Supplemental Historical Results

Reclassified for the adoption of ASU 2017-07 related to pension accounting (unaudited)

April 25, 2018

<u>**Use of Non-GAAP Financial Measures**</u>

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:

• *Organic sales change* refers to the increase or decrease in sales excluding the estimated impact of foreign currency translation, product line exits, acquisitions and divestitures, and, where applicable, the extra week in our fiscal year.
• *Adjusted operating income* refers to income before interest expense, other non-operating expense, and taxes, excluding restructuring charges and other items.
• *Adjusted operating margin* refers to adjusted operating income as a percentage of sales.

The following reconciliations are provided in accordance with Regulations G and reconcile our non-GAAP financial measures with the most directly comparable GAAP financial measures.

Historical summary

Avery Dennison Corporation

Results from Continuing Operations ($ in millions)

	FY13	FY14	FY15	FY16	1Q17	2Q17	3Q17	4Q17	FY17
Label and Graphic Materials									
Reported sales	$ 4,137.3	$ 4,298.7	$ 4,032.1	$ 4,187.3	$ 1,089.6	$ 1,123.1	$ 1,137.3	$ 1,161.7	$ 4,511.7
Organic sales change (non-GAAP)	5.1%	4.4%	5.2%	5.5%	4.9%	2.3%	5.1%	4.6%	4.2%
Adjusted operating income (non-GAAP)[1]	$ 430.0	$ 449.5	$ 476.5	$ 535.0	$ 139.9	$ 156.4	$ 150.7	$ 144.9	$ 591.9
Adjusted operating margin (non-GAAP)[1]	10.4%	10.5%	11.8%	12.8%	12.8%	13.9%	13.3%	12.5%	13.1%
Adjusted operating margin (non-GAAP), previously reported [1]	10.2%	10.2%	11.5%	12.6%	12.7%	13.6%	13.1%	12.2%	12.9%
Retail Branding and Information Solutions									
Reported sales	$ 1,534.9	$ 1,516.0	$ 1,443.4	$ 1,445.4	$ 366.8	$ 375.1	$ 373.8	395.5	$ 1,511.2
Organic sales change (non-GAAP)	4.9%	(1.6%)	2.7%	3.5%	2.9%	5.8%	6.5%	4.7%	5.0%
Adjusted operating income (non-GAAP)[1]	$ 87.1	$ 95.1	$ 101.4	$ 114.8	$ 31.1	$ 32.3	$ 33.5	47.9	$ 144.8
Adjusted operating margin (non-GAAP)[1]	5.7%	6.3%	7.0%	7.9%	8.5%	8.6%	9.0%	12.1%	9.6%
Adjusted operating margin (non-GAAP), previously reported [1]	5.5%	6.0%	6.7%	7.8%	8.3%	8.3%	8.7%	11.9%	9.3%
Industrial and Healthcare Materials									
Reported sales	$ 467.8	$ 515.6	$ 491.4	$ 453.8	$ 115.7	$ 128.7	$ 168.4	178.1	$ 590.9
Organic sales change (non-GAAP)	7.4%	9.9%	5.2%	(7.5%)	(1.3%)	(0.1%)	3.5%	5.7%	2.0%
Adjusted operating income (non-GAAP)[1]	$ 42.8	$ 51.9	$ 67.6	$ 58.0	$ 13.7	$ 14.1	$ 14.4	14.1	$ 56.3
Adjusted operating margin (non-GAAP)[1]	9.1%	10.1%	13.8%	12.8%	11.8%	11.0%	8.6%	7.9%	9.5%
Adjusted operating margin (non-GAAP), previously reported [1]	8.8%	9.6%	13.2%	12.5%	11.5%	10.4%	8.3%	7.6%	9.2%
Corporate expense (non-GAAP)[1]	$ (86.0)	$ (80.0)	$ (88.5)	$ (93.8)	$ (22.1)	$ (21.0)	$ (20.5)	(22.4)	$ (86.0)
Total Company									
Reported sales	$ 6,140.0	$ 6,330.3	$ 5,966.9	$ 6,086.5	$ 1,572.1	$ 1,626.9	$ 1,679.5	$ 1,735.3	$ 6,613.8
Organic sales change (non-GAAP)	4.8%	3.1%	4.6%	3.9%	3.9%	2.9%	5.3%	4.7%	4.2%
Adjusted operating income (non-GAAP)[1]	$ 473.9	$ 516.5	$ 557.0	$ 614.0	$ 162.6	$ 181.8	$ 178.1	$ 184.5	$ 707.0
Adjusted operating margin (non-GAAP)[1]	7.7%	8.2%	9.3%	10.1%	10.3%	11.2%	10.6%	10.6%	10.7%
Adjusted operating margin (non-GAAP), previously reported [1]	7.5%	7.8%	9.0%	9.9%	10.1%	10.8%	10.4%	10.3%	10.4%

[1] Excludes severance and related costs, asset impairment and lease cancellation charges, and other items.

Reconciliation of GAAP to Non-GAAP financial measures

$ in millions

Total Company

Reconciliation of operating margins:

	FY13	FY14	FY15	FY16	1Q17	2Q17	3Q17	4Q17	FY17
Net sales	$ 6,140.0	$ 6,330.3	$ 5,966.9	$ 6,086.5	$ 1,572.1	$ 1,626.9	$ 1,679.5	$ 1,735.3	$ 6,613.8
Operating income, as reported	440.5	446.3	493.5	590.2	156.1	171.6	167.3	175.5	670.5
Adjustments[1]	(4.8)	3.6	(1.0)	n/a	n/a	n/a	n/a	n/a	n/a
Operating income, as previously reported	435.7	449.9	492.5	n/a	n/a	n/a	n/a	n/a	n/a
Non-GAAP adjustments:									
Severance and related costs	27.2	54.7	52.5	14.7	5.7	7.3	8.7	9.5	31.2
Asset impairment and lease cancellation charges	13.1	11.4	7.0	5.2	-	0.3	1.8	0.1	2.2
Other items	(2.1)	0.5	5.0	3.9	0.8	2.6	0.3	(0.6)	3.1
Adjusted operating income (non-GAAP)	$ 473.9	$ 516.5	$ 557.0	$ 614.0	$ 162.6	$ 181.8	$ 178.1	$ 184.5	$ 707.0
Operating margins	7.2%	7.1%	8.3%	9.7%	9.9%	10.5%	10.0%	10.1%	10.1%
Adjusted operating margins (non-GAAP)	7.7%	8.2%	9.3%	10.1%	10.3%	11.2%	10.6%	10.6%	10.7%

Reconciliation of Corporate expense:

	FY13	FY14	FY15	FY16	1Q17	2Q17	3Q17	4Q17	FY17
Corporate expense, as reported	$ (86.9)	$ (84.0)	$ (89.9)	$ (92.9)	$ (22.1)	$ (21.0)	$ (20.5)	$ (22.6)	$ (86.2)
Adjustments[1]	(4.8)	3.6	(1.0)	n/a	n/a	n/a	n/a	n/a	n/a
Corporate expense, as previously reported	(91.7)	(80.4)	(90.9)	n/a	n/a	n/a	n/a	n/a	n/a
Non-GAAP adjustments:									
Severance and related costs	0.3	0.4	2.2	-	-	-	-	-	-
Asset impairment and lease cancellation charges	0.6	-	-	-	-	-	-	-	-
Other items	4.8	-	0.2	(0.9)	-	-	-	0.2	0.2
Corporate expense (non-GAAP)	$ (86.0)	$ (80.0)	$ (88.5)	$ (93.8)	$ (22.1)	$ (21.0)	$ (20.5)	$ (22.4)	$ (86.0)

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

AVERY DENNISON

Segment Reconciliation of GAAP to Non-GAAP financial measures

$ in millions

Label and Graphic Materials
Reconciliation of operating margins:

	FY13	FY14	FY15	FY16	1Q17	2Q17	3Q17	4Q17	FY17
Net sales	$ 4,137.3	$ 4,298.7	$ 4,032.1	$ 4,187.3	$ 1,089.6	$ 1,123.1	$ 1,137.3	$ 1,161.7	$ 4,511.7
Operating income, as reported	419.4	409.4	464.6	522.0	137.7	151.4	147.5	140.8	577.4
Non-GAAP adjustments:									
Severance and related costs	6.9	38.2	12.8	5.8	2.0	4.7	2.9	4.9	14.5
Asset impairment and lease cancellation charges	3.7	1.9	0.8	2.7	-	0.1	0.2	-	0.3
Other items	-	-	(1.7)	4.5	0.2	0.2	0.1	(0.8)	(0.3)
Adjusted operating income (non-GAAP)	$ 430.0	$ 449.5	$ 476.5	$ 535.0	$ 139.9	$ 156.4	$ 150.7	$ 144.9	$ 591.9
Operating margins	10.1%	9.5%	11.5%	12.5%	12.6%	13.5%	13.0%	12.1%	12.8%
Adjusted operating margins (non-GAAP)	10.4%	10.5%	11.8%	12.8%	12.8%	13.9%	13.3%	12.5%	13.1%

Retail Branding and Information Solutions
Reconciliation of operating margins:

	FY13	FY14	FY15	FY16	1Q17	2Q17	3Q17	4Q17	FY17
Net sales	$ 1,534.9	$ 1,516.0	$ 1,443.4	$ 1,445.4	$ 366.8	$ 375.1	$ 373.8	$ 395.5	$ 1,511.2
Operating income, as reported	65.9	73.3	59.2	105.0	27.3	29.5	26.1	43.8	126.7
Non-GAAP adjustments:									
Severance and related costs	19.6	16.0	34.1	8.4	3.5	2.6	5.8	4.6	16.5
Asset impairment and lease cancellation charges	8.5	5.3	1.6	2.1	-	0.2	1.6	0.1	1.9
Other items	(6.9)	0.5	6.5	(0.7)	0.3	-	-	(0.6)	(0.3)
Adjusted operating income (non-GAAP)	$ 87.1	$ 95.1	$ 101.4	$ 114.8	$ 31.1	$ 32.3	$ 33.5	$ 47.9	$ 144.8
Operating margins	4.3%	4.8%	4.1%	7.3%	7.4%	7.9%	7.0%	11.1%	8.4%
Adjusted operating margins (non-GAAP)	5.7%	6.3%	7.0%	7.9%	8.5%	8.6%	9.0%	12.1%	9.6%

Industrial and Healthcare Materials
Reconciliation of operating margins:

	FY13	FY14	FY15	FY16	1Q17	2Q17	3Q17	4Q17	FY17
Net sales	$ 467.8	$ 515.6	$ 491.4	$ 453.8	$ 115.7	$ 128.7	$ 168.4	$ 178.1	$ 590.9
Operating income, as reported	42.1	47.6	59.6	56.1	13.2	11.7	14.2	13.5	52.6
Non-GAAP adjustments:									
Severance and related costs	0.4	0.1	3.4	0.5	0.2	-	-	-	0.2
Asset impairment and lease cancellation charges	0.3	4.2	4.6	0.4	-	-	-	-	-
Other items	-	-	-	1.0	0.3	2.4	0.2	0.6	3.5
Adjusted operating income (non-GAAP)	$ 42.8	$ 51.9	$ 67.6	$ 58.0	$ 13.7	$ 14.1	$ 14.4	$ 14.1	$ 56.3
Operating margins	9.0%	9.2%	12.1%	12.4%	11.4%	9.1%	8.4%	7.6%	8.9%
Adjusted operating margins (non-GAAP)	9.1%	10.1%	13.8%	12.8%	11.8%	11.0%	8.6%	7.9%	9.5%