

Fourth Quarter and Full Year 2022 Financial Review and Analysis (preliminary, unaudited)

February 2, 2023

Supplemental Presentation Materials

Unless otherwise indicated, comparisons are to the same period in the prior year.



Safe Harbor Statement

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: (i) the impacts to underlying demand for our products from global economic conditions, political uncertainty, and changes in environmental standards and governmental regulations, including as a result of COVID-19; (ii) the cost and availability of raw materials; (iii) competitors' actions, including pricing, expansion in key markets, and product offerings; (iv) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through price increases, without a significant loss of volume; (v) foreign currency fluctuations; and (vi) 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:

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

For a more detailed discussion of these factors, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2021 Form 10-K, filed with the Securities and Exchange Commission on February 23, 2022, 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 the presentation of our financial results prepared in accordance with GAAP. Based on feedback from investors and financial analysts, we believe that the supplemental non-GAAP financial measures we provide are useful to their assessments of our performance and operating trends, as well as liquidity. In accordance with Regulations G and S-K, reconciliations of non-GAAP financial measures from the most directly comparable GAAP financial measures, including limitations associated with these non-GAAP financial measures, are provided in the appendix to this document and/or financial schedules accompanying the earnings news release for the quarter (see Attachments A-4 through A-10 to news release dated February 2, 2023).

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

We use these non-GAAP financial measures internally to evaluate trends in our underlying performance, as well as to facilitate comparison to the results of competitors for quarters and year-to-date periods, as applicable. We use the non-GAAP financial measures described below 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 the reclassification of sales between segments, and, where applicable, an extra week in our fiscal year and the calendar shift resulting from the extra week in the prior fiscal year, and currency adjustment for transitional reporting of highly inflationary economies. The estimated impact of foreign currency translation is calculated on a constant currency basis, with prior period results translated at current period average exchange rates to exclude the effect of currency fluctuations.
- **Organic sales change** refers to sales change ex. currency, excluding the estimated impact of acquisitions and product line divestitures.

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

We believe that the following measures assist investors in understanding our core operating trends and comparing our results with those of our competitors.

- **Adjusted operating income** refers to income before taxes; interest expense; other non-operating expense (income), net; and other expense (income), net.
- **Adjusted EBITDA** refers to adjusted operating income before depreciation and amortization.
- **Adjusted EBITDA ex. currency** refers to the change in adjusted EBITDA on a constant currency basis. 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.
- **Adjusted operating margin** refers to adjusted operating income as a percentage of net sales.
- **Adjusted EBITDA margin** refers to adjusted EBITDA as a percentage of net sales.
- **Adjusted tax rate** refers to the full-year GAAP tax rate, adjusted to exclude certain unusual or infrequent events that are expected to significantly impact that rate, such as effects of certain discrete tax planning actions, impacts related to enactments of comprehensive tax law changes, and other items.
- **Adjusted net income** refers to income before taxes, tax-effected at the adjusted tax rate, and adjusted for tax-effected restructuring charges and other items.
- **Adjusted net income per common share, assuming dilution (adjusted EPS)** refers to adjusted net income divided by the weighted average number of common shares outstanding, assuming dilution.
- **Adjusted EPS ex. currency** refers to the change in adjusted net income per common share, assuming dilution, on a constant currency basis. 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.

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

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.

Strong results in 2022; well-positioned for continued EPS growth in 2023

Sales up 13% ex. currency (non-GAAP), driven by pricing, Intelligent Labels volume and acquisitions

Adj. EPS (non-GAAP) up 3%, up ~40% vs. 2019

- Adj. EPS ex. currency (non-GAAP) up 11%

Intelligent Labels achieved sales of \$0.8 bil.; targeting \$1 bil. in 2023

Delivered strong results despite challenging environment

- Unprecedented level of inflation; significant currency headwinds
- COVID-19 negatively impacted demand in China
- Ceased shipment of products to Russia in Q2

Significant inventory destocking drove volume decline in Q4

Expect adj. EPS of \$9.15 to \$9.55 in 2023

- Destocking continues in Q1; targeting H2 adj. EPS annual run-rate >\$10
- Implementing recession scenario plan actions
- Free cash flow profile remains strong; targeting ~100% FCF conversion (non-GAAP) in 2023

Remain well-positioned for continued GDP+ growth and top-quartile ROTC; on track to achieve 2025 goals

Full Year 2022 Review

Reported EPS of \$9.21, up 4%

Adj. EPS of \$9.15, up 3%, and 11% ex. currency

Reported sales of \$9.0 bil., up 8%

- Sales growth ex. currency (non-GAAP) of 13%; organic sales growth (non-GAAP) of 10%

Reported operating income of \$1.1 bil.

- Adj. EBITDA (non-GAAP) of \$1.4 bil., up 4%, and 11% ex. currency
- Adj. EBITDA margin (non-GAAP) of 15.1%, down 50 bps

Free cash flow (non-GAAP) of \$667 mil., down \$130 mil.

- Average 2020-2022 FCF conversion of ~100%

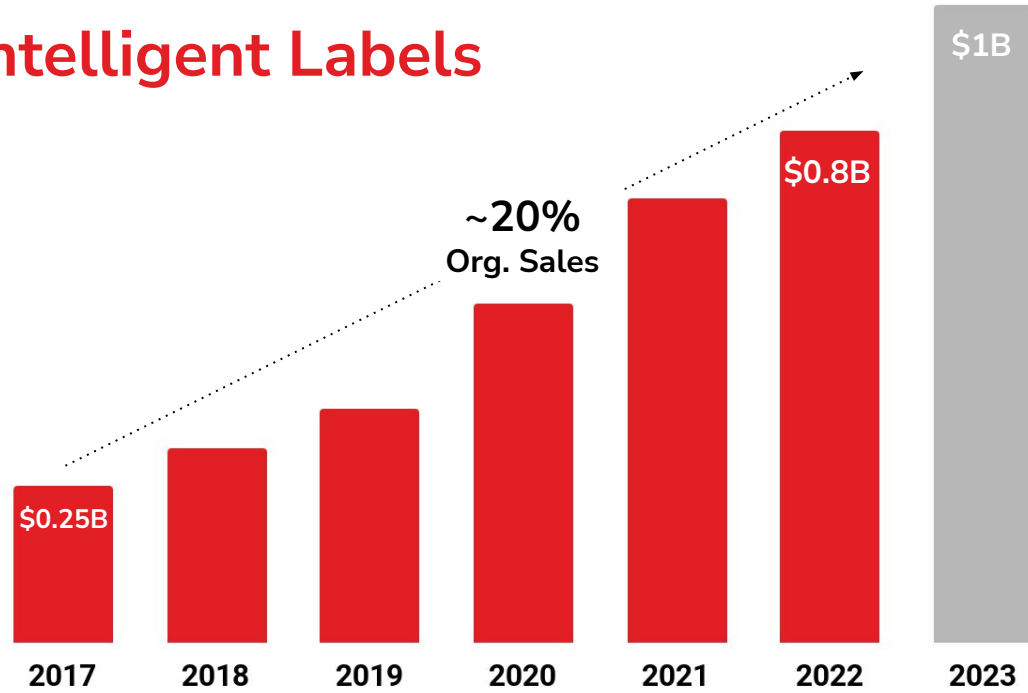
Maintained strong balance sheet, while continuing to deploy capital in disciplined manner

- Year-end net debt to adj. EBITDA (non-GAAP) ratio of 2.2
- Deployed \$618 mil. for buybacks and a growing dividend and \$40 mil. for M&A

Continuing progress toward long-term goals in 2023

- Reported sales growth of 0% to 4%; organic sales growth of 1% to 5%
- Reported EPS of \$8.85 to \$9.25; adj. EPS of \$9.15 to \$9.55

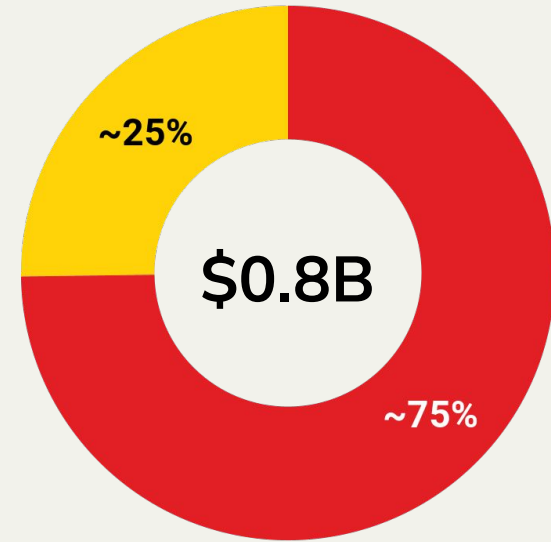
Intelligent Labels



- Industry-leading position; 50%+ UHF RFID share
- Targeting 20%+ organic growth in coming years
- Clear innovation leader
- Investing in capacity and market development

Solutions enabling omnichannel retail, more efficient supply chains, enhanced consumer experience and less waste

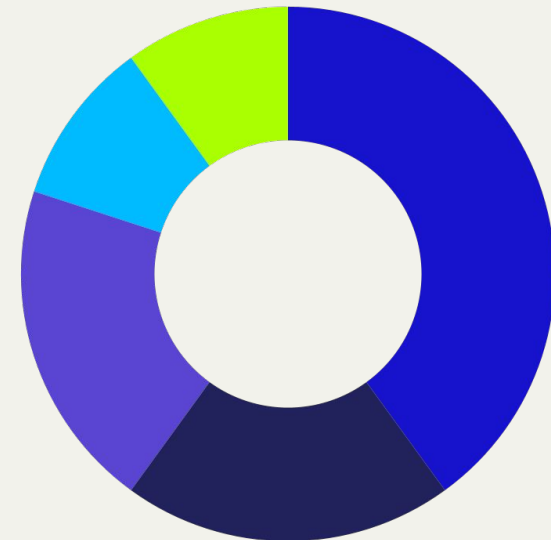
End Market



2022 Sales by End Market

- Apparel
- Other

of Engagements



Pipeline by End Market

- Apparel
- Food
- Industrial
- Logistics
- Beauty

Combined LGM and IHM into Materials Group; renamed RBIS

Materials Group

\$6.5 bil. ⁽¹⁾

(former LGM and IHM)

Pressure-sensitive materials

- Label materials (LPM)
- Graphic and reflective materials
- Functional materials (e.g. tapes)⁽²⁾



Solutions Group

\$2.5 bil. ⁽¹⁾

(former RBIS)

- RFID solutions
- Branded tag and embellishment solutions
- Data management and identification solutions
- Pricing and productivity solutions



(1) FY 2022 Net Sales

(2) Previously part of IHM

Former segment names: Label and Graphic Materials (LGM), Industrial and Healthcare Materials (IHM) and Retail Branding and Information Solutions (RBIS)

Full Year 2022 Sales Growth and Operating Margin Comparison

Full Year Sales Growth

	Reported	Ex. Currency	Organic
Materials Group	4.6%	11.0%	11.2%
Solutions Group	15.6%	19.1%	5.0%
Total Company	7.5%	13.1%	9.5%

Reported Operating Margin

Adj. EBITDA Margin

	FY22	FY21	FY22	FY21
Materials Group	13.2%	14.2%	15.1%	16.1%
Solutions Group	11.9%	11.7%	18.3%	18.0%
Total Company	11.9%	12.6%	15.1%	15.6%

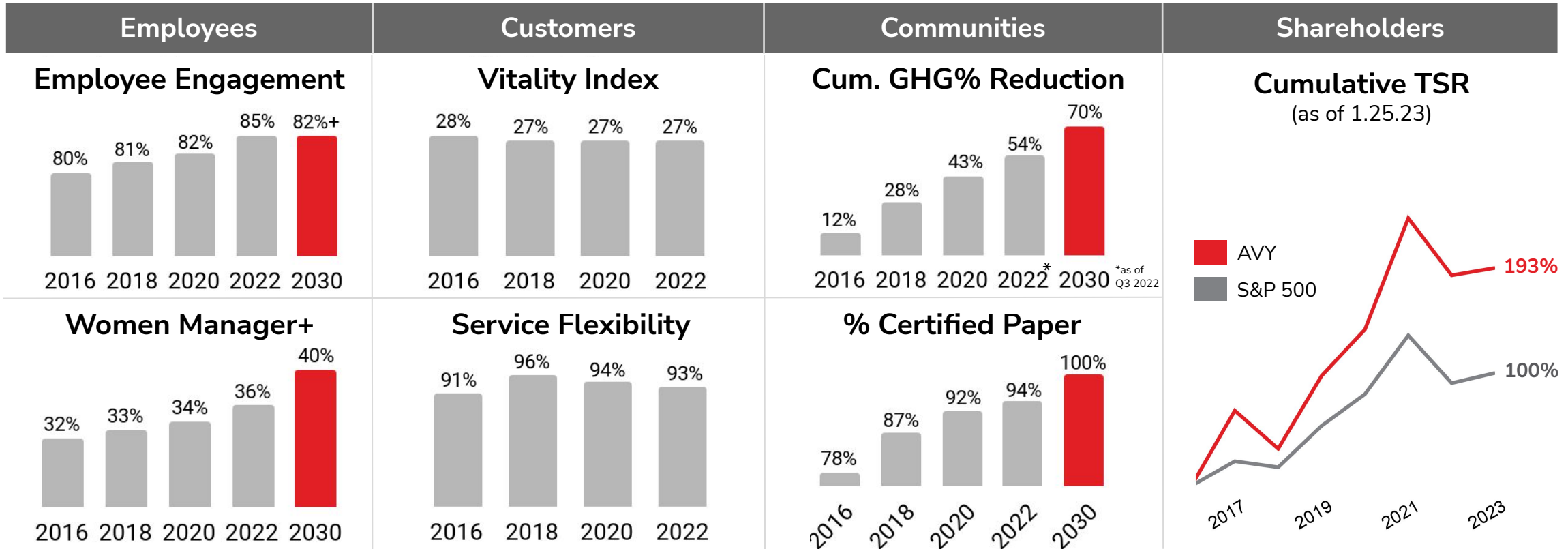
Delivering on objectives to drive GDP+ growth and top-quartile ROTC

	2021-2025 TARGETS	2021-2022 RESULTS
Sales Growth Ex. Currency	5%+ ⁽¹⁾	15.8% 2-YR CAGR
Adjusted EBITDA Margin	16%+ in 2025	15.1% in 2022
Adjusted EPS Growth	10% ⁽¹⁾	13.5% 2-YR CAGR
ROTC (Non-GAAP)	18%+	17.4% in 2022

(1) Reflects five-year compound annual growth rates, with 2020 as the base period

Note: 2021-2025 targets reflected a higher-than-average growth expectation early in the cycle due to an anticipated economic rebound

ESG: Balanced scorecard measuring progress for key stakeholders



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



Deliver innovations that advance the circular economy



Reduce the environmental impact in our operations and supply chain



Make a positive social impact by enhancing the livelihood of our people and communities

Fourth Quarter 2022 Review

Reported sales of \$2.0 bil., down 7%

- Sales change ex. currency and organic sales change each down by 1%
- Significant inventory destocking drove volume declines, partially offset by higher prices
 - Volumes down double digits in Apparel, Materials Europe and Materials North America

Reported operating income of \$186 mil.

- Adj. EBITDA of \$261 mil., down 20%; adj. EBITDA margin of 12.9%, down 200 bps

Reported EPS of \$1.51

Adj. EPS of \$1.65, down 23% and 14% ex. currency

Implementing recession scenario plan actions

Temporary sources of savings

- Volume-related actions (e.g. production shutdowns, OT/temp. labor/shift reductions)
- Belt tightening actions

Structural sources of savings

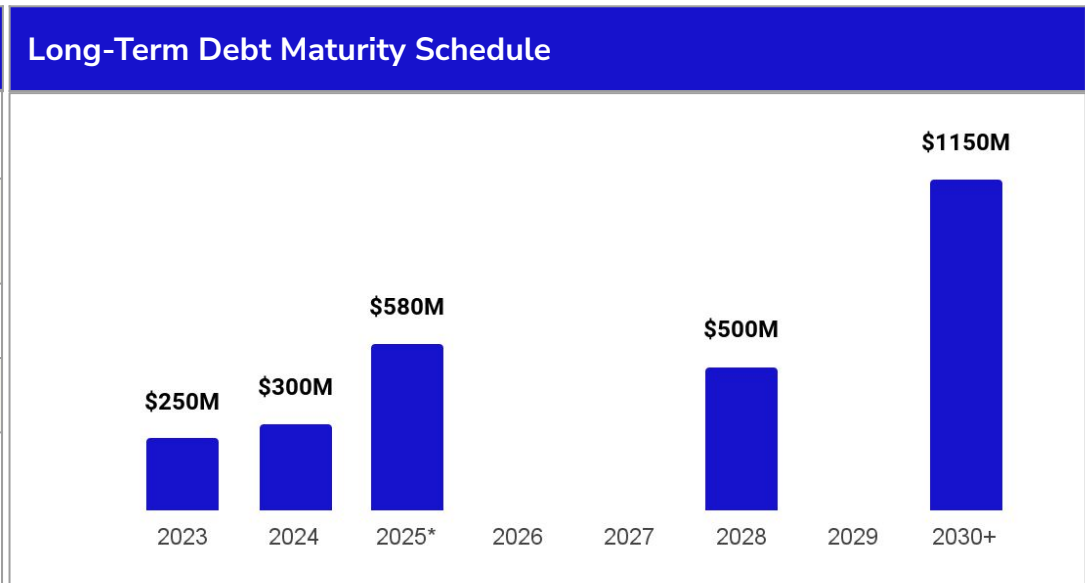
- Restructuring actions; anticipate ~\$45 mil. of savings, net of transition costs

Strong Balance Sheet and Ample Liquidity

YE 2022 Leverage	
Total Debt Outstanding	\$3.1B
Cash and cash equivalents	\$0.2B
Net Debt ⁽¹⁾	\$2.9B
Adjusted EBITDA, trailing 4 qtrs	\$1.4B
Net Debt to Adj. EBITDA (non-GAAP)	2.2

Debt / Liquidity Considerations
<ul style="list-style-type: none"> Ample liquidity: increased revolver capacity to \$1.2 bil. in January 2023 (through 2026) Prioritizing near-term capex priorities while supporting long-term value creation goals Strong free cash flow profile; delivering ~100% long-term FCF conversion

Results vs. LT Capital Allocation Strategy		
	% of Available Capital	
	'21-'25 Target	'21-'22 Actual
Capex/restructuring	25%-30%	19%
Dividends	~20%	15%
Buyback/M&A: <i>Share Repurchases</i> <i>Acquisitions and Equity Investments</i>	~50%	67% 18% 49%



(1) Totals may not sum due to rounding

* €500M debt converted to USD at 1.1x + \$30M medium-term note

Quarterly Sales Trend Analysis

	4Q21	1Q22	2Q22	3Q22	4Q22
Reported Sales Change	9.7%	14.5%	11.7%	11.8%	(7.2%)
Organic Sales Change ⁽¹⁾	12.8%	12.7%	11.3%	15.5%	(0.9%)
Acquisitions/Divestitures	5.7%	5.3%	5.4%	3.5%	0.1%
Sales Change Ex. Currency ^{(1),(2)}	18.5%	18.0%	16.7%	19.0%	(0.8%)
Extra Week Impact	(8.5%)	-	-	-	-
Currency Translation	(0.3%)	(3.4%)	(5.0%)	(7.2%)	(6.4%)
Reported Sales Change⁽²⁾	9.7%	14.5%	11.7%	11.8%	(7.2%)

(1) Non-GAAP

(2) Totals may not sum due to rounding

February 2, 2023 Preliminary & unaudited, Q4 & FY 2022 financial review and analysis

Fourth Quarter Sales Growth and Operating Margin Comparison

Fourth Quarter Sales Growth

	Reported	Ex. Currency	Organic
Materials Group	(5.4%)	2.2%	2.2%
Solutions Group	(11.3%)	(7.3%)	(7.7%)
Total Company	(7.2%)	(0.8%)	(0.9%)

Reported Operating Margin

Adj. EBITDA Margin

	4Q22	4Q21	4Q22	4Q21
Materials Group	10.7%	11.8%	12.8%	14.3%
Solutions Group	8.8%	14.7%	15.9%	19.3%
Total Company	9.2%	12.1%	12.9%	14.9%

Fourth Quarter 2022 Results

Materials Group

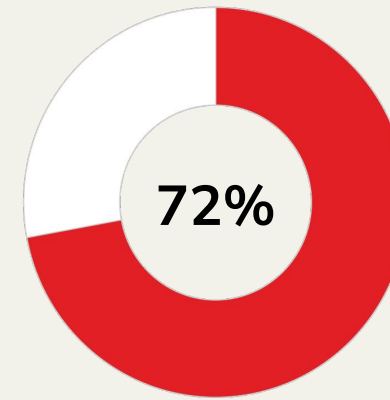
Reported sales decreased 5% to \$1.4 bil.

Sales up 2% ex. currency and 2% organically

- Label materials up low-single digits on organic basis, with growth in both high value and base categories
 - Pricing more than offset low-double-digit volume decline, driven by inventory destocking
 - Organically, sales down low-to-mid single digits in North America; sales up low-double digits in Western Europe and mid-single digits in emerging markets
- Graphics and Reflectives up low-single digits organically
- Performance Tapes and Medical up low-double digits organically

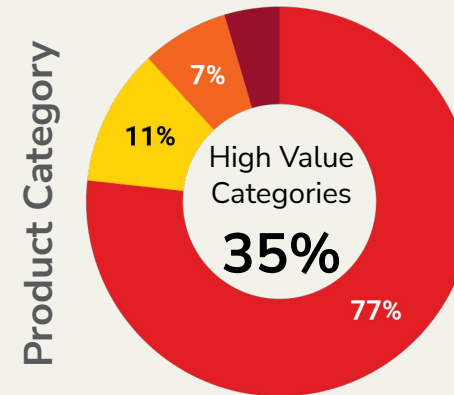
Reported operating margin decreased 110 bps to 10.7%

- Adj. EBITDA of \$184 mil., down 15%
- Adj. EBITDA margin of 12.8%



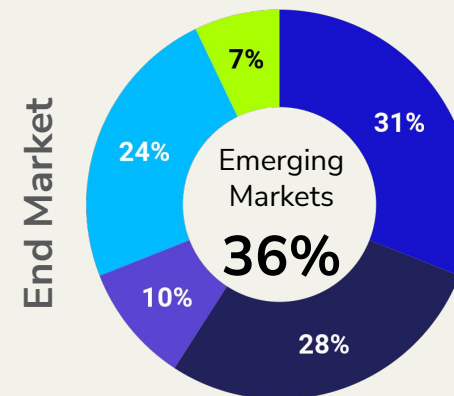
AVY '22 Sales by Segment

- Materials Group
- Solutions Group



Materials Group 2022 Sales by Product

- Label materials
- Graphics & Reflectives
- Performance Tapes & Medical
- Other



Materials Group 2022 Sales by Geography

- U.S. & Canada
- Western Europe
- E. Europe & MENA
- Asia Pacific
- Latin America

Fourth Quarter 2022 Results

Solutions Group

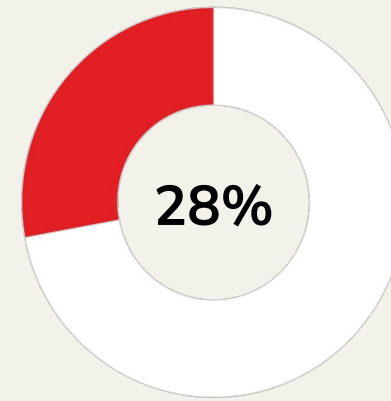
Reported sales decreased 11% to \$585 mil.

Sales down 7% ex. currency and 8% organically

- High value categories up mid-single digits organically
- Base solutions down high-teens organically as customers adjusted inventory levels
- Enterprise-wide Intelligent Labels sales for the full year up 15% organically

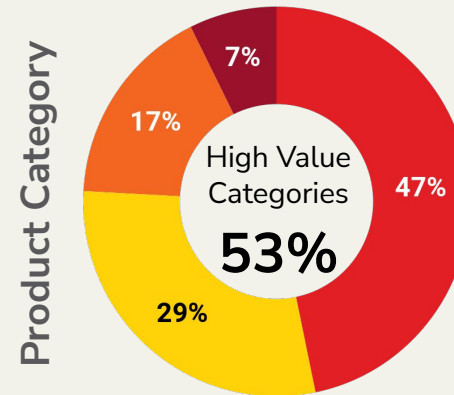
Reported operating margin decreased 590 bps to 8.8%

- Adj. EBITDA of \$93 mil., down 27%
- Adj. EBITDA margin of 15.9%



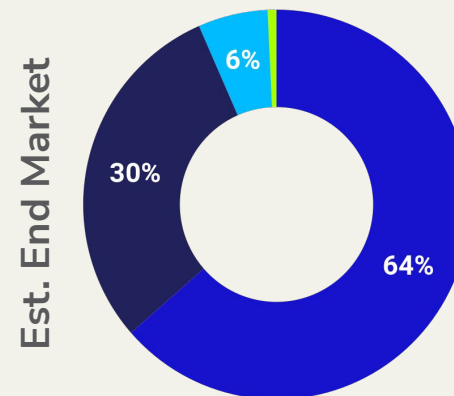
AVY '22 Sales by Segment

- Materials Group
- Solutions Group



Solutions Group 2022 Sales by Product

- Base Solutions
- Intelligent Labels
- Vestcom
- Ext. Embellishments

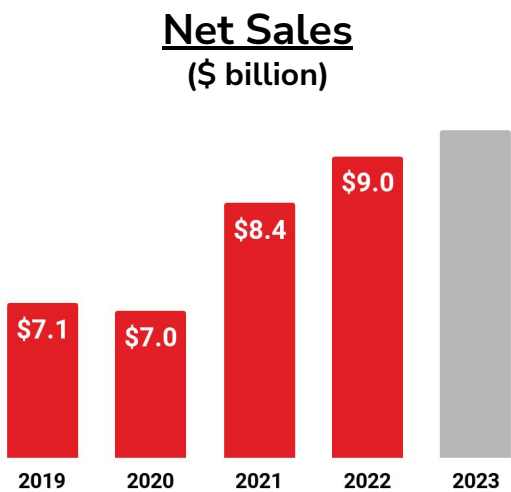
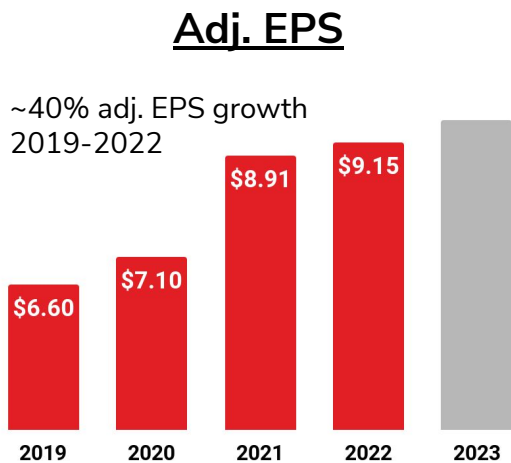


Solutions Group 2022 Sales by Geography

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

Quarterly Sales Trend Analysis (cont.)

	Organic Sales Change				
	4Q21	1Q22	2Q22	3Q22	4Q22
Materials Group	11%	10%	14%	19%	2%
Solutions Group	20%	20%	5%	7%	(8%)
Total Company	13%	13%	11%	16%	(1%)
Total Company Sales Change Ex. Currency	19%	18%	17%	19%	(1%)



2023 EPS Guidance

Reported EPS	\$8.85 – \$9.25
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Add back: est. restructuring costs and other items	~\$0.30
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Adjusted EPS (non-GAAP)	\$9.15 – \$9.55
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Contributing Factors

- Reported sales growth of 0% to 4%; ~1% currency headwind
 - Organic sales growth of 1% to 5%
 - Destocking continues in first quarter
- Incremental savings of ~\$45 mil. from restructuring actions, net of transition costs
- Continuing to invest in key strategic platforms, particularly Intelligent Labels
 - Incremental opex investment of ~\$25 mil.
 - Fixed and IT capital spend of ~\$350 mil.
- \$0.25 headwind from non-operational items (tax, currency, interest, net of share count)
- Targeting FCF conversion of ~100%

Appendix A:

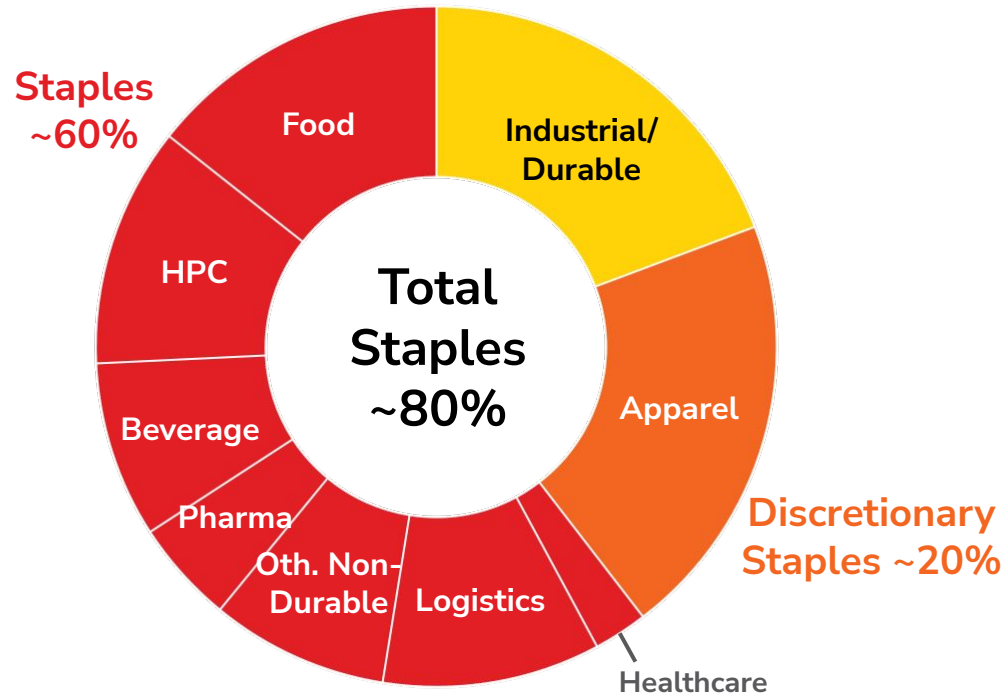
End Market Exposure

Supplemental Segment Results

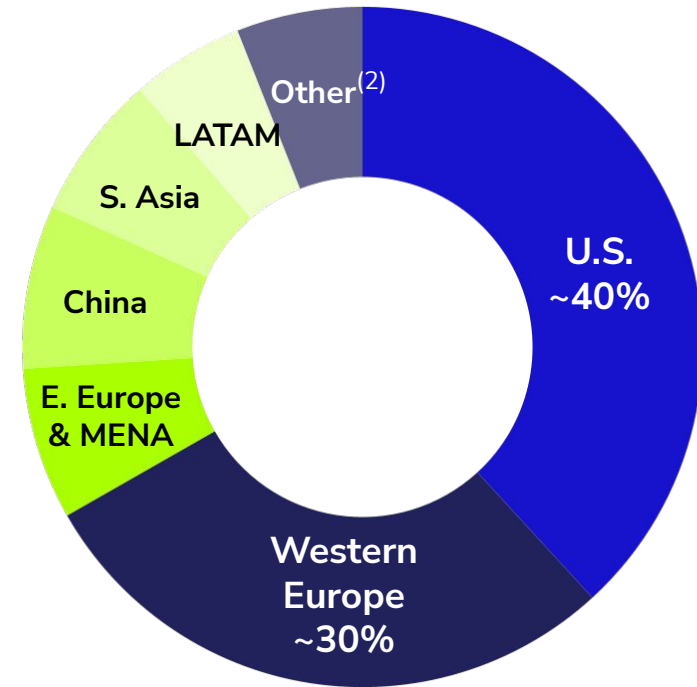


Broad exposure to diverse end markets

Sales by End Market Category⁽¹⁾



Sales by Geographic End Market⁽¹⁾



(1) FY22 sales

(2) Includes Australia, Canada, Japan, New Zealand, and South Africa

Note: Ceased shipment of all products for the Russian market (~1% of total company revenue in 2021)

Supplemental 2022 Segment Results

Q4 2022	Net Sales	Rptd. Sales Change	Ex. Curr. Change	Org. Sales Change
Former LGM	\$1,251	(6.0%)	1.5%	1.5%
Former IHM	\$190	(1.3%)	6.7%	6.7%
Materials Group	\$1,441	(5.4%)	2.2%	2.2%
Solutions Group⁽¹⁾	\$585	(11.3%)	(7.3%)	(7.7%)

Operating Income	Oper. Margin	Adj. Oper. Margin	Adj. EBITDA Margin
\$135	10.8%	10.5%	12.7%
\$19	9.8%	9.7%	13.1%
\$154	10.7%	10.4%	12.8%
\$52	8.8%	9.1%	15.9%

FY 2022	Net Sales	Rptd. Sales Change	Ex. Curr. Change	Org. Sales Change
Former LGM	\$5,726	5.4%	11.9%	12.1%
Former IHM	\$769	(0.9%)	4.1%	4.9%
Materials Group	\$6,495	4.6%	11.0%	11.2%
Solutions Group⁽¹⁾	\$2,544	15.6%	19.1%	5.0%

Operating Income	Oper. Margin	Adj. Oper. Margin	Adj. EBITDA Margin
\$784	13.7%	13.5%	15.4%
\$75	9.7%	9.8%	13.2%
\$859	13.2%	13.0%	15.1%
\$302	11.9%	12.2%	18.3%

(1) Renamed the former RBIS segment "Solutions Group"

Historical Trends - New Reporting Segments

(In millions, except %)

	<u>FY19</u>	<u>FY20</u>	<u>1Q21</u>	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>FY21</u>	<u>1Q22</u>	<u>2Q22</u>	<u>3Q22</u>	<u>4Q22</u>	<u>FY22</u>
Materials Group												
Net sales	\$ 5,419.8	\$ 5,340.6	\$ 1,568.6	\$ 1,572.7	\$ 1,541.1	\$ 1,524.1	\$ 6,206.5	\$ 1,670.3	\$ 1,689.5	\$ 1,694.0	\$ 1,441.3	\$ 6,495.1
Sales change ex. currency (non-GAAP)	1.4%	(1.6%)	9.8%	19.2%	15.2%	11.8%	13.9%	10.2%	13.2%	18.2%	2.2%	11.0%
Organic sales change (non-GAAP)	1.4%	(1.6%)	8.8%	17.9%	14.0%	10.8%	12.8%	10.4%	13.6%	18.5%	2.2%	11.2%
Adjusted operating income (non-GAAP)	\$ 699.2	\$ 777.6	\$ 247.9	\$ 222.6	\$ 204.5	\$ 182.6	\$ 857.6	\$ 219.6	\$ 247.3	\$ 228.6	\$ 150.4	\$ 845.9
Adjusted operating margins (non-GAAP)	12.9%	14.6%	15.8%	14.2%	13.3%	12.0%	13.8%	13.1%	14.6%	13.5%	10.4%	13.0%
Adjusted EBITDA (non-GAAP)	\$ 825.6	\$ 911.3	\$ 283.7	\$ 258.4	\$ 240.1	\$ 217.3	\$ 999.5	\$ 254.1	\$ 281.5	\$ 262.0	\$ 184.1	\$ 981.7
Adjusted EBITDA margins (non-GAAP)	15.2%	17.1%	18.1%	16.4%	15.6%	14.3%	16.1%	15.2%	16.7%	15.5%	12.8%	15.1%
Solutions Group												
Net sales	\$ 1,650.3	\$ 1,630.9	\$ 482.7	\$ 529.3	\$ 530.7	\$ 659.1	\$ 2,201.8	\$ 679.0	\$ 657.5	\$ 623.1	\$ 584.6	\$ 2,544.2
Sales change ex. currency (non-GAAP)	5.1%	(2.3%)	15.0%	72.5%	22.2%	38.9%	34.9%	42.8%	27.0%	21.6%	(7.3%)	19.1%
Organic sales change (non-GAAP)	5.1%	(9.5%)	9.3%	72.2%	13.5%	19.7%	25.2%	20.0%	4.5%	7.2%	(7.7%)	5.0%
Adjusted operating income (non-GAAP)	\$ 206.5	\$ 167.4	\$ 62.1	\$ 69.6	\$ 73.1	\$ 89.0	\$ 293.8	\$ 91.9	\$ 85.9	\$ 79.2	\$ 53.1	\$ 310.1
Adjusted operating margins (non-GAAP)	12.5%	10.3%	12.9%	13.1%	13.8%	13.5%	13.3%	13.5%	13.1%	12.7%	9.1%	12.2%
Adjusted EBITDA (non-GAAP)	\$ 259.1	\$ 239.0	\$ 80.7	\$ 89.0	\$ 99.4	\$ 126.9	\$ 396.0	\$ 129.4	\$ 124.9	\$ 117.8	\$ 92.9	\$ 465.0
Adjusted EBITDA margins (non-GAAP)	15.7%	14.7%	16.7%	16.8%	18.7%	19.3%	18.0%	19.1%	19.0%	18.9%	15.9%	18.3%
Corporate Expense (non-GAAP)	\$ (82.0)	\$ (82.2)	\$ (25.3)	\$ (22.9)	\$ (20.1)	\$ (18.8)	\$ (87.1)	\$ (25.2)	\$ (22.4)	\$ (19.4)	\$ (15.6)	\$ (82.6)

Historical Trends - New Reporting Segments Continued

(\$ in millions)

Materials Group	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Net sales	\$ 1,568.6	\$ 1,572.7	\$ 1,541.1	\$ 1,524.1	\$ 1,670.3	\$ 1,689.5	\$ 1,694.0	\$ 1,441.3
Reported net sales change	18.7%	27.5%	18.3%	2.8%	6.5%	7.4%	9.9%	(5.4%)
Reclassification of sales between segments	---	---	---	---	0.1%	0.4%	0.4%	0.2%
Foreign currency translation	(4.8%)	(8.3%)	(3.1%)	0.6%	3.6%	5.3%	7.9%	7.4%
Extra week impact	(4.1%)	---	---	8.4%	---	---	---	---
Sales change ex. currency ⁽¹⁾	9.8%	19.2%	15.2%	11.8%	10.2%	13.2%	18.2%	2.2%
Acquisitions/Divestitures	(1.0%)	(1.3%)	(1.2%)	(1.0%)	0.2%	0.5%	0.3%	---
Organic sales change ⁽¹⁾	8.8%	17.9%	14.0%	10.8%	10.4%	13.6%	18.5%	2.2%

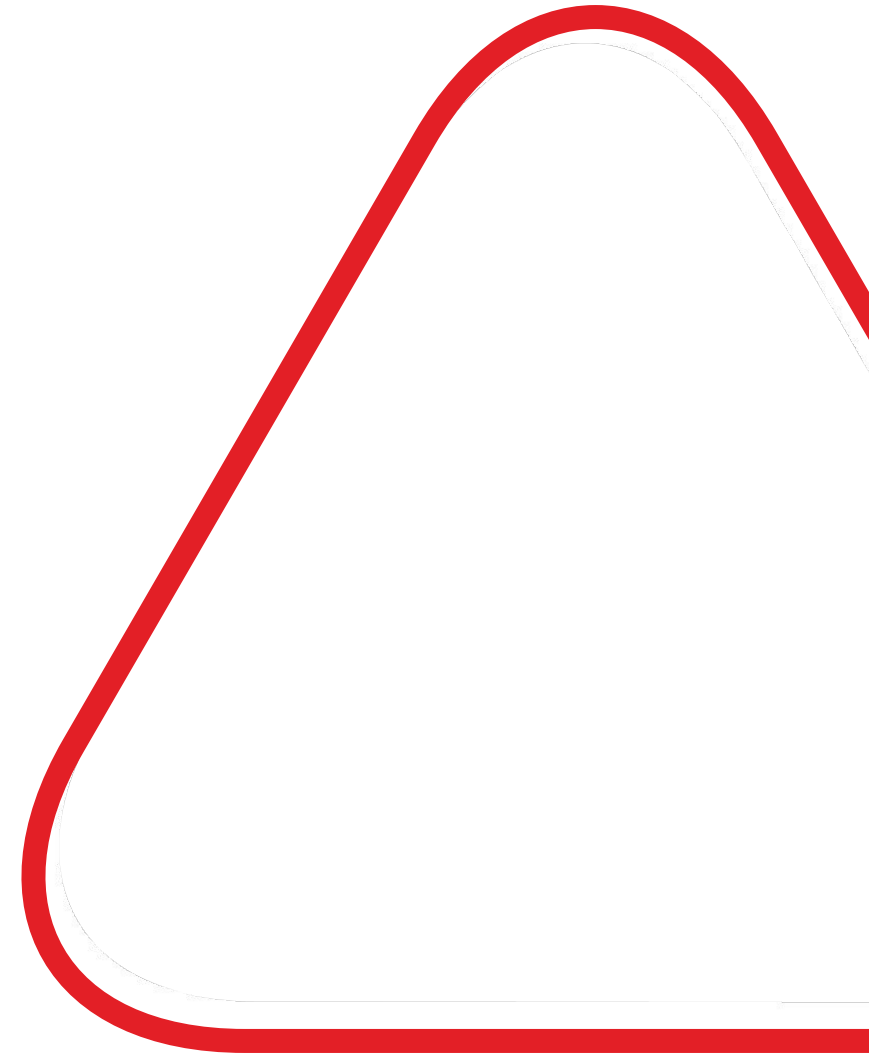
(\$ in millions)

Solutions Group	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Net sales	\$ 482.7	\$ 529.3	\$ 530.7	\$ 659.1	\$ 679.0	\$ 657.5	\$ 623.1	\$ 584.6
Reported net sales change	20.1%	79.5%	24.5%	29.7%	40.7%	24.2%	17.4%	(11.3%)
Reclassification of sales between segments	---	---	---	---	(0.3%)	(1.0%)	(1.0%)	(0.5%)
Foreign currency translation	(1.8%)	(6.9%)	(2.4%)	(0.3%)	2.5%	3.7%	5.2%	4.5%
Extra week impact	(3.3%)	---	---	9.5%	---	---	---	---
Sales change ex. currency ⁽¹⁾	15.0%	72.5%	22.2%	38.9%	42.8%	27.0%	21.6%	(7.3%)
Acquisitions/Divestitures	(5.7%)	(0.3%)	(8.8%)	(19.3%)	(22.8%)	(22.5%)	(14.4%)	(0.4%)
Organic sales change ⁽¹⁾	9.3%	72.2%	13.5%	19.7%	20.0%	4.5%	7.2%	(7.7%)

⁽¹⁾ Totals may not sum due to rounding.

Appendix B:

Reconciliation of Financial Measures from GAAP to Non-GAAP



Organic Sales Change – Avery Dennison

(\$ in millions)	2018	2019	2020	2021	2022	2021-2022 2-Yr CAGR
Net sales	\$7,159.0	\$7,070.1	\$6,971.5	\$8,408.3	\$9,039.3	
Reported net sales change	8.2%	(1.2%)	(1.4%)	20.6%	7.5%	
Foreign currency translation	(1.4%)	3.3%	0.9%	(3.4%)	5.6%	
Extra week impact			(1.3%)	1.4%		
Sales change ex. currency ⁽¹⁾	6.9%	2.0%	(1.7%)	18.6%	13.1%	15.8%
Acquisitions/Divestitures	(1.4%)		(1.7%)	(3.1%)	(3.6%)	
Organic sales change ⁽¹⁾	5.5%	2.0%	(3.4%)	15.6%	9.5%	12.5%

(1) Totals may not sum due to rounding

Organic Sales Change by Segment

(\$ in millions)

Materials Group	2018	2019	2020	2021	2022	2021-2022 2-Yr CAGR
Net sales	\$5,545.8	\$5,419.8	\$5,340.6	\$6,206.5	\$6,495.1	
Reported net sales change	8.7%	(2.3%)	(1.5%)	16.2%	4.6%	
Reclassification of sales between segments		(0.2%)			0.3%	
Foreign currency translation	(1.3%)	3.8%	1.0%	(3.6%)	6.0%	
Extra week impact			(1.1%)	1.3%		
Sales change ex. currency ⁽¹⁾	7.4%	1.4%	(1.6%)	13.9%	11.0%	12.4%
Acquisitions/Divestitures	(1.8%)			(1.1%)	0.2%	
Organic sales change ⁽¹⁾	5.6%	1.4%	(1.6%)	12.8%	11.2%	12.0%

(\$ in millions)

Solutions Group	2018	2019	2020	2021	2022	2021-2022 2-Yr CAGR
Net sales	\$1,613.2	\$1,650.3	\$1,630.9	\$2,201.8	\$2,544.2	
Reported net sales change	6.7%	2.3%	(1.2%)	35.0%	15.6%	
Reclassification of sales between segments		0.6%			(0.7%)	
Foreign currency translation	0.2%	2.2%	0.6%	(2.2%)	4.2%	
Extra week impact			(1.7%)	2.1%		
Sales change ex. currency ⁽¹⁾	6.9%	5.1%	(2.3%)	34.9%	19.1%	26.8%
Acquisitions/Divestitures			(7.2%)	(9.7%)	(14.1%)	
Organic sales change ⁽¹⁾	6.9%	5.1%	(9.5%)	25.2%	5.0%	14.7%

(1) Totals may not sum due to rounding

Adjusted Operating Margin and EBITDA – Avery Dennison

(\$ in millions)

	2018	2019	2020	2021	2022
Net sales	\$7,159.0	\$7,070.1	\$6,971.5	\$8,408.3	\$9,039.3
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	\$ 718.1	\$ 770.5	\$ 809.2	\$1,058.7	\$1,074.0
Operating margins, as reported	10.0%	10.9%	11.6%	12.6%	11.9%
<u>Non-GAAP adjustments:</u>					
Restructuring charges:					
Severance and related costs	\$ 63.0	\$ 45.3	\$ 49.1	\$ 10.5	\$ 7.6
Asset impairment and lease cancellation charges	\$ 10.7	\$ 5.1	\$ 6.2	\$ 3.1	\$ 0.1
Other items	\$ (3.8)	\$ 2.8	\$ (1.7)	\$ (8.0)	\$ (8.3)
Adjusted operating income (non-GAAP)	\$ 788.0	\$ 823.7	\$ 862.8	\$1,064.3	\$1,073.4
Adjusted operating margins (non-GAAP)	11.0%	11.7%	12.4%	12.7%	11.9%
Depreciation & Amortization	\$ 181.0	\$ 179.0	\$ 205.3	\$ 244.1	\$ 290.7
Adjusted EBITDA (non-GAAP)	\$ 969.0	\$1,002.7	\$1,068.1	\$1,308.4	\$1,364.1
Adjusted EBITDA margins (non-GAAP)	13.5%	14.2%	15.3%	15.6%	15.1%

Adjusted Operating Margin and EBITDA – Materials Group

(\$ in millions)

	2018	2019	2020	2021	2022
Net sales	\$5,545.8	\$5,419.8	\$5,340.6	\$6,206.5	\$6,495.1
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	\$ 631.1	\$ 661.5	\$ 747.0	\$ 883.3	\$ 859.3
Operating margins, as reported	11.4%	12.2%	14.0%	14.2%	13.2%
<u>Non-GAAP adjustments:</u>					
Restructuring charges:					
Severance and related costs	\$ 54.2	\$ 33.8	\$ 31.7	\$ 2.8	\$ (1.0)
Asset impairment and lease cancellation charges	\$ 7.6	\$ 4.6	\$ 4.6	\$ 2.2	\$ -
Other items	\$ (1.0)	\$ (0.7)	\$ (5.7)	\$ (30.7)	\$ (12.4)
Adjusted operating income (non-GAAP)	\$ 691.9	\$ 699.2	\$ 777.6	\$ 857.6	\$ 845.9
Adjusted operating margins (non-GAAP)	12.5%	12.9%	14.6%	13.8%	13.0%
Depreciation & Amortization	\$ 132.0	\$ 126.4	\$ 133.7	\$ 141.9	\$ 135.8
Adjusted EBITDA (non-GAAP)	\$ 823.9	\$ 825.6	\$ 911.3	\$ 999.5	\$ 981.7
Adjusted EBITDA margins (non-GAAP)	14.9%	15.2%	17.1%	16.1%	15.1%

Adjusted Operating Margin and EBITDA – Solutions Group

(\$ in millions)

	2018	2019	2020	2021	2022
Net sales	\$1,613.2	\$1,650.3	\$1,630.9	\$2,201.8	\$2,544.2
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	\$ 170.4	\$ 196.6	\$ 144.7	\$ 257.2	\$ 302.3
Operating margins, as reported	10.6%	11.9%	8.9%	11.7%	11.9%
<u>Non-GAAP adjustments:</u>					
Restructuring charges:					
Severance and related costs	\$ 8.8	\$ 9.3	\$ 17.1	\$ 6.7	\$ 7.8
Asset impairment and lease cancellation charges	\$ 3.1	\$ 0.5	\$ 1.6	\$ 0.9	\$ 0.1
Other items	\$ (0.5)	\$ 0.1	\$ 4.0	\$ 29.0	\$ (0.1)
Adjusted operating income (non-GAAP)	\$ 181.8	\$ 206.5	\$ 167.4	\$ 293.8	\$ 310.1
Adjusted operating margins (non-GAAP)	11.3%	12.5%	10.3%	13.3%	12.2%
Depreciation & Amortization	\$ 49.0	\$ 52.6	\$ 71.6	\$ 102.2	\$ 154.9
Adjusted EBITDA (non-GAAP)	\$ 230.8	\$ 259.1	\$ 239.0	\$ 396.0	\$ 465.0
Adjusted EBITDA margins (non-GAAP)	14.3%	15.7%	14.7%	18.0%	18.3%

Adjusted Net Income

(\$ in millions)	2018	2019	2020	2021	2022
As reported net income	\$467.4	\$ 303.6	\$ 555.9	\$ 740.1	\$ 757.1
<u>Non-GAAP adjustments:</u>					
Restructuring charges and other items ⁽¹⁾	\$ 60.7	\$ 40.0	\$ 40.6	\$ 4.4	\$ (4.7)
Pension plan settlements and related charges	\$ 93.7	\$ 444.1	\$ 0.5	\$ 2.5	
Tax benefit from pension plan contributions ⁽²⁾⁽³⁾	\$ (31.0)				
Tax benefit from pension plan settlements and related charges	\$ (19.3)	\$ (179.0)			
Tax benefit from discrete foreign tax structuring and planning transactions	\$ (31.0)	\$ (47.9)			
TCJA provisional amounts and subsequent adjustments ⁽³⁾	\$ (3.7)				
Adjusted net income (non-GAAP)	\$536.8	\$ 560.8	\$ 597.0	\$ 747.0	\$ 752.4

The adjusted tax rate was 24.7%, 25%, 24.1%, 24.6%, and 25% for 2022, 2021, 2020, 2019, and 2018, respectively.

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

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

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

Adjusted EPS

	2018	2019	2020	2021	2022	2021-2022 2-Yr CAGR
As reported net income per common share, assuming dilution	\$ 5.28	\$ 3.57	\$ 6.61	\$ 8.83	\$ 9.21	
<u>Non-GAAP adjustments per common share, net of tax:</u>						
Restructuring charges and other items ⁽¹⁾	\$ 0.68	\$ 0.47	\$ 0.48	\$ 0.05	\$ (0.06)	
Pension plan settlements and related charges	\$ 0.84	\$ 3.12	\$ 0.01	\$ 0.03		
Tax benefit from discrete foreign tax structuring and planning transactions	\$ (0.35)	\$ (0.56)				
TCJA provisional amounts and subsequent adjustments ⁽²⁾	\$ (0.39)					
Adjusted net income per common share, assuming dilution (non-GAAP)	\$ 6.06	\$ 6.60	\$ 7.10	\$ 8.91	\$ 9.15	13.5%

The adjusted tax rate was 24.7%, 25%, 24.1%, 24.6%, and 25% for 2022, 2021, 2020, 2019, and 2018, respectively.

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

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

Free Cash Flow

(\$ in millions)	2018	2019	2020	2021	2022
Net cash provided by operating activities	\$ 457.9	\$ 746.5	\$ 751.3	\$1,046.8	\$ 961.0
Purchases of property, plant and equipment	(226.7)	(219.4)	(201.4)	(255.0)	(278.1)
Purchases of software and other deferred charges	(29.9)	(37.8)	(17.2)	(17.1)	(20.4)
Proceeds from sales of property, plant and equipment	9.4	7.8	9.2	1.1	2.3
Proceeds from insurance and sales (purchases) of investments, net	18.5	4.9	5.6	3.1	1.9
Payments for certain acquisition-related transaction costs	-	-	-	18.8	0.6
Contributions for U.S. pension plan termination	200.0	10.3	-	-	-
Free Cash Flow (non-GAAP)	\$ 429.2	\$ 512.3	\$ 547.5	\$ 797.7	\$ 667.3

Return on Total Capital (ROTC)

(\$ in millions)

	2018	2019	2020	2021	2022
As reported net income	\$ 467.4	\$ 303.6	\$ 555.9	\$ 740.1	\$ 757.1
Interest expense, net of tax benefit	\$ 49.5	\$ 57.2	\$ 53.1	\$ 52.7	\$ 63.7
Intangible amortization, net of tax benefit	\$ 12.9	\$ 10.2	\$ 15.1	\$ 33.5	\$ 62.0
Effective Tax Rate	15.4%	24.6%	24.1%	25.0%	24.2%
Net income, excluding interest expense and intangible amortization, net of tax benefit	\$ 529.8	\$ 371.0	\$ 624.1	\$ 826.3	\$ 882.8
Total debt	\$1,966.2	\$1,939.5	\$2,116.8	\$3,104.7	\$3,102.1
Shareholders' equity	\$ 955.1	\$1,204.0	\$1,484.9	\$1,924.4	\$2,032.2
Total debt and shareholders' equity	\$2,921.3	\$3,143.5	\$3,601.7	\$5,029.1	\$5,134.3
ROTC (non-GAAP)	19.1%	12.2%	18.5%	19.1%	17.4%

Net Debt to Adjusted EBITDA

	QTD				YTD	QTD				YTD
	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022
Total Company (\$ in millions)										
Net sales	\$ 2,051.3	\$ 2,102.0	\$ 2,071.8	\$ 2,183.2	\$ 8,408.3	\$ 2,349.3	\$ 2,347.0	\$ 2,317.1	\$ 2,025.9	\$ 9,039.3
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	\$ 283.8	\$ 269.9	\$ 241.5	\$ 263.5	\$ 1,058.7	\$ 287.9	\$ 307.4	\$ 292.3	\$ 186.4	\$ 1,074.0
Operating margins, as reported	13.8%	12.8%	11.7%	12.1%	12.6%	12.3%	13.1%	12.6%	9.2%	11.9%
<u>Non-GAAP adjustments:</u>										
Restructuring charges:										
Severance and related costs	\$ 2.4	\$ 1.6	\$ 1.1	\$ 5.4	\$ 10.5	\$ 0.9	\$ 3.1	\$ 4.7	\$ (1.1)	\$ 7.6
Asset impairment and lease cancellation charges	0.5	0.1	1.3	1.2	3.1	-	-	0.1	-	0.1
Other items	(2.0)	(2.3)	13.6	(17.3)	(8.0)	(2.5)	0.3	(8.7)	2.6	(8.3)
Adjusted operating income (non-GAAP)	\$ 284.7	\$ 269.3	\$ 257.5	\$ 252.8	\$ 1,064.3	\$ 286.3	\$ 310.8	\$ 288.4	\$ 187.9	\$ 1,073.4
Adjusted operating margins (non-GAAP)	13.9%	12.8%	12.4%	11.6%	12.7%	12.2%	13.2%	12.4%	9.3%	11.9%
Depreciation and amortization	\$ 54.4	\$ 55.2	\$ 61.9	\$ 72.6	\$ 244.1	\$ 72.0	\$ 73.2	\$ 72.0	\$ 73.5	\$ 290.7
Adjusted EBITDA (non-GAAP)	\$ 339.1	\$ 324.5	\$ 319.4	\$ 325.4	\$ 1,308.4	\$ 358.3	\$ 384.0	\$ 360.4	\$ 261.4	\$ 1,364.1
Adjusted EBITDA margins (non-GAAP)	16.5%	15.4%	15.4%	14.9%	15.6%	15.3%	16.4%	15.6%	12.9%	15.1%

Total Debt		\$ 3,104.7	\$ 3,102.1
Less: Cash and cash equivalents		162.7	167.2
Net Debt		\$ 2,942.0	\$ 2,934.9
Net Debt to Adjusted EBITDA LTM* (non-GAAP)		2.2	2.2

*LTM = Last twelve months

Adjusted EBITDA and EPS ex. currency

(In millions, except % and per share amounts)

<u>QTD</u>	Adjusted EBITDA (Non-GAAP)	Adjusted net income (Non-GAAP)	Weighted average number of common shares outstanding, assuming dilution	Adjusted net income per common share, assuming dilution (Non-GAAP)
Q4 2022 As reported	\$261.4	\$134.7	81.6	\$1.65
Q4 2021 As reported	\$325.4	\$178.4	83.6	\$2.13
% Change	-20%			-23%
Q4 2022 As reported	\$261.4	\$134.7	81.6	\$1.65
Q4 2021 As reported, ex. currency	~ \$299.2	~ \$160.9	83.6	~ \$1.92
% Change ex. currency	~ -13%			~ -14%
<u>YTD</u>				
Q4 2022 As reported	\$1,364.1	\$752.4	82.2	\$9.15
Q4 2021 As reported	\$1,308.4	\$747.0	83.8	\$8.91
% Change	4%			3%
Q4 2022 As reported	\$1,364.1	\$752.4	82.2	\$9.15
Q4 2021 As reported, ex. currency	~ \$1,227.5	~ \$692.4	83.8	~ \$8.26
% Change ex. currency	~ 11%			~ 11%

