

# Investor Presentation

May 2020



## 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. We believe that the most significant risk factors that could affect our financial performance in the near-term include: (1) the impacts to our business from global economic conditions, political uncertainty, and changes in governmental regulations, including as a result of the coronavirus/COVID-19 pandemic; (2) competitors' actions, including pricing, expansion in key markets, and product offerings; (3) 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 (4) the execution and integration of acquisitions.

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: the coronavirus/COVID-19 pandemic; fluctuations in demand affecting sales to customers; worldwide and local economic and market conditions; changes in political conditions; fluctuations in foreign currency exchange rates and other risks associated with foreign operations, including in emerging markets; changes in our markets due to competitive conditions, technological developments, laws and regulations, and customer preferences; fluctuations in the cost and availability of raw materials and energy; changes in governmental laws and regulations; the impact of competitive products and pricing; the financial condition and inventory strategies of customers; our ability to generate sustained productivity improvement; our ability to achieve and sustain targeted cost reductions; loss of significant contracts or customers; collection of receivables from customers; selling prices; business mix shift; execution and integration of acquisitions; 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; amounts of future dividends and share repurchases; customer and supplier concentrations or consolidations; fluctuations in interest and 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; 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; the realization of deferred tax assets; fluctuations in interest rates; compliance with our debt covenants; fluctuations in pension, insurance, and employee benefit costs; goodwill impairment; the impact of legal and regulatory proceedings, including with respect to environmental, health and safety, anti-corruption and trade compliance; 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.

For a more detailed discussion of the more significant of these factors, see "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" in our 2019 Form 10-K, filed with the Securities and Exchange Commission on February 26, 2020, 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 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. 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

- #1 player in primary businesses, leveraging strong competitive advantages in large, growing, diverse end markets
- Catalysts for consistent GDP+ growth with top-quartile returns
- **Successfully executing key strategies:**
  - Driving outsized growth in high value categories
  - Growing profitably in our base business
  - Attaining ambitious 2025 sustainability goals
- **Relentless focus on innovation, productivity, and highly disciplined capital allocation... driving consistent progress toward achievement of long-term goals**



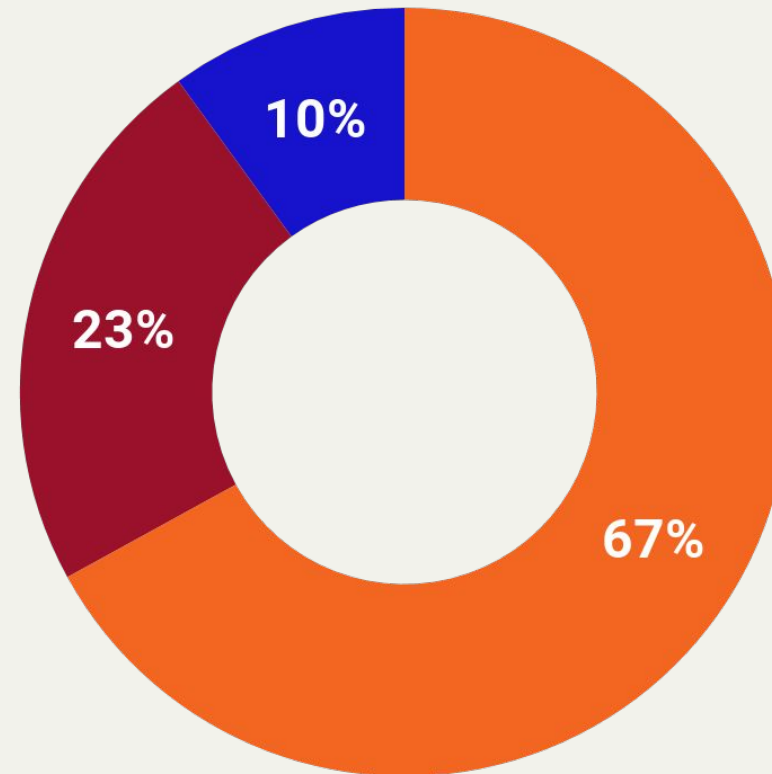
## Key takeaways for the short-term

- **Safety and well-being of our employees is our top priority during global health crisis**
- **Early stages of this downturn playing out differently than past recessions**
  - Label and Packaging Materials (LPM) largely serves essential categories that have experienced higher demand during pandemic
  - RBIS demand impacted by retail store and apparel manufacturing closures; expect biggest impact in Q2
- **Actively managing dynamic environment; updated our scenario plans to reflect unique aspects of pandemic**
- **Despite different nature of this downturn, business remains resilient**
  - Free cash flow strong across wide range of scenarios... targeting \$500+ mil. for 2020 and 2021
  - Historically, business has rebounded quickly in the year following recession
- **Strong balance sheet (net debt to adj. EBITDA ratio of 2.0); past scenario planning has ensured ample liquidity**
- **Strategic priorities are unchanged; ringfencing key investments in high value categories, including RFID, while driving long-term profitable growth of the base**

## Avery Dennison at a glance

- **Recognized industry leader**
  - More than 30,000 employees
  - Operations in more than 50 countries
  - Manufacturer of pressure-sensitive adhesive materials for diverse end markets, as well as converted products (tickets, tags and labels) for retail apparel and other end markets
- **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<sup>(1)</sup>



- **LGM**  
Label and Graphic Materials
- **RBIS**  
Retail Branding and Information Solutions
- **IHM**  
Industrial and Healthcare Materials

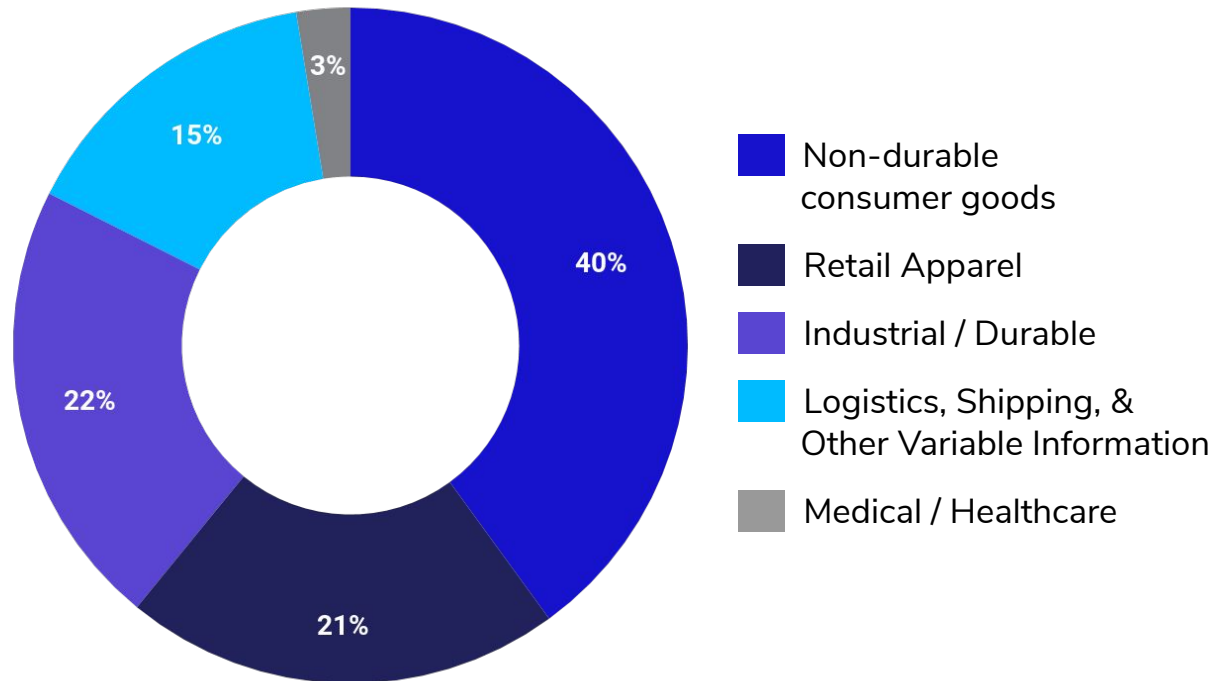
**2019 Net Sales**  
**\$7.1 billion**

<sup>(1)</sup> Pie chart based on FY 2019 net sales



# Broad exposure to diverse end markets, with ~60% tied to non-durable consumer goods, logistics & shipping, and medical products

## 2019 Sales by Product Category



### Recent / near-term implications:

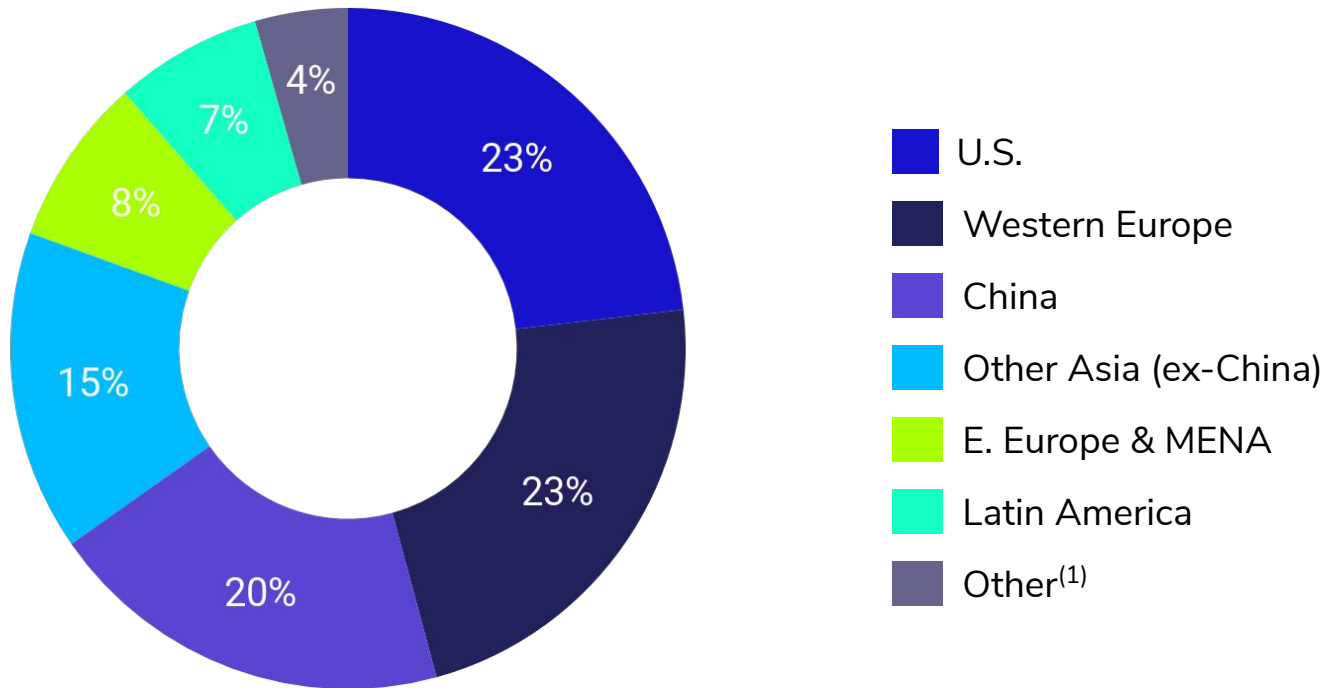
Increased demand for label materials driven by surge in spending on non-durable consumer goods, reflecting both higher consumption of packaged goods for the home, as well as inventory stocking (both pantry loading as well as inventory building along the supply chain)

Increase in e-commerce benefits our businesses serving variable information needs, including RFID

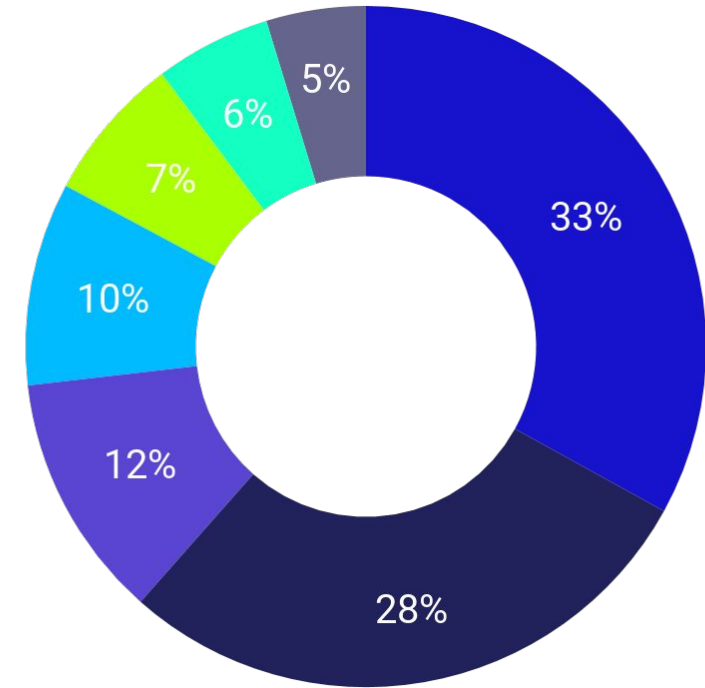
Significant decline in orders for Retail Apparel and Graphics, with ongoing pressure on other Industrial / Durable categories

# Diversified geographic exposure

## 2019 Sales by Manufacturing Location



## 2019 Sales by End Market, estimated



<sup>(1)</sup> Other includes Canada, South Africa, Australia, and New Zealand

# Catalysts for consistent GDP+ top line growth

**High Value Categories**  
~\$2.7B

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

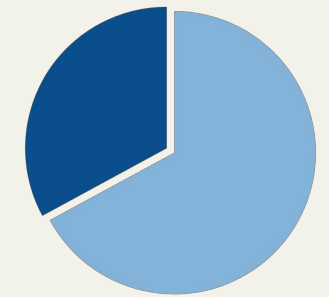
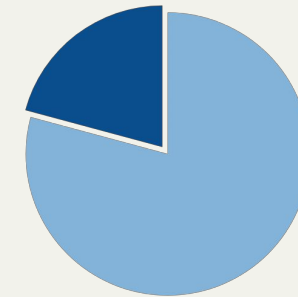
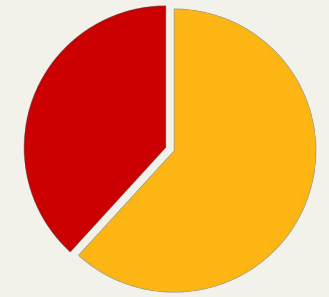
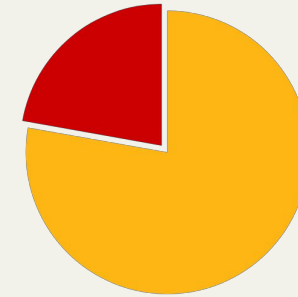
**Emerging Markets**  
~\$2.3B<sup>(2)</sup>

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

Portfolio Shift (% of total sales<sup>(1)</sup>)

2010

2019



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

<sup>(1)</sup> Constant currency

<sup>(2)</sup> Approximately one-third of emerging market sales are in high value categories, which are included in the ~\$2.7B above.



## Progress vs. Long-Term Financial Targets

	2017 – 2021 TARGETS	2017 – 2019 RESULTS
Sales Growth	4%+ Organic <sup>(1)</sup> 5%+ Ex. Currency <sup>(1,2)</sup>	3.9% Organic <sup>(3)</sup> 5.7% Ex. Currency <sup>(3)</sup>
Operating Margin	11%+ in 2021	10.9% in 2019 Adj <sup>(4)</sup> : 11.7% in 2019
Adjusted EPS Growth	10%+ <sup>(1)</sup>	18.0% <sup>(3)</sup>
Return on Total Capital (ROTC)	17%+ in 2021	11.9% in 2019 Adj <sup>(5)</sup> : 19.6% in 2019
Net Debt to Adjusted EBITDA	2.3x to 2.6x <sup>(6)</sup>	1.7x at Y/E 2019

- First committed externally to long-term targets in 2012
- Targets designed to deliver above-average cumulative EVA growth vs. capital market peers and superior TSR
- Substantially met or exceeded all long-term goals for last two cycles (2012-2015 and 2014-2018)

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

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

(3) Reflects three-year compound annual growth rate, with 2016 as the base period

(4) Excluding restructuring charges and other items

(5) Excluding impact of U.S. pension plan termination

(6) 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.

## Disciplined approach to capital allocation

<b>5-Year Capital Deployment</b> (\$ in millions)	<b>2017 – 2021 Cumulative Target</b>		
<b><u>Capital Sources:</u></b>			
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	<u>\$4,450 - \$4,850</u>		
<b><u>Capital Uses:</u></b>			
Capex (net of asset sales)	~\$1,250	<b>TARGET</b> % of Available <b>Capital</b>	<b>2017 - 2019</b> <b>ACTUAL</b> % of Total <b>Spend</b>
Restructuring	~\$150	25% - 30%	29%
Dividends	~\$950	< 5%	5%
<i>Share Repurchases</i>		~20%	21%
<i>Acquisitions / Equity Investments</i>			31%
<i>Acquisitions / Equity Investments</i>			14%
Total Capital Available for Buyback/M&A	\$2,100 - \$2,500	~50%	45%

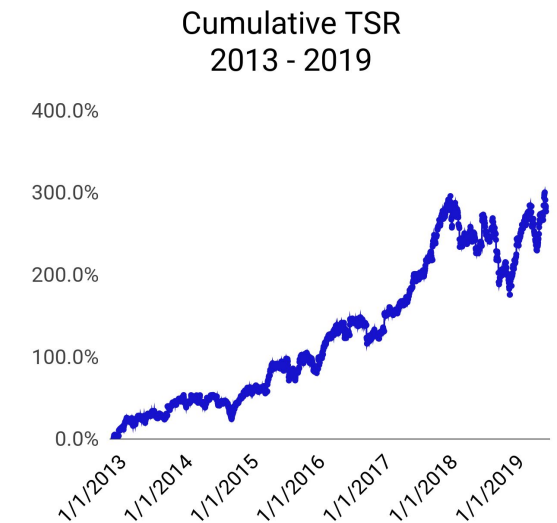
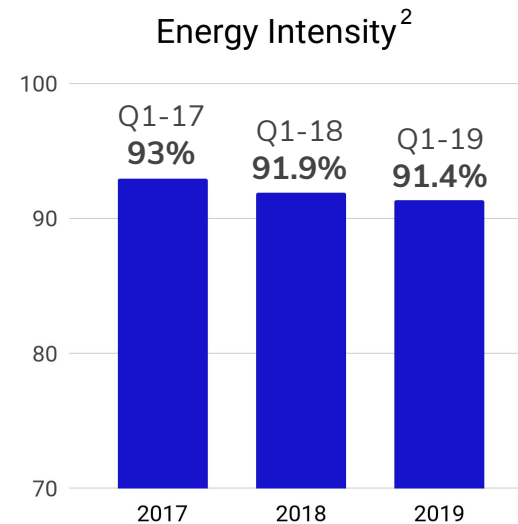
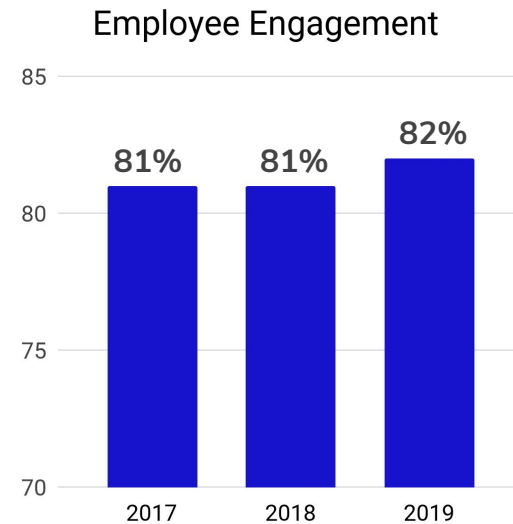
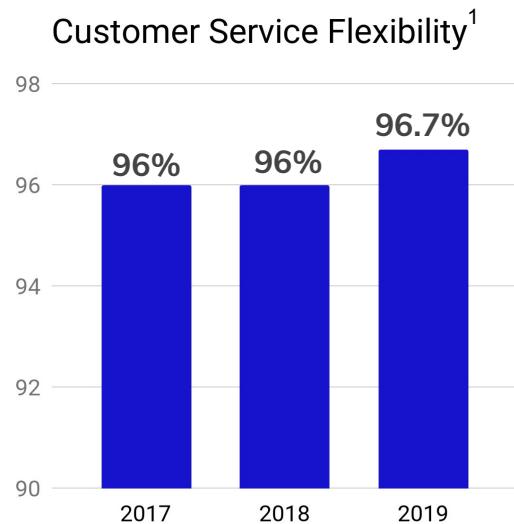
## M&A accelerates strategy

- Targeting high value categories and near adjacencies
- Leveraging our global scale and core competencies
- Disciplined investor



# Creating Value For All Our Stakeholders

Customers	Employees	Community	Shareholders
<ul style="list-style-type: none"> <li>• Deliver industry leading service, quality, and innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Engage and develop our people</li> <li>• Maintain a safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce greenhouse gas emissions</li> <li>• Responsibly source paper, films, and chemicals</li> <li>• Eliminate waste</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver superior total shareholder return</li> <li>• Strong corporate governance</li> </ul>

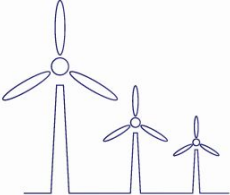





(1) Measure of stock delivery flexibility for Label and Packaging Materials.

(2) Energy Intensity measured in megawatt hours per million square meters produced in the Material businesses. Customer Service Flexibility and Energy Intensity 2019 figures are year to date.

# Progress vs. Long-Term Sustainability Targets

In 2015, we set out to reach eight sustainability goals by 2025 and we have since made steady progress toward nearly all of them. Here are some highlights:

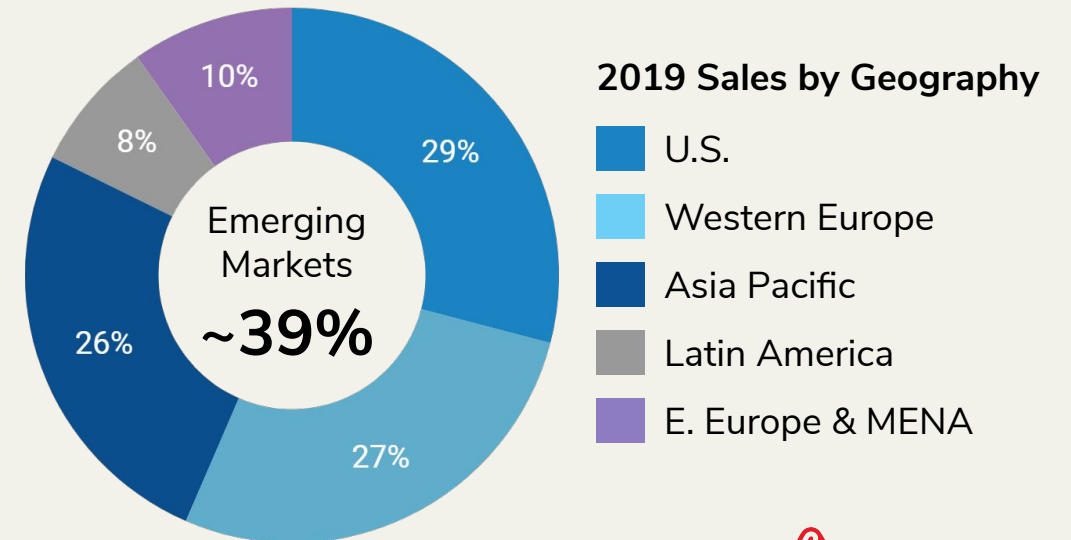
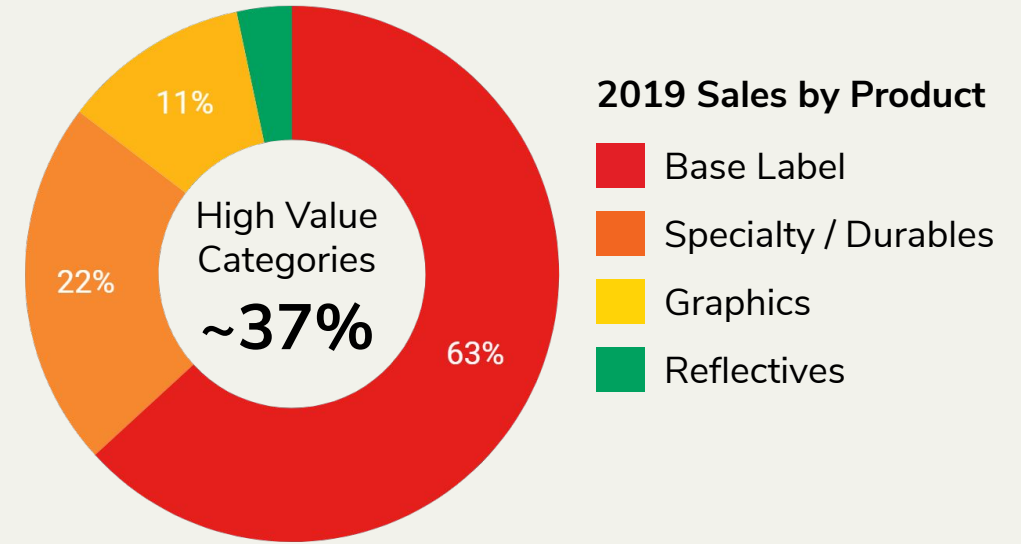
	2025 Goals	2019 Progress
	<p>We will reduce absolute greenhouse gas emissions by 3% year-over-year, with at least a 26% reduction compared to our 2015 baseline.</p>	<p>As of September 30, 2019, we reduced emissions by more than 30% against our baseline.</p>
	<p>We will source 100% certified paper, of which at least 70% will be Forest Stewardship Council® (FSC)-certified.</p>	<p><b>Over 88%</b> of our paper is certified. <b>Close to 79%</b> of our face paper is FSC-certified.</p>
	<p>Our operations will be 95% landfill-free, with 75% of our waste repurposed.</p>	<p>As of November 2019, <b>94%</b> of waste from our operations was diverted from landfills and we recycled <b>65%</b> of our waste.</p>
	<p>We will maintain world class safety and engagement scores.</p>	<p>We achieved a world-class Recordable Incident Rate of <b>0.23</b>. We achieved a first-rate <b>82%</b> employee engagement score.</p>
	<p>We will cultivate a diverse workforce with 40% of leadership positions filled by women.</p>	<p><b>34%</b> of our manager level and above positions were filled by women, up from <b>27%</b> in 2015.</p>

# LGM at a glance



## 2019 Financial Snapshot

Sales	<b>\$4.7 bil.</b>
Organic Sales Change	<b>1.2%</b>
Adjusted Operating Margin	<b>13.3%</b>





## LGM delivers 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
    - Superior end-user and application insights
    - Leader in customer service, responsiveness and technical support
- Catalysts for growth above GDP and the industry
  - Industry leading innovations driving decoration transfer and sustainability
  - 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

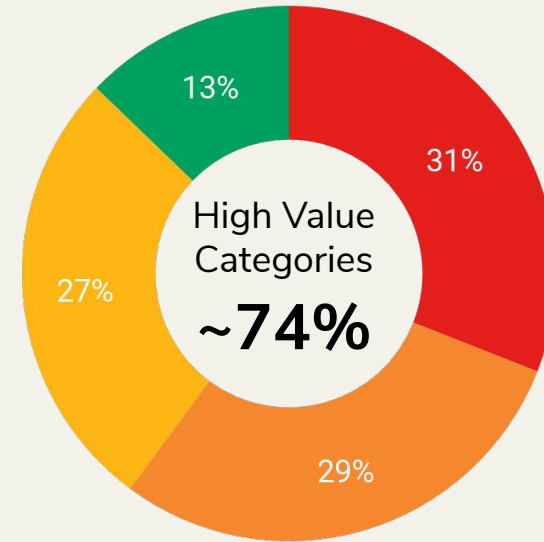


# IHM at a glance



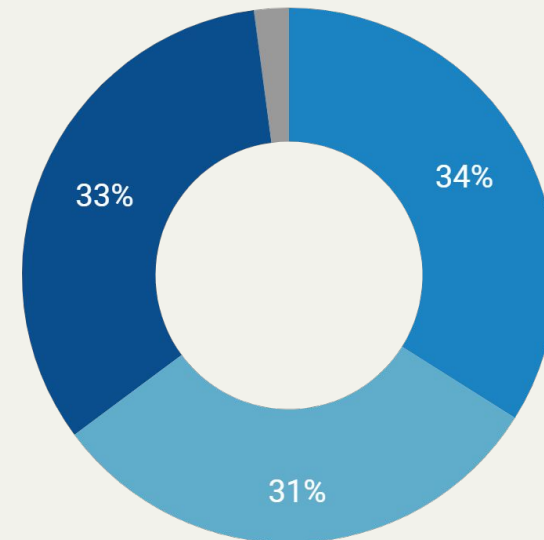
## 2019 Financial Snapshot

Sales	<b>\$674 mil.</b>
Organic Sales Change	<b>0.4%</b>
Adjusted Operating Margin	<b>10.3%</b>



2019 Sales by Product

- Automotive
- Other Industrial
- Healthcare
- Retail



2019 Sales by Geography

- U.S.
- Europe
- Asia Pacific
- Latin America

## IHM positioned for superior long-term value creation

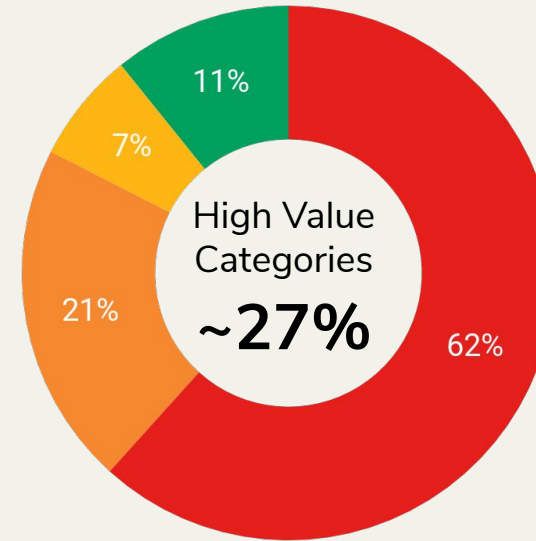
- Application-based, specified functional materials businesses serving common markets
- Share gain opportunity in large, attractive markets
  - Favorable secular trends drive GDP+ growth
  - Custom engineered solutions support higher margins and strong customer retention rate
- Strong core capabilities; leveraging LGM's manufacturing/R&D strengths
- Compelling opportunity to invest and acquire; expanding scale/capabilities

# RBIS at a glance

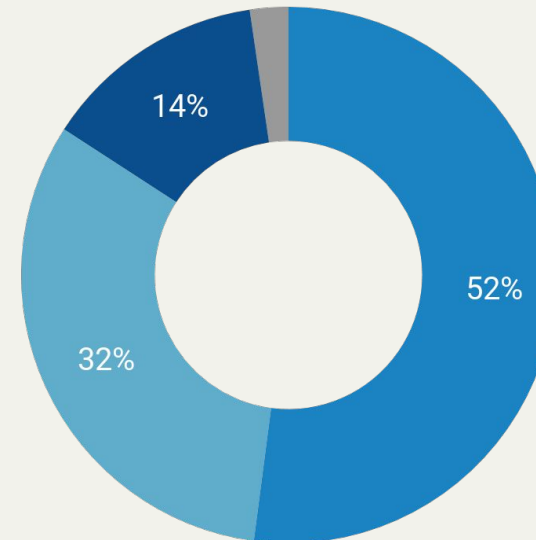


## 2019 Financial Snapshot

Sales	<b>\$1.7 bil.</b>
Organic Sales Change	<b>5.1%</b>
Adjusted Operating Margin	<b>12.5%</b>



- Apparel Tags & Labels
- RFID
- Ext. Embellishments
- PSD (ex. RFID)



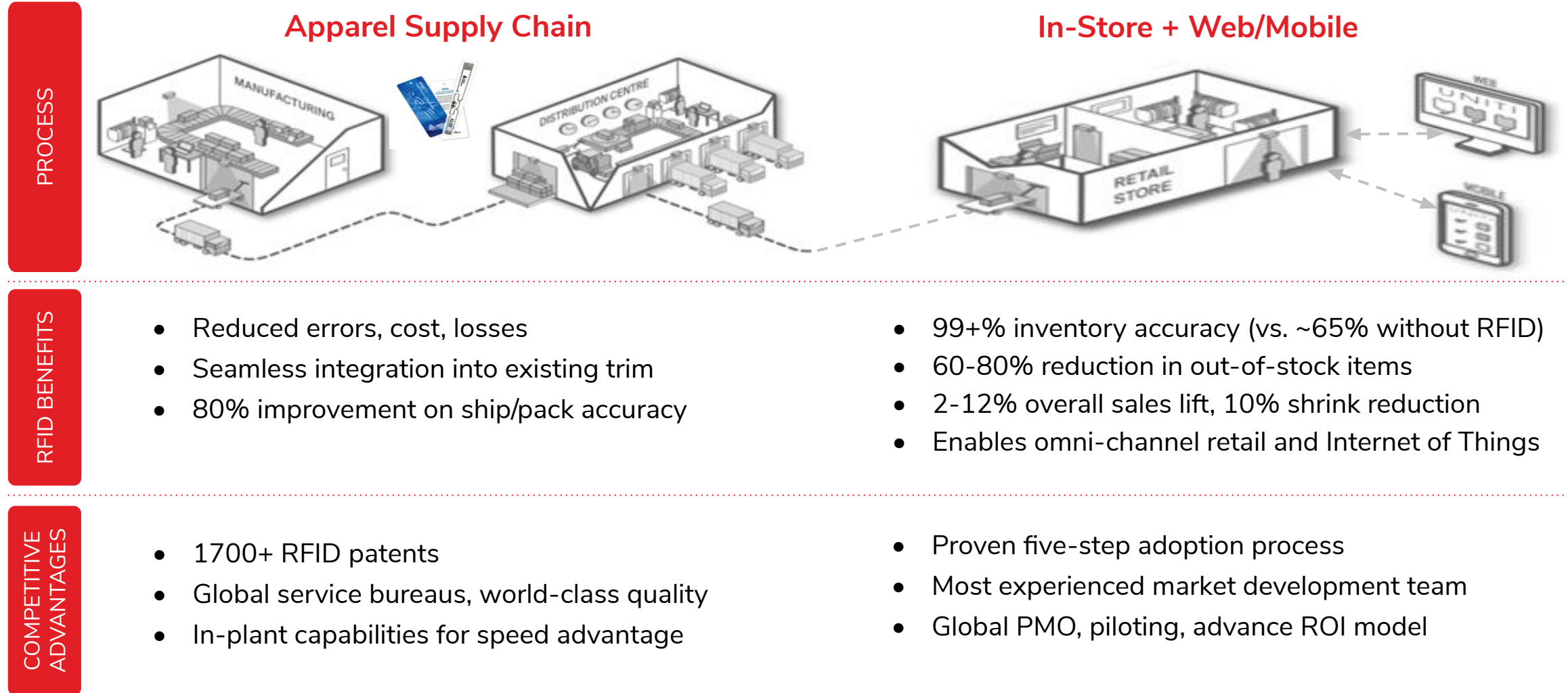
- U.S.
- Europe
- Asia Pacific
- Others

## RBIS has delivered on promise

- 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 over the long-term
  - Dramatically improved delivery cycle times; flexibility now a competitive advantage
  - Significant reductions to fixed cost structure enhanced margin and competitiveness
  - Continued focus on cost reduction through productivity initiatives and localized material sourcing
  - Core volume growth ahead of apparel unit imports, as new business model has resonated with customers

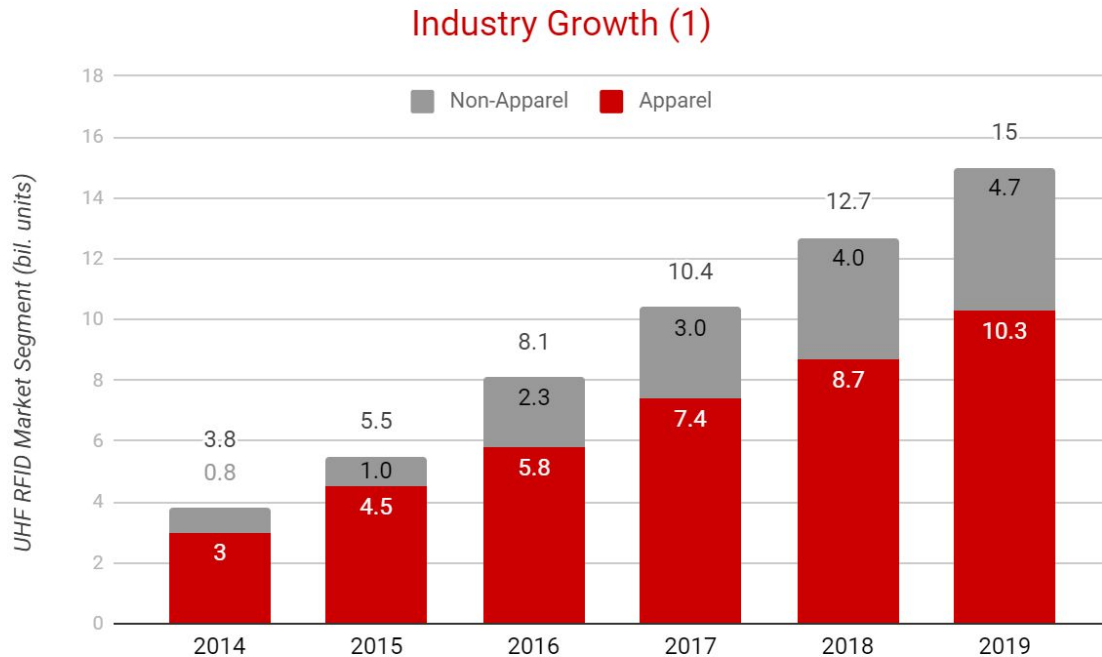


# RFID – Industry benefits and RBIS competitive advantages





# RFID adoption driving significant growth



(1) Source: IDTechEx

- Post acquisition of Smartrac inlay division, RFID becomes \$500+ mil. platform targeted to grow 15-20%, adding ~1 point to annual Company growth
- Apparel is leading market for UHF RFID today
  - Key enabler for omni-channel retailing
  - AVY has >50% market share
- Promising early stage developments outside apparel
  - Multiple end markets, including food, beauty, aviation, logistics
  - Channel access through LGM converters

Investing in innovation / technology / capacity to ensure continued market leadership

# Operations / Market Update in Light of COVID-19

<b>Label and Graphic Materials (LGM)</b> <b>67% of 2019 sales</b>	<b>Retail Branding and Info. Solutions (RBIS)</b> <b>23% of 2019 sales</b>	<b>Industrial and Healthcare Materials (IHM)</b> <b>10% of 2019 sales</b>
<ul style="list-style-type: none"> <li>● Plants largely operational throughout crisis</li> <li>● Demand surge for labels in western markets driven by food, hygiene, and pharmaceutical product labeling, as well as variable information (e.g., e-commerce labels) -- Label and Packaging Materials (LPM) March / April volumes up &gt;10% in Europe/North America</li> <li>● Peak demand created unusually large open orders; expect to work through backlogs by end of Q2</li> <li>● Demand in China declined, though improving from first two months of the year; South Asia solid for the quarter, declining late March / April due to country lockdowns</li> <li>● Sharp decline in demand for durable labels and graphics solutions (~15% of LGM sales in 2019) beginning in March and continuing into April</li> </ul>	<ul style="list-style-type: none"> <li>● Government-mandated closures impacted operations in many countries; our largest hubs are open               <ul style="list-style-type: none"> <li>○ Our global footprint providing significant competitive advantage during pandemic; key to meeting retailer/brand owner needs as they ramp back up (Smartrac acquisition further strengthens this advantage)</li> </ul> </li> <li>● Sharp decline in demand from apparel retailers and brands, reflecting widespread closure of malls and other retail outlets</li> <li>● Enterprise-wide sales of RFID products up mid-teens in Q1. Though project pipeline continues to expand (up &gt;20% since start of year), some trials have been delayed; decline in underlying apparel demand likely to offset other end market growth this year</li> <li>● Current environment underscoring value of RFID as key technology to improve supply chains and support customer automation over the long-term</li> </ul>	<ul style="list-style-type: none"> <li>● All plants now open, some with limited production (largest China plant closed for five weeks)</li> <li>● Demand in industrial categories (~60% of IHM sales in 2019) weakened through the quarter, driven largely by automotive</li> <li>● Medical division (~15% of IHM sales in 2019) historically focused on advanced wound care; quickly developing new products to meet urgent short-term need for personal protective equipment (PPE)</li> </ul>

# Agile teams effectively managing through crisis

## Ensuring Safety and Well-being of Our Team

- Leveraged learnings from early experience in China to develop safety protocols (e.g., employee temperature checks, social distancing, masks, etc.)
- Work-from-home for office workers
- <10 confirmed COVID-19 cases to date
- During initial weeks of facility closures, company ensured that employees continued to receive full pay
- Extended salary continuation in jurisdictions with weaker social safety nets

## Meeting Customer Needs

- Continue to offer best-in-industry quality and service
- Adapted quickly to manage peak demand:
  - Leveraging scale advantage and global footprint to maximize production capacity
  - Providing pay premiums to hourly employees in plants with record output
  - Temporarily allocating a portion of graphics capacity to produce material for labels

## Supporting Our Communities

- Shifted resources to produce PPE and hand sanitizer to donate to local communities
- Avery Dennison Foundation increasing grants to provide employee assistance and rapid community response

## Mitigating Supply Chain Risk

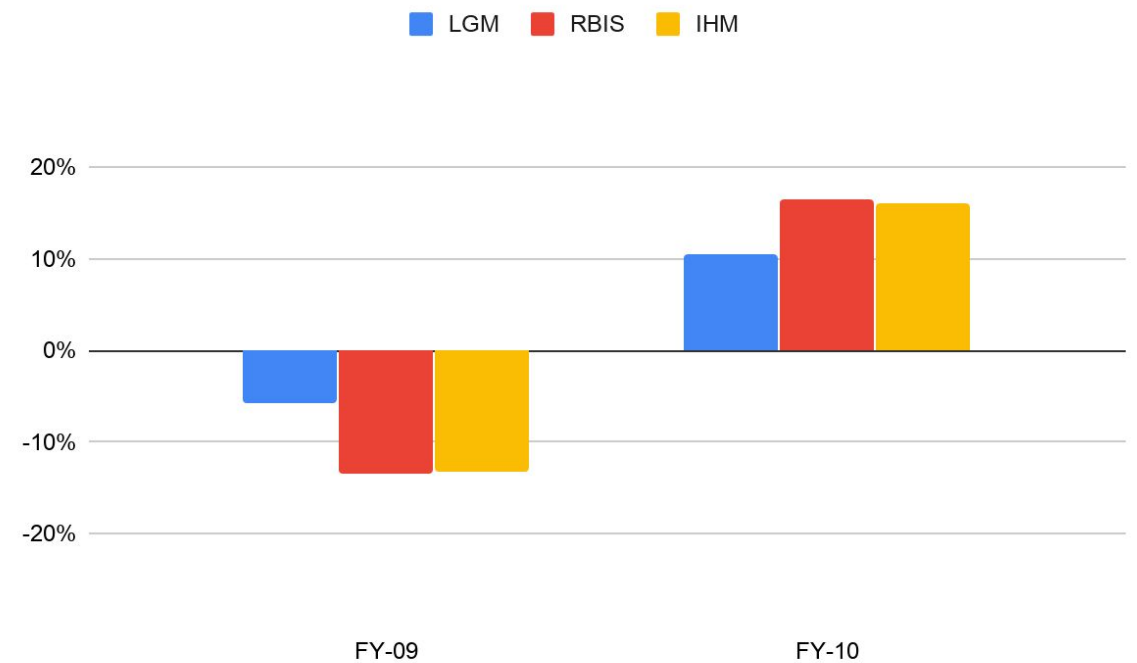
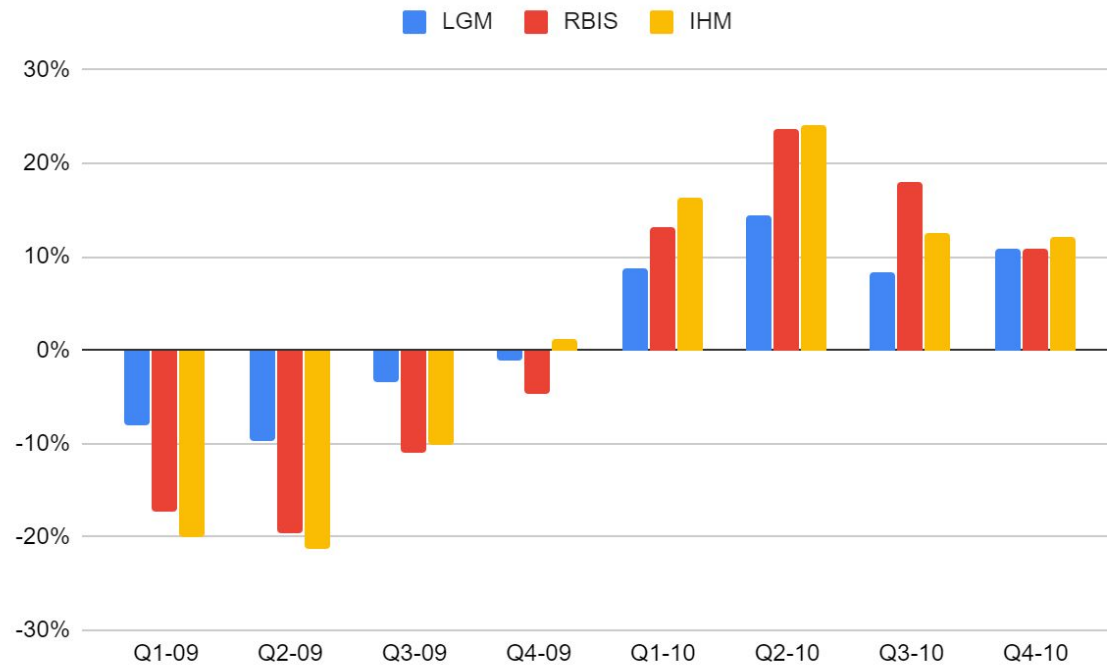
- Partnered with suppliers (and customers) to keep supply chains open (essential business)
- Negligible disruptions to supply chain; largest customer for many of our suppliers
- Global footprint with dual sourcing or available alternatives for most commodities
- Selective strategic inventory build

## Enabling Financial Flexibility

- Curtailed capital spending plans by ~\$55 mil.; heightening focus on working capital management
- \$500 mil. drawdown of revolver to mitigate dependence on CP markets
- Maintained current dividend rate
- Temporary pause on share repurchases

# Our businesses are resilient through economic cycles

## Organic growth trends\* during Great Recession



\* Externally reported organic growth by segment during this period has been adjusted to reflect divestitures and transfers between segments.

# Key Cost Saving Initiatives

- Continuing to execute long-term, strategic restructuring plans, reflecting our relentless focus on productivity
- Temporary sources of cost savings to weather the downturn:
  - Short-term belt-tightening actions (travel reduction, no trade shows, etc.)
  - Actions focused on businesses experiencing significant decline in demand:
    - Temporary production shutdowns
    - Overtime / temp reductions
    - Shift reductions, furloughs
    - Salary increase delay / headcount freeze
  - Incentive compensation

Anticipate savings from restructuring actions, net of transition costs, of \$50 mil. to \$60 mil.... carryover savings of ~\$60 mil. anticipated for 2021

Targeting net “temporary” savings of >\$120 mil. in 2020, most of which would be expected to be a headwind as markets recover

# Strong Balance Sheet and Ample Liquidity

Leverage @ 3/28/20		Debt / Liquidity Considerations	Long-Term Debt Maturity Schedule @ 3/28/20										
Total Debt Outstanding	\$2.82 B	<ul style="list-style-type: none"> <li>Renewed \$800 mil. revolver in February (through 2025), with improved terms</li> <li>Drew down \$500 mil. from revolver in March; \$300 mil. remains available</li> <li>No foreseeable constraints from covenants</li> <li>Completed \$500 mil. debt offering in March, as planned</li> </ul>	<p>Wtd avg interest cost of 2.9%</p> <table border="1"> <caption>Wtd avg interest cost of 2.9%</caption> <thead> <tr> <th>Year</th> <th>Interest Cost (\$m)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>\$250m</td> </tr> <tr> <td>2025*</td> <td>\$580m</td> </tr> <tr> <td>2028</td> <td>\$500m</td> </tr> <tr> <td>2030+</td> <td>\$650m</td> </tr> </tbody> </table>	Year	Interest Cost (\$m)	2023	\$250m	2025*	\$580m	2028	\$500m	2030+	\$650m
Year	Interest Cost (\$m)												
2023	\$250m												
2025*	\$580m												
2028	\$500m												
2030+	\$650m												
Cash	\$0.74 B												
Net Debt	\$2.08 B												
Adjusted EBITDA, trailing 4 qtrs	\$1.02 B												
Net Debt to Adj. EBITDA (non-GAAP)	2.0 X												

\* 500M Euro bond converted to USD at 1.10x + \$30M medium term note

## Near-term capital allocation priorities conserve cash while supporting long-term value creation goals:

- Ringfencing investments in high value categories
- Curtailing capital spending plans by ~\$55 mil.; heightening focus on working capital management
- Maintained current dividend rate; temporarily pausing share repurchase activity (\$45 mil. in Q1)





# Appendix A:

## First Quarter Review and Outlook

# First Quarter Review

**Reported EPS of \$1.60; adj. EPS (non-GAAP) of \$1.66, above our expectations, reflecting lower-than-planned raw material and employee-related costs**

- Reported sales declined 1.0%
  - Sales change ex-currency (non-GAAP) of 1.0%
  - Organic sales change (non-GAAP) of 0.3%
- Reported operating margin up 120 bps
  - Adjusted operating margin (non-GAAP) improved 90 bps
- Free cash flow of \$(35) mil., reflecting seasonality, as well as lower cash collections related to customer shutdowns late in the quarter

**LGM delivered strong volume growth, reflecting March demand surge in multiple regions; posted record adj. operating margin, up 220 bps**

**RBIS sales declined modestly, reflecting lower demand in base business, with high value categories (RFID / external embellishments) up mid-teens; adj. margin declined 380 bps**

**IHM sales declined on reduced industrial demand, particularly automotive; adj. margin increased 90 bps**

# Outlook

- High degree of market uncertainty; suspended 2020 EPS guidance
- Prepared for range of possible macro scenarios and how they might impact each business
  - Generally expect LPM to fare relatively better than it did through '08-'09
  - Generally expect RBIS and Graphics to experience deeper declines in demand relative to '08-'09
- Lower sales expected in 2020 due principally to declining volumes and currency translation
  - Expect disproportionate impact in second quarter (organic sales decline of 15% to 20% vs P/Y), with sequential improvement over balance of the year
- Free cash flow strong across wide range of scenarios
  - Targeting \$500+ mil. for both 2020 and 2021

# Appendix B:

## Use of 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. In accordance with Regulations G and S-K, 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 the financial schedules accompanying the earnings news release for the first quarter (see Attachments A-4 through A-8 to news release dated April 29, 2020).

Our non-GAAP financial measures exclude the impact of certain events, activities or 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, legal settlements, 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, 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 a single period.

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, currency adjustment for transitional reporting of highly inflationary economies (Argentina) and 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 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 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, and other expense, net.
- **Adjusted operating margin** refers to adjusted operating income as a percentage of net 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 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 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.**

- **Adjusted EBITDA** refers to income before taxes adjusted for interest expense, other non-operating expense, equity method investment losses, depreciation and amortization, excluding restructuring charges and other items.
- **Net debt to adjusted EBITDA ratio** refers to total debt (including finance leases) less cash and cash equivalents, divided by adjusted EBITDA.

**We believe that the net debt to adjusted EBITDA ratio assists investors in assessing our leverage position.**

- **Return on total capital (ROTC)** refers to income from continuing operations excluding the expense and tax benefit of debt financing divided by the average of beginning and ending invested capital. **Adjusted ROTC** refers to ROTC adjusted for the impact of the TCJA and pension plan settlements. We believe that ROTC and adjusted ROTC 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 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	1Q-2020	2017-2019 3-Yr CAGR
Net sales	\$ 5,966.9	\$ 6,086.5	\$ 6,613.8	\$ 7,159.0	\$ 7,070.1	\$ 1,723.0	
Reported sales change	(5.7%)	2.0%	8.7%	8.2%	(1.2%)	(1.0%)	
Foreign currency translation	8.6%	2.6%	(0.5%)	(1.4%)	3.3%	1.9%	
Sales change ex. currency <sup>(1)</sup>	2.9%	4.6%	8.2%	6.9%	2.0%	1.0%	5.7%
Extra week impact	~1.2%						
Acquisitions/Divestitures	0.6%	(0.7%)	(3.9%)	(1.4%)		(0.7%)	
Organic sales change <sup>(1)</sup>	4.6%	3.9%	4.2%	5.5%	2.0%	0.3%	3.9%

(1) Totals may not sum due to rounding.



## Organic Sales Change by Segment

(\$ in millions)

<b>Label and Graphic Materials</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>1Q-2020</b>
Net sales	\$ 4,032.1	\$ 4,187.3	\$ 4,511.7	\$ 4,851.1	\$ 4,745.9	\$ 1,180.8
Reported sales change	(6.2%)	3.8%	7.7%	7.5%	(2.2%)	0.2%
Reclassification of sales between segments					(0.2%)	
Foreign currency translation	10.2%	3.0%	(0.8%)	(1.9%)	3.6%	2.3%
Sales change ex. currency <sup>(1)</sup>	4.0%	6.8%	6.9%	5.7%	1.2%	2.5%
Extra week impact	~1.2%					
Acquisitions		(1.4%)	(2.7%)	(0.2%)		(0.6%)
<b>Organic sales change<sup>(1)</sup></b>	<b>5.2%</b>	<b>5.5%</b>	<b>4.2%</b>	<b>5.5%</b>	<b>1.2%</b>	<b>1.8%</b>

(1) Totals may not sum due to rounding.

## Organic Sales Change by Segment - Continued

<b>Retail Branding &amp; Information Solutions</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>1Q-2020</b>
Net sales	\$ 1,443.4	\$ 1,445.4	\$ 1,511.2	\$ 1,613.2	\$ 1,650.3	\$ 394.6
Reported sales change	(4.8%)	0.1%	4.6%	6.7%	2.3%	(0.9%)
Reclassification of sales between segments					0.6%	
Foreign currency translation	3.9%	1.8%	0.4%	0.2%	2.2%	1.0%
Sales change ex. currency <sup>(1)</sup>	(0.9%)	1.9%	5.0%	6.9%	5.1%	0.1%
Extra week impact	~1.2%					
Acquisitions/Divestitures	2.4%	1.6%				(1.2%)
Organic sales change <sup>(1)</sup>	2.7%	3.5%	5.0%	6.9%	5.1%	(1.1%)
<b>Industrial and Healthcare Materials</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>1Q-2020</b>
Net sales	\$ 491.4	\$ 453.8	\$ 590.9	\$ 694.7	\$ 673.9	\$ 147.6
Reported sales change	(4.7%)	(7.7%)	30.2%	17.6%	(3.0%)	(9.7%)
Foreign currency translation	8.7%	1.7%	(0.4%)	(1.5%)	3.4%	2.0%
Sales change ex. currency <sup>(1)</sup>	4.0%	(6.0%)	29.9%	16.1%	0.4%	(7.8%)
Extra week impact	~1.2%					
Acquisitions		(1.6%)	(27.9%)	(14.7%)		
Organic sales change <sup>(1)</sup>	5.2%	(7.5%)	2.0%	1.4%	0.4%	(7.8%)

(1) Totals may not sum due to rounding.

# Adjusted Net Income

## Net Income

(\$ in millions)

As reported net income from continuing operations

Adjustments<sup>(1)</sup>

Previously reported net income from continuing operations

## Non-GAAP adjustments:

Restructuring charges and other items<sup>(2)</sup>

Pension plan settlements and related charges

Tax benefit from pension plan contributions<sup>(3)(4)</sup>

Tax benefit from pension plan settlements and related charges

Tax benefit from discrete foreign tax structuring and planning transactions

Tax effect on restructuring charges and other items and impact

of adjusted tax rate

TCJA provisional amounts and subsequent adjustments<sup>(4)</sup>

Impact of previously planned repatriation of foreign earnings for Q4 2017

**Adjusted net income from continuing operations (non-GAAP)**

	2015	2016	2017	2018	2019	1Q-2020
As reported net income from continuing operations	\$274.4	\$320.7	\$281.8	\$467.4	\$ 303.6	\$ 134.2
Adjustments <sup>(1)</sup>	\$ (0.6)	n/a	n/a	n/a	n/a	n/a
Previously reported net income from continuing operations	273.8	320.7	281.8	467.4	303.6	134.2
<b>Non-GAAP adjustments:</b>						
Restructuring charges and other items <sup>(2)</sup>	\$ 68.3	\$ 65.2	\$ 36.5	\$ 69.9	\$ 53.2	\$ 4.9
Pension plan settlements and related charges				\$ 93.7	\$ 444.1	
Tax benefit from pension plan contributions <sup>(3)(4)</sup>				\$ (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)	
Tax effect on restructuring charges and other items and impact of adjusted tax rate	\$ (22.6)	\$ (21.4)	\$ (10.2)	\$ (9.2)	\$ (13.2)	\$ 0.4
TCJA provisional amounts and subsequent adjustments <sup>(4)</sup>			\$172.0	\$ (3.7)		
Impact of previously planned repatriation of foreign earnings for Q4 2017			\$ (29.4)			
<b>Adjusted net income from continuing operations (non-GAAP)</b>	<b>\$319.5</b>	<b>\$364.5</b>	<b>\$450.7</b>	<b>\$536.8</b>	<b>\$ 560.8</b>	<b>\$ 139.5</b>

The adjusted tax rate was 24.7%, 24.6%, 25%, and 28%, for 1Q-2020, 2019, 2018, and 2017, respectively.

(1) GAAP adjustments for 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) Includes restructuring charges, Argentine peso remeasurement transition loss, other restructuring-related charge, transaction and related costs, reversal of acquisition-related contingent consideration, and gain on sales of assets, and other items.

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

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



# Adjusted EPS

	2015	2016	2017	2018	2019	1Q-2020	2017-2019 3-Yr CAGR
As reported net income per common share from continuing operations, assuming dilution	\$ 2.95	\$ 3.54	\$ 3.13	\$ 5.28	\$ 3.57	\$ 1.60	
Adjustments <sup>(1)</sup>	\$ -	n/a	n/a	n/a	n/a	n/a	
Previously reported net income per common share from continuing operations, assuming dilution	\$ 2.95	\$ 3.54	\$ 3.13	\$ 5.28	\$ 3.57	\$ 1.60	
<b><u>Non-GAAP adjustments per common share, net of tax:</u></b>							
Restructuring charges and other items <sup>(2)</sup>	\$ 0.49	\$ 0.48	\$ 0.29	\$ 0.68	\$ 0.47	\$ 0.06	
Pension plan settlements and related charges				\$ 0.84	\$ 3.12		
Tax benefit from discrete foreign tax structuring and planning transactions				\$ (0.35)	\$ (0.56)		
TCJA provisional amounts and subsequent adjustments <sup>(3)</sup>			\$ 1.91	\$ (0.39)			
Tax effect on restructuring charges and other items and impact of adjusted tax rate <sup>(4)</sup>							
Impact of previously planned repatriation of foreign earnings for Q4 2017			\$ (0.33)				
<b>Adjusted net income per common share from continuing operations, assuming dilution (non-GAAP)</b>	<b>\$ 3.44</b>	<b>\$ 4.02</b>	<b>\$ 5.00</b>	<b>\$ 6.06</b>	<b>\$ 6.60</b>	<b>\$ 1.66</b>	<b>18.0%</b>

The adjusted tax rate was 24.7%, 24.6%, 25%, and 28%, for 1Q-2020, 2019, 2018, and 2017, respectively.

(1) GAAP adjustments for 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) Includes restructuring charges, Argentine peso remeasurement transition loss, other restructuring-related charge, transaction and related costs, reversal of acquisition-related contingent consideration, and gain on sales of assets, and other items.

(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.

(4) Tax effect for full years 2015 to 2019 included in the restructuring charges and other items line above.

# Adjusted Operating Margin – Avery Dennison

## Avery Dennison

(\$ in millions)

	2015	2016	2017	2018	2019	1Q-2020
Net sales	\$5,966.9	\$6,086.5	\$6,613.8	\$7,159.0	\$7,070.1	\$1,723.0
Operating income from continuing operations before interest expense, other non-operating expense and taxes, as reported	\$ 493.5	\$ 590.2	\$ 670.5	\$ 718.1	\$ 770.5	\$ 199.2
Adjustments <sup>(1)</sup>	\$ (1.0)	n/a	n/a	n/a	n/a	n/a
Operating income from continuing operations before interest expense, other non-operating expense and taxes, previously reported	\$ 492.5	\$ 590.2	\$ 670.5	\$ 718.1	\$ 770.5	\$ 199.2
<b>Operating margins, as reported</b>	<b>8.3%</b>	<b>9.7%</b>	<b>10.1%</b>	<b>10.0%</b>	<b>10.9%</b>	<b>11.6%</b>
<b><u>Non-GAAP adjustments:</u></b>						
Restructuring charges:						
Severance and related costs	\$ 52.5	\$ 14.7	\$ 31.2	\$ 63.0	\$ 45.3	\$ 2.4
Asset impairment and lease cancellation charges	\$ 7.0	\$ 5.2	\$ 2.2	\$ 10.7	\$ 5.1	\$ -
Other items	\$ 5.0	\$ 3.9	\$ 3.1	\$ (3.8)	\$ 2.8	\$ 2.5
Adjusted operating income from continuing operations before interest expense, other non-operating expense and taxes (non-GAAP)	\$ 557.0	\$ 614.0	\$ 707.0	\$ 788.0	\$ 823.7	\$ 204.1
<b>Adjusted operating margins (non-GAAP)</b>	<b>9.3%</b>	<b>10.1%</b>	<b>10.7%</b>	<b>11.0%</b>	<b>11.7%</b>	<b>11.8%</b>

(1) GAAP adjustments for 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)

Net sales

Operating income from continuing operations before interest expense,  
other non-operating expense and taxes, as reported

**Operating margins, as reported**

### Non-GAAP adjustments:

Restructuring charges:

Severance and related costs

Asset impairment and lease cancellation charges

Other items

Adjusted operating income from continuing operations before  
interest expense, other non-operating expense and taxes (non-GAAP)

**Adjusted operating margins (non-GAAP)**

	2015	2016	2017	2018	2019	1Q-2020
Net sales	\$4,032.1	\$4,187.3	\$4,511.7	\$4,851.1	\$4,745.9	\$1,180.8
Operating income from continuing operations before interest expense, other non-operating expense and taxes, as reported	\$ 464.6	\$ 522.0	\$ 577.4	\$ 568.2	\$ 601.5	\$ 171.9
<b>Operating margins, as reported</b>	<b>11.5%</b>	<b>12.5%</b>	<b>12.8%</b>	<b>11.7%</b>	<b>12.7%</b>	<b>14.6%</b>
<u>Non-GAAP adjustments:</u>						
Restructuring charges:						
Severance and related costs	\$ 12.8	\$ 5.8	\$ 14.5	\$ 50.3	\$ 27.7	\$ 0.4
Asset impairment and lease cancellation charges	\$ 0.8	\$ 2.7	\$ 0.3	\$ 7.5	\$ 1.3	\$ -
Other items	\$ (1.7)	\$ 4.5	\$ (0.3)	\$ 4.0	\$ (0.7)	\$ 1.5
Adjusted operating income from continuing operations before interest expense, other non-operating expense and taxes (non-GAAP)	\$ 476.5	\$ 535.0	\$ 591.9	\$ 630.0	\$ 629.8	\$ 173.8
<b>Adjusted operating margins (non-GAAP)</b>	<b>11.8%</b>	<b>12.8%</b>	<b>13.1%</b>	<b>13.0%</b>	<b>13.3%</b>	<b>14.7%</b>



# Adjusted Operating Margin – RBIS

## Retail Branding and Information Solutions

(\$ in millions)

	2015	2016	2017	2018	2019	1Q-2020
Net sales	\$1,443.4	\$1,445.4	\$1,511.2	\$1,613.2	\$1,650.3	\$ 394.6
Operating income from continuing operations before interest expense, other non-operating expense and taxes, as reported	\$ 59.2	\$ 105.0	\$ 126.7	\$ 170.4	\$ 196.6	\$ 31.5
<b>Operating margins, as reported</b>	<b>4.1%</b>	<b>7.3%</b>	<b>8.4%</b>	<b>10.6%</b>	<b>11.9%</b>	<b>8.0%</b>
<b><u>Non-GAAP adjustments:</u></b>						
Restructuring charges:						
Severance and related costs	\$ 34.1	\$ 8.4	\$ 16.5	\$ 8.8	\$ 9.3	\$ 1.5
Asset impairment and lease cancellation charges	\$ 1.6	\$ 2.1	\$ 1.9	\$ 3.1	\$ 0.5	\$ -
Other items	\$ 6.5	\$ (0.7)	\$ (0.3)	\$ (0.5)	\$ 0.1	\$ 1.0
Adjusted operating income from continuing operations before interest expense, other non-operating expense and taxes (non-GAAP)	\$ 101.4	\$ 114.8	\$ 144.8	\$ 181.8	\$ 206.5	\$ 34.0
<b>Adjusted operating margins (non-GAAP)</b>	<b>7.0%</b>	<b>7.9%</b>	<b>9.6%</b>	<b>11.3%</b>	<b>12.5%</b>	<b>8.6%</b>

# Adjusted Operating Margin – IHM

## Industrial and Healthcare Materials

(\$ in millions)

Net sales

Operating income from continuing operations before interest expense,  
other non-operating expense and taxes, as reported

**Operating margins, as reported**

### Non-GAAP adjustments:

Restructuring charges:

Severance and related costs

Asset impairment and lease cancellation charges

Other items

Adjusted operating income from continuing operations before  
interest expense, other non-operating expense and taxes (non-GAAP)

**Adjusted operating margins (non-GAAP)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>1Q-2020</b>
Net sales	\$ 491.4	\$ 453.8	\$ 590.9	\$ 694.7	\$ 673.9	\$ 147.6
Operating income from continuing operations before interest expense, other non-operating expense and taxes, as reported	\$ 59.6	\$ 56.1	\$ 52.6	\$ 62.9	\$ 60.0	\$ 14.9
<b>Operating margins, as reported</b>	<b>12.1%</b>	<b>12.4%</b>	<b>8.9%</b>	<b>9.1%</b>	<b>8.9%</b>	<b>10.1%</b>
<u>Non-GAAP adjustments:</u>						
Restructuring charges:						
Severance and related costs	\$ 3.4	\$ 0.5	\$ 0.2	\$ 3.9	\$ 6.1	\$ 0.5
Asset impairment and lease cancellation charges	\$ 4.6	\$ 0.4	\$ -	\$ 0.1	\$ 3.3	\$ -
Other items	\$ -	\$ 1.0	\$ 3.5	\$ (5.0)	\$ -	\$ -
Adjusted operating income from continuing operations before interest expense, other non-operating expense and taxes (non-GAAP)	\$ 67.6	\$ 58.0	\$ 56.3	\$ 61.9	\$ 69.4	\$ 15.4
<b>Adjusted operating margins (non-GAAP)</b>	<b>13.8%</b>	<b>12.8%</b>	<b>9.5%</b>	<b>8.9%</b>	<b>10.3%</b>	<b>10.4%</b>

# Return on Total Capital (ROTC)

(\$ in millions)						Adjusted ROTC	Adjusted ROTC	Adjusted ROTC
	2015	2016	2017	2018	2019	2017	2018	2019
As reported net income from continuing operations	\$ 274.4	\$ 320.7	\$ 281.8	\$ 467.4	\$ 303.6	\$ 281.8	\$ 467.4	\$ 303.6
TCJA provisional amounts <sup>(1)</sup>						\$ 172.0		
Impact of previously planned repatriation of foreign earnings for Q4 2017						\$ (29.4)		
Pension plan settlements and related charges							\$ 93.7	\$ 444.1
Tax benefit from pension plan contributions <sup>(2)</sup>							\$ (31.0)	
Tax benefit from pension plan settlements							\$ (19.3)	\$ (179.0)
Interest expense, net of tax benefit <sup>(3)</sup>	\$ 40.6	\$ 40.3	\$ 30.1	\$ 49.5	\$ 57.2	\$ 45.4	\$ 43.9	\$ 57.2
Effective Tax Rate <sup>(3)</sup>	32.9%	32.8%	52.2%	15.4%	24.6%	28.0%	25.0%	24.6%
Income from continuing operations, excluding expense and tax benefit of debt financing (non-GAAP)	\$ 315.0	\$ 361.0	\$ 311.9	\$ 516.9	\$ 360.8	\$ 469.8	\$ 554.7	\$ 625.9
Total debt	\$1,058.9	\$1,292.5	\$1,581.7	\$1,966.2	\$1,939.5	\$ 1,581.7	\$ 1,966.2	\$ 1,939.5
Shareholders' equity	\$ 965.7	\$ 925.5	\$1,046.2	\$ 955.1	\$1,204.0	\$ 1,046.2	\$ 955.1	\$ 1,204.0
TCJA provisional amounts <sup>(1)</sup>						\$ 172.0		
Impact of previously planned repatriation of foreign earnings for Q4 2017						\$ (29.4)		
Pension plan settlements							\$ 93.7	\$ 444.1
Tax benefit from pension plan contributions <sup>(2)</sup>							\$ (31.0)	
Tax benefit from pension plan settlements							\$ (19.3)	\$ (179.0)
Total debt and shareholders' equity	\$2,024.6	\$2,218.0	\$2,627.9	\$2,921.3	\$3,143.5	\$ 2,770.5	\$ 2,964.7	\$ 3,408.6
<b>Return on Total Capital (ROTC) (non-GAAP)</b>	<b>14.9%</b>	<b>17.0%</b>	<b>12.9%</b>	<b>18.6%</b>	<b>11.9%</b>	<b>18.8%</b>	<b>19.3%</b>	<b>19.6%</b>

(1) "Provision for income taxes" for the fourth quarter of 2017 includes the estimated impact of TCJA enacted in the U.S. on December 22, 2017. In the fourth quarter of 2018, we finalized our provisional amounts as defined under SEC Staff Accounting Bulletin No. 118 related to TCJA.

(2) Tax benefits resulting from the deduction of the third quarter 2018 pension contributions on our 2017 U.S. income tax return.

(3) Interest expense, net of tax benefit for 2019, based on our GAAP tax rate of -22.7%, is not meaningful; Applying the adjusted tax rate of 24.6% removes the benefit of the negative tax rate from pension plan settlements and discrete foreign tax structuring and planning transactions.



## Free Cash Flow

(\$ in millions)	2015	2016	2017	2018	2019
Net cash provided by operating activities	\$ 472.5	\$ 582.1	\$ 645.7	\$ 457.9	\$ 746.5
Purchases of property, plant and equipment	(135.8)	(176.9)	(190.5)	(226.7)	(219.4)
Purchases of software and other deferred charges	(15.7)	(29.7)	(35.6)	(29.9)	(37.8)
Proceeds from sales of property, plant and equipment	7.6	8.5	6.0	9.4	7.8
Proceeds from insurance and sales (purchases) of investments, net	0.7	3.1	(3.9)	18.5	4.9
Plus: Pension plan contribution for plan termination	-	-	-	200.0	10.3
Plus: divestiture-related payments and free cash outflow from discontinued operations	0.1	-	-	-	-
<b>Free Cash Flow (non-GAAP)</b>	<b>\$ 329.4</b>	<b>\$ 387.1</b>	<b>\$ 421.7</b>	<b>\$ 429.2</b>	<b>\$ 512.3</b>

# Net Debt to Adjusted EBITDA

	2Q19	3Q19	4Q19	1Q20
(\$ in millions)				
Net sales	\$ 1,795.7	\$ 1,761.4	\$ 1,772.9	\$ 1,723.0
As reported net income	\$ 143.4	\$ 144.6	\$ 162.5	\$ 134.2
Interest expense	19.5	19.0	17.8	18.8
Other non-operating expense, net	0.9	0.8	(3.0)	(0.5)
Income taxes	44.9	34.6	2.2	46.3
Equity method investment losses	0.4	0.7	0.6	0.4
Operating income before interest expense, other non-operating expense, taxes, and equity method investment losses	\$ 209.1	\$ 199.7	\$ 180.1	\$ 199.2
<u>Non-GAAP Adjustments:</u>				
Restructuring charges:				
Severance and related costs	\$ 6.1	\$ 3.3	\$ 25.5	\$ 2.4
Asset impairment and lease cancellation charges	1.4	—	3.4	—
Other items	—	3.4	2.6	2.5
Adjusted operating income before interest expense, other non-operating expense, taxes and equity method investment losses (non-GAAP)	\$ 216.6	\$ 206.4	\$ 211.6	\$ 204.1
Depreciation	35.5	34.9	35.0	36.8
Amortization	9.4	9.1	10.6	10.7
Adjusted operating income before interest expense, other non-operating expense, taxes, equity method investment losses, depreciation and amortization ("EBITDA") (non-GAAP)	\$ 261.5	\$ 250.4	\$ 257.2	\$ 251.6
Total Debt	\$ 2,061.8	\$ 1,997.9	\$ 1,939.5	\$ 2,820.3
Less: Cash and cash equivalents	247.3	224.2	253.7	742.0
Net Debt	\$ 1,814.5	\$ 1,773.7	\$ 1,685.8	\$ 2,078.3
Net Debt to Adjusted EBITDA LTM* (non-GAAP)				2.0

\*LTM = Last twelve months

# Thank you



**AVERY  
DENNISON**