing operations		\$ 241.7	\$ 247.3	\$ 274.4	\$ 320.7	\$ 281.8	\$ 281.8
Estimated tax provision impact resulting from the TCJA ⁽¹⁾							\$ 172.0
Impact of previously planned repatriation of foreign earnings for Q4 2017							\$ (29.4)
Interest expense, net of tax benefit		\$ 40.2	\$ 43.4	\$ 40.6	\$ 40.3	\$ 30.1	\$ 45.4
Effective Tax Rate		34.0%	31.5%	32.9%	32.8%	52.2%	28.0%
Income from continuing operations, excluding expense and tax benefit of debt financing (non-GAAP)		\$ 281.9	\$ 290.7	\$ 315.0	\$ 361.0	\$ 311.9	\$ 469.8
Total debt	\$ 1,217.8	\$ 1,021.5	\$ 1,144.4	\$ 1,058.9	\$ 1,292.5	\$ 1,581.7	\$ 1,581.7
Shareholders' equity	\$ 1,536.6	\$ 1,468.1	\$ 1,047.7	\$ 965.7	\$ 925.5	\$ 1,046.2	\$ 1,046.2
Estimated tax provision impact resulting from the TCJA ⁽¹⁾							\$ 172.0
Impact of previously planned repatriation of foreign earnings for Q4 2017							\$ (29.4)
Total debt and shareholders' equity	\$ 2,754.4	\$ 2,489.6	\$ 2,192.1	\$ 2,024.6	\$ 2,218.0	\$ 2,627.9	\$ 2,770.5
Return on Total Capital (ROTC) (non-GAAP)		10.8%	12.4%	14.9%	17.0%	12.9%	18.8%

(1) Our income tax provision for fiscal year 2017 includes the provisional estimated impact of the TCJA. The TCJA significantly revises U.S. corporate income taxation, among other changes, lowering corporate income tax rates, implementing a territorial tax regime, and imposing a one-time transition tax through a deemed repatriation of accumulated untaxed earnings and profits of foreign subsidiaries. This provision includes a reasonable estimate ("provisional amount") of the impact of the TCJA on our tax provision following the guidance of SEC Staff Accounting Bulletin No. 118 (SAB 118).

Free Cash Flow

(\$ in millions)	2013	2014	2015	2016	2017
Net cash provided by operating activities ⁽¹⁾	\$ 318.6	\$ 353.3	\$ 472.5	\$ 582.1	\$ 645.7
Purchases of property, plant and equipment	(129.2)	(147.9)	(135.8)	(176.9)	(190.5)
Purchases of software and other deferred charges	(52.2)	(27.1)	(15.7)	(29.7)	(35.6)
Proceeds from sales of property, plant and equipment	38.7	4.3	7.6	8.5	6.0
Sales (purchases) of investments and proceeds from insurance, net ⁽¹⁾	1.1	1.9	0.7	3.1	(3.9)
Plus: Charitable contribution to Avery Dennison Foundation utilizing proceeds from divestitures	10.0	-	-	-	-
Plus: Discretionary pension plan contributions utilizing proceeds from divestitures	50.1	-	-	-	-
Plus: divestiture-related payments and free cash outflow from discontinued operations	92.7	0.2	0.1	-	-
Free Cash Flow - Continuing Operations (non-GAAP)	\$ 329.8	\$ 184.7	\$ 329.4	\$ 387.1	\$ 421.7

(1) In the first quarter of 2018, we adopted ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, on a retrospective basis. This ASU reduces the diversity in the presentation and classification of certain cash receipts and cash payments in the statement of cash flows. Prior year results have been reclassified as required by the ASU.

Net Debt to Adjusted EBITDA

(\$ in millions)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	4-pt Avg.
Net sales	\$1,485.5	\$1,541.5	\$1,508.7	\$1,550.8	\$1,572.1	\$1,626.9	\$1,679.5	\$1,735.3	
As reported net income (loss)	\$ 89.6	\$ 80.0	\$ 89.1	\$ 62.0	\$ 112.2	\$ 120.9	\$ 108.3	\$ (59.6)	
Interest expense	\$ 15.3	\$ 15.4	\$ 14.7	\$ 14.5	\$ 16.7	\$ 16.2	\$ 16.8	\$ 13.3	
Other non-operating expense ⁽¹⁾	\$ 3.4	\$ 46.2	\$ 3.6		\$ 3.5	\$ 5.9	\$ 3.7	\$ 4.9	
Income taxes	\$ 33.9	\$ 19.3	\$ 38.9	\$ 64.3	\$ 23.7	\$ 28.6	\$ 38.5	\$ 216.9	
Operating income from continuing operations before interest expense, other non-operating expense and taxes	\$ 142.2	\$ 160.9	\$ 146.3	\$ 140.8	\$ 156.1	\$ 171.6	\$ 167.3	\$ 175.5	
Non-GAAP Adjustments:									
Restructuring charges:									
Severance and related costs	\$ 5.2	\$ 3.6	\$ 1.9	\$ 4.0	\$ 5.7	\$ 7.3	\$ 8.7	\$ 9.5	
Asset impairment and lease cancellation charges	\$ 0.4	\$ 2.8	\$ 0.7	\$ 1.3	\$ -	\$ 0.3	\$ 1.8	\$ 0.1	
Other items	\$ -	\$ 2.4	\$ 2.0	\$ (0.5)	\$ 0.8	\$ 2.6	\$ 0.3	\$ (0.6)	
Adjusted operating income from continuing operations before interest expense, other non-operating expense and taxes (non-GAAP)	\$ 147.8	\$ 169.7	\$ 150.9	\$ 145.6	\$ 162.6	\$ 181.8	\$ 178.1	\$ 184.5	
Depreciation	\$ 29.0	\$ 29.6	\$ 30.2	\$ 28.7	\$ 28.8	\$ 30.9	\$ 32.9	\$ 34.0	
Amortization	\$ 15.3	\$ 15.5	\$ 15.9	\$ 15.9	\$ 15.8	\$ 15.3	\$ 11.1	\$ 9.9	
Adjusted net income before interest, other non-operating expense, taxes, depreciation & amortization ("EBITDA") (non-GAAP)	\$ 192.1	\$ 214.8	\$ 197.0	\$ 190.2	\$ 207.2	\$ 228.0	\$ 222.1	\$ 228.4	
Total Debt	\$1,228.2	\$1,161.9	\$1,300.6	\$1,292.5	\$1,583.4	\$1,720.3	\$1,681.4	\$1,581.7	
Less: Cash and cash equivalents	\$ 169.6	\$ 216.1	\$ 189.4	\$ 195.1	\$ 294.9	\$ 209.4	\$ 232.3	\$ 224.4	
Net Debt	\$1,058.6	\$ 945.8	\$1,111.2	\$1,097.4	\$1,288.5	\$1,510.9	\$1,449.1	\$1,357.3	
Net Debt to Adjusted LTM* EBITDA (Non-GAAP)					1.6	1.8	1.7	1.5	1.7

*LTM = Last twelve months

(1) In the first quarter of 2018, we adopted Accounting Standards Update (ASU) No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, on a retrospective basis. This ASU requires employers with defined benefit plans to present the components of net periodic benefit cost other than service cost, outside of operating income. Prior year results have been reclassified as required by the ASU.

