UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 3, 2021

AVERY DENNISON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**1-7685**	**95-1492269**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

207 Goode Avenue	
Glendale, California	**91203**
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code **(626) 304-2000**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common stock, $1 par value	AVY	New York Stock Exchange
1.25% Senior Notes due 2025	AVY25	Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

Avery Dennison Corporation's (the "Company's") press release, dated February 3, 2021, regarding the Company's preliminary, unaudited financial results for the fourth quarter and full year of 2020 and guidance for the 2021 fiscal year and providing an update on the impact of the COVID-19 pandemic on the Company, is attached hereto as Exhibit 99.1 and is being furnished (not filed) with this Form 8-K.

The Company's supplemental presentation materials, dated February 3, 2021, regarding the Company's preliminary, unaudited financial review and analysis for the fourth quarter and full year of 2020 and guidance for the 2021 fiscal year and providing an update on the impact of the COVID-19 pandemic on the Company, is attached hereto as Exhibit 99.2 and is being furnished (not filed) with this Form 8-K. The press release and presentation materials are also available on the Company's website at www.investors.averydennison.com.

The Company will discuss its preliminary, unaudited financial results during a webcast and teleconference to be held on February 3, 2021, at 1:00 p.m. ET. To access the webcast and teleconference, please go to the Company's website at www.investors.averydennison.com.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1	Press release, dated February 3, 2021, regarding the Company's preliminary, unaudited fourth quarter and full year 2020 financial results.
99.2	Supplemental presentation materials, dated February 3, 2021, regarding the Company's preliminary, unaudited financial review and analysis for fourth quarter and full year 2020.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

Certain statements contained in this report on Form 8-K and in Exhibits 99.1 and 99.2 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. The Company believes that the most significant risk factors that could affect its financial performance in the near-term include: (i) the impacts to the Company's business from global economic conditions, political uncertainty, and changes in environmental standards and governmental regulations, including as a result of the coronavirus/COVID-19 pandemic; (ii) competitors' actions, including pricing, expansion in key markets, and product offerings; (iii) 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 (iv) 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 Part I, Item 1A. “Risk Factors” and Part II, Item 7. “Management’s Discussion and Analysis of Results of Operations and Financial Condition” in the Company’s 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 Form 8-K are made only as of the date of this Form 8-K, and the Company undertakes no obligation to update these statements to reflect subsequent events or circumstances, other than as may be required by law.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release, dated February 3, 2021, regarding the Company’s preliminary, unaudited fourth quarter and full year 2020 financial results.
99.2	Supplemental presentation materials, dated February 3, 2021, regarding the Company’s preliminary, unaudited financial review and analysis for fourth quarter and full year 2020.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AVERY DENNISON CORPORATION

Date: February 3, 2021

By: /s/ Gregory S. Lovins
Name: Gregory S. Lovins
Title: Senior Vice President and Chief Financial Officer

Exhibit 99.1

For Immediate Release

AVERY DENNISON ANNOUNCES
FOURTH QUARTER AND FULL YEAR 2020 RESULTS

Highlights:

- 4Q20 Reported EPS of $2.28, up 19%
  - Adjusted EPS (non-GAAP) of $2.27, up 31%
- 4Q20 Net sales increased 12.3% to $1.99 billion
  - Sales change ex. currency (non-GAAP) of 5.2%
  - Organic sales change (non-GAAP) of 3.2%
- FY20 Reported EPS of $6.61, up 85%
  - Adjusted EPS of $7.10, up 8%
- FY20 Net sales declined 1.4% to $6.97 billion
  - Sales change ex. currency of (1.7%)
  - Organic sales change of (3.4%)
- Free Cash Flow of $548 million in 2020

GLENDALE, Calif., February 3, 2021 – Avery Dennison Corporation (NYSE:AVY) today announced preliminary, unaudited results for its fourth quarter and year ended January 2, 2021 and provided an update related to the impact of the COVID-19 pandemic on the company. Non-GAAP financial measures referenced in this document are reconciled to GAAP in the attached tables. Unless otherwise indicated, comparisons are to the same period in the prior year.

“We delivered another year of strong earnings growth in 2020,” said Mitch Butier, Chairman, President and CEO. “In the face of an unprecedented series of crises, our team demonstrated remarkable preparedness and incredible agility in ensuring the health and welfare of our employees, delivering for our customers, supporting our communities, and minimizing the impact of the recession for our shareholders.

“We were able to protect, even expand, margins, despite pandemic-related market declines particularly in the second quarter,” added Butier. “Underlying label demand in LGM, our largest business, remained strong throughout the downturn, while volume trends improved sequentially in RBIS and IHM in the second half. RFID grew significantly due to continued strong organic growth and the acquisition of Smartrac.

“As we enter 2021, we remain confident in our ability to continue to make progress toward our long-term goals, including consistent delivery of GDP+ growth and top-quartile return on capital,” added Butier.

“We continue to prove our resilience across business cycles,” said Butier. “I want to thank our entire team for their ongoing efforts to keep one another safe while continuing to deliver for all our stakeholders during this challenging period.”

COVID-19 Update

The safety and well-being of employees has been and will continue to be the company’s top priority during this global health crisis. The company has taken steps to both ensure employee safety, as well as help mitigate the financial impact to employees resulting from mandated facility closures and necessary layoffs in early 2020. In addition, the company recently provided one-time payments to frontline workers to express gratitude for their effort and dedication throughout this difficult time.

Additionally, the company has increased community engagement during the crisis, including electing to make a $10 million incremental contribution for charitable causes in the fourth quarter.

Throughout the pandemic, the company has continued to work closely with customers to continue to deliver industry-leading products and services. Operationally, all manufacturing sites remained open during the second half of the year. Throughout the health crisis, disruptions to the company’s supply chain have been negligible.

Balance Sheet, Liquidity, and Capital Deployment

The company’s balance sheet remains strong, with ample liquidity. Net debt to adjusted EBITDA (non-GAAP) was 1.7 as of the end of the fourth quarter, below our long-term target of 2.3 to 2.6.

The company’s long-term priorities for capital allocation support its primary objectives of delivering faster growth in high value categories alongside profitable growth of its base businesses. These priorities are unchanged in the current environment.

The company continues to protect its investments in high value categories, particularly RFID, and increased its pace of capital spending in the fourth quarter compared to previous expectations. Total capital spending for the year was $219 million.

The company closed two strategic acquisitions during the year, ACPO in the fourth quarter for $88 million and Smartrac in the first quarter for $255 million.

Additionally, for the fourth quarter and full year 2020, the company repurchased 0.4 and 0.8 million shares, respectively, at an aggregate cost of $52 million and $104 million, respectively. Net of dilution from long-term incentive awards, the company's share count at the end of the year was down by 0.9 million compared to the same time last year. In 2020, the company returned $301 million in cash to shareholders through a combination of share repurchases and dividends.

Fourth Quarter 2020 Results

Net sales were $1.99 billion, up 12.3%. The extra week in 2020 increased sales 4.9%. Sales were up 5.2% ex. currency, and up 3.2% on an organic basis.

Reported operating margin increased 350 basis points to 13.7%. Adjusted EBITDA margin increased 180 basis points to 16.3%, while adjusted operating margin increased 160 basis points to 13.5%.

Reported net income was $2.28 per share, up 19% and adjusted net income was $2.27 per share, up 31%, both of which were above the company's expectations.

Year-to-date free cash flow was $548 million, up 6.9% compared to last year.

Fourth Quarter 2020 Results by Segment

Label and Graphic Materials

- Reported sales increased 10.1%. Sales were up 3.6% on an organic basis.
  - Label and Packaging Materials sales were up a mid-single digit from prior year on an organic basis.
  - Sales declined by a mid-single digit organically in the combined Graphics and Reflective Solutions businesses.
  - On an organic basis, sales were up a mid-single digit in North America and emerging markets, and roughly flat in Western Europe.
- Reported operating margin increased 390 basis points to 15.9%, as the benefits of productivity, favorable volume/mix, lower restructuring charges, as well as raw material deflation, net of pricing more than offset higher employee-related costs. Adjusted operating margin increased 210 basis points to 15.4%.

Retail Branding and Information Solutions

- Reported sales increased 19.0%. Sales were up 11.6% ex. currency, and up 3.1% on an organic basis, as strong organic growth in high value categories was partially offset by a low-to-mid-single digit decline in the base business, driven by overall lower apparel demand. Sales ex. currency growth also reflected contribution from the Smartrac acquisition.
    - Enterprise-wide sales of RFID products were up approximately 55% ex. currency with the benefit of the Smartrac acquisition, and up approximately 21% organically, driven by new programs and recovery in the value segment of the apparel market.

- Reported operating margin increased 380 basis points to 15.3%, as the benefits of productivity, favorable volume, and lower restructuring charges more than offset higher employee-related costs. Adjusted operating margin increased 210 basis points to 15.7%.

Industrial and Healthcare Materials

- Reported sales increased 10.8%. On an organic basis, sales increased 0.7%, reflecting a high-single digit increase in industrial categories, and a mid-single digit decline in healthcare categories.

- Reported operating margin increased 520 basis points to 12.4%, as the benefits of lower restructuring charges, favorable volume/mix, and productivity more than offset the impact of higher employee-related costs. Adjusted operating margin increased 210 basis points to 12.3%.

Other

Income Taxes

The company's reported effective tax rate was 24.6% for the fourth quarter and 24.1% for the full year. The company's adjusted (non-GAAP) tax rate was 24.1% for the fourth quarter and full year.

The company's 2021 adjusted tax rate is expected to be in the mid-twenty percent range, based on current tax regulations.

Cost Reduction Actions

In the fourth quarter and full year 2020, the company realized approximately $18 million and $65 million, respectively, in pre-tax savings from restructuring, net of transition costs, and incurred pre-tax restructuring charges of approximately $3 million and $55 million, respectively, the vast majority of which represents cash charges. In addition, the company delivered approximately $135 million in net temporary savings in 2020, the majority of which are expected to become a headwind as markets continue to recover.

Outlook

In its supplemental presentation materials, "Fourth Quarter and Full Year 2020 Financial Review and Analysis," the company provides a list of factors that it believes will contribute to its 2021 financial results. Based on the factors listed and other assumptions, the company expects 2021 reported earnings per share of $7.50 to $7.90.

Excluding an estimated $0.15 per share impact of restructuring charges and other items, the company expects 2021 adjusted earnings per share of $7.65 to $8.05.

For more details on the company's results, see the summary tables accompanying this news release, as well as the supplemental presentation materials, "Fourth Quarter and Full Year 2020 Financial Review and Analysis," posted on the company's website at www.investors.averydennison.com, and furnished to the SEC on Form 8-K.

Throughout this release and the supplemental presentation materials, amounts on a per share basis reflect fully diluted shares outstanding.

About Avery Dennison

Avery Dennison (NYSE: AVY) is a global materials science company specializing in the design and manufacture of a wide variety of labeling and functional materials. The company's products, which are used in nearly every major industry, include pressure-sensitive materials for labels and graphic applications; tapes and other bonding solutions for industrial, medical, and retail applications; tags, labels and embellishments for apparel; and radio frequency identification (RFID) solutions serving retail apparel and other markets. Headquartered in Glendale, California, the company employs more than 30,000 employees in more than 50 countries. Reported sales in 2020 were $7.0 billion. Learn more at www.averydennison.com.

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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.

For more information and to listen to a live broadcast or an audio replay of the quarterly conference call with analysts, visit the Avery Dennison website at www.investors.averydennison.com

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Fourth Quarter Financial Summary - Preliminary, unaudited

(In millions, except % and per share amounts)

	(14 weeks) 4Q 2020	(13 weeks) 4Q 2019	% Sales Change vs. P/Y Reported	Ex. Currency (a)	Organic (b)
Net sales, by segment:					
Label and Graphic Materials	**$1,294.7**	**$1,176.2**	**10.1%**	3.6%	3.6%
Retail Branding and Information Solutions	**508.0**	**426.9**	**19.0%**	11.6%	3.1%
Industrial and Healthcare Materials	**188.2**	**169.8**	**10.8%**	0.7%	0.7%
Total net sales	**$1,990.9**	**$1,772.9**	**12.3%**	5.2%	3.2%

	As Reported (GAAP) (14 weeks) 4Q 2020	(13 weeks) 4Q 2019	% Change	% of Sales 2020	2019	Adjusted Non-GAAP (c) (14 weeks) 4Q 2020	(13 weeks) 4Q 2019	% Change	% of Sales 2020	2019
Operating income (loss) / operating margins before interest, other non-operating expense (income), and taxes, by segment:										
Label and Graphic Materials	**$205.7**	**$140.9**		**15.9%**	**12.0%**	$199.6	$156.0		15.4%	13.3%
Retail Branding and Information Solutions	**77.5**	**49.1**		**15.3%**	**11.5%**	79.6	58.1		15.7%	13.6%
Industrial and Healthcare Materials	**23.3**	**12.2**		**12.4%**	**7.2%**	23.1	17.4		12.3%	10.2%
Corporate expense	**(33.5)**	**(22.1)**				(33.0)	(19.9)			
Total operating income / operating margins before interest, other non-operating expense (income), and taxes	**$273.0**	**$180.1**	**52%**	**13.7%**	**10.2%**	$269.3	$211.6	27%	13.5%	11.9%
Interest expense	**$15.6**	**$17.8**				$15.6	$17.8			
Other non-operating expense (income), net (d)	**$2.1**	**($3.0)**				$1.6	($0.2)			
Income before taxes	**$255.3**	**$165.3**	**54%**	**12.8%**	**9.3%**	$252.1	$194.0	30%	12.7%	10.9%
Provision for (benefit from) income taxes	**$62.9**	**$2.2**				$60.7	$46.9			
Equity method investment (losses) gains	**($0.9)**	**($0.6)**				($0.9)	($0.6)			
Net income	**$191.5**	**$162.5**	**18%**	**9.6%**	**9.2%**	$190.5	$146.5	30%	9.6%	8.3%
Net income per common share, assuming dilution	**$2.28**	**$1.92**	**19%**			$2.27	$1.73	31%		
Free Cash Flow (e)						$205.8	$184.9			

See accompanying schedules A-4 to A-9 for reconciliations from GAAP to non-GAAP financial measures.

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

(b) *Organic sales change* refers to sales change ex. currency, excluding the estimated impact of product line exits, acquisitions and divestitures.

(c) Excludes impact of restructuring charges and other items. Corporate expense excludes impact of severance and related costs of $.5 and $2.2 in the fourth quarters of 2020 and 2019, respectively.

(d) As reported “Other non-operating expense (income), net” includes pension plan settlements and related charges, net of credits of $.5 and ($2.8) in the fourth quarters of 2020 and 2019, respectively.

(e) *Free cash flow* refers to cash flow provided by operating activities, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sales of property, plant and equipment, plus (minus) net proceeds from insurance and sales (purchases) of investments. Free cash flow is also adjusted for, where applicable, the cash contributions related to the termination of our U.S. pension plan.

Full Year Financial Summary - Preliminary, unaudited
(in millions, except % and per share amounts)

	(53 weeks) 2020	(52 weeks) 2019	% Sales Change vs. P/Y Reported	Ex. Currency (a)	Organic (b)
Net sales, by segment:					
Label and Graphic Materials	**$4,715.1**	**$4,745.9**	**(0.6%)**	(0.5%)	(0.5%)
Retail Branding and Information Solutions	**1,630.9**	**1,650.3**	**(1.2%)**	(2.3%)	(9.5%)
Industrial and Healthcare Materials	**625.5**	**673.9**	**(7.2%)**	(8.7%)	(8.7%)
Total net sales	**$6,971.5**	**$7,070.1**	**(1.4%)**	(1.7%)	(3.4%)

	As Reported (GAAP)					Adjusted Non-GAAP (c)				
	(53 weeks) 2020	(52 weeks) 2019	% Change	% of Sales 2020	% of Sales 2019	(53 weeks) 2020	(52 weeks) 2019	% Change	% of Sales 2020	% of Sales 2019
Operating income (loss) / operating margins before interest, other non-operating expense (income), and taxes, by segment:										
Label and Graphic Materials	**$688.8**	**$601.5**		**14.6%**	**12.7%**	$711.0	$629.8		15.1%	13.3%
Retail Branding and Information Solutions	**144.7**	**196.6**		**8.9%**	**11.9%**	167.4	206.5		10.3%	12.5%
Industrial and Healthcare Materials	**58.2**	**60.0**		**9.3%**	**8.9%**	66.6	69.4		10.6%	10.3%
Corporate expense	**(82.5)**	**(87.6)**				(82.2)	(82.0)			
Total operating income / operating margins before interest, other non-operating expense (income), and taxes	**$809.2**	**$770.5**	**5%**	**11.6%**	**10.9%**	$862.8	$823.7	5%	12.4%	11.7%
Interest expense	**$70.0**	**$75.8**				$70.0	$75.8			
Other non-operating expense (income), net (d)	**$1.9**	**$445.2**				$1.4	$1.1			
Income before taxes	**$737.3**	**$249.5**	**196%**	**10.6%**	**3.5%**	$791.4	$746.8	6%	11.4%	10.6%
Provision for (benefit from) income taxes (e)	**$177.7**	**($56.7)**				$190.7	$183.4			
Equity method investment (losses) gains	**($3.7)**	**($2.6)**				($3.7)	($2.6)			
Net income	**$555.9**	**$303.6**	**83%**	**8.0%**	**4.3%**	$597.0	$560.8	6%	8.6%	7.9%
Net income per common share, assuming dilution	**$6.61**	**$3.57**	**85%**			$7.10	$6.60	8%		
Free Cash Flow (f)						$547.5	$512.3			

See accompanying schedules A-4 to A-9 for reconciliations from GAAP to non-GAAP financial measures.

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

(b) *Organic sales change* refers to sales change ex. currency, excluding the estimated impact of product line exits, acquisitions and divestitures.

(c) Excludes impact of restructuring charges and other items. Corporate expense excludes impact of severance and related costs and legal settlement of $.3 and $5.6 in 2020 and 2019, respectively.

(d) As reported "Other non-operating expense (income), net" includes pension plan settlements and related charges, net of credits of $.5 and $444.1 in 2020 and 2019, respectively.

(e) As reported "Provision for (benefit from) income taxes" for 2019 includes then-estimated tax benefit of $178.9 related to the termination of our U.S. pension plan.

(f) *Free cash flow* refers to cash flow provided by operating activities, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sales of property, plant and equipment, plus (minus) net proceeds from insurance and sales (purchases) of investments. Free cash flow is also adjusted for, where applicable, the cash contributions related to the termination of our U.S. pension plan.

AVERY DENNISON CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)

	(UNAUDITED)			
	Three Months Ended		Twelve Months Ended	
	Jan. 2, 2021 (14 weeks)	Dec. 28, 2019 (13 weeks)	Jan. 2, 2021 (53 weeks)	Dec. 28, 2019 (52 weeks)
Net sales	$ 1,990.9	$ 1,772.9	$ 6,971.5	$ 7,070.1
Cost of products sold	1,419.8	1,288.2	5,048.2	5,166.0
Gross profit	571.1	484.7	1,923.3	1,904.1
Marketing, general and administrative expense	301.8	273.1	1,060.5	1,080.4
Other expense (income), net(1)	(3.7)	31.5	53.6	53.2
Interest expense	15.6	17.8	70.0	75.8
Other non-operating expense (income), net(2)	2.1	(3.0)	1.9	445.2
Income before taxes	255.3	165.3	737.3	249.5
Provision for (benefit from) income taxes(3)	62.9	2.2	177.7	(56.7)
Equity method investment (losses) gains	(0.9)	(0.6)	(3.7)	(2.6)
Net income	$ 191.5	$ 162.5	$ 555.9	$ 303.6
Per share amounts:				
Net income per common share, assuming dilution	$ 2.28	$ 1.92	$ 6.61	$ 3.57
Weighted average number of common shares outstanding, assuming dilution	84.1	84.5	84.1	85.0

(1) "Other expense (income), net" for the fourth quarter of 2020 includes gain on investment of $6.9 and gain on sale of assets of $.5, partially offset by severance and related costs of $2.7 and transaction costs of $1.

"Other expense (income), net" for the fourth quarter of 2019 includes severance and related costs of $25.5, asset impairment charges of $3.4, and transaction costs of $2.6.

"Other expense (income), net" for fiscal year 2020 includes severance and related costs of $49.1, asset impairment charges of $6.2, and transaction and related costs of $4.2, partially offset by net gain on investments of $5.4 and gain on sale of assets of $.5.

"Other expense (income), net" for fiscal year 2019 includes severance and related costs of $45.3, asset impairment and lease cancellation charges of $5.1, legal settlement of $3.4, and transaction costs of $2.6, partially offset by gain on sales of assets of $3.2.

(2) "Other non-operating expense (income), net" includes pension plan settlements and related charges, net of credits of $.5 and ($2.8) in the fourth quarters of 2020 and 2019, respectively, and $.5 and $444.1 in fiscal years 2020 and 2019, respectively.

(3) "Provision for (benefit from) income taxes" for fiscal year 2019 includes then-estimated tax benefit of $178.9 related to the termination of our U.S. pension plan.

AVERY DENNISON CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)

	(UNAUDITED)	
ASSETS	**Jan. 2, 2021**	**Dec. 28, 2019**
Current assets:		
Cash and cash equivalents	$ 252.3	$ 253.7
Trade accounts receivable, net	1,235.2	1,212.2
Inventories, net	717.2	663.0
Other current assets	211.5	211.7
Total current assets	2,416.2	2,340.6
Property, plant and equipment, net	1,343.7	1,210.7
Goodwill and other intangibles resulting from business acquisitions, net	1,361.3	1,057.3
Deferred tax assets	212.7	225.4
Other assets	765.0	654.8
	$ 6,098.9	$ 5,488.8

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt and finance leases	$ 64.7	$ 440.2
Accounts payable	1,050.9	1,066.1
Other current liabilities	810.4	747.5
Total current liabilities	1,926.0	2,253.8
Long-term debt and finance leases	2,052.1	1,499.3
Other long-term liabilities	620.9	531.7
Shareholders' equity:		
Common stock	124.1	124.1
Capital in excess of par value	862.1	874.0
Retained earnings	3,349.3	2,979.1
Treasury stock at cost	(2,501.0)	(2,425.1)
Accumulated other comprehensive loss	(334.6)	(348.1)
Total shareholders' equity	1,499.9	1,204.0
	$ 6,098.9	$ 5,488.8

AVERY DENNISON CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	(UNAUDITED) Twelve Months Ended	
	Jan. 2, 2021 (53 weeks)	**Dec. 28, 2019** (52 weeks)
Operating Activities:		
Net income	$ 555.9	$ 303.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	154.2	140.3
Amortization	51.1	38.7
Provision for credit losses and sales returns	64.0	58.7
Stock-based compensation	24.0	34.5
Pension plan settlements and related charges	0.5	444.1
Deferred taxes and other non-cash taxes	9.3	(216.9)
Other non-cash expense and loss (income and gain), net	44.9	28.3
Changes in assets and liabilities and other adjustments	(152.6)	(84.8)
Net cash provided by operating activities	751.3	746.5
Investing Activities:		
Purchases of property, plant and equipment	(201.4)	(219.4)
Purchases of software and other deferred charges	(17.2)	(37.8)
Proceeds from sales of property, plant and equipment	9.2	7.8
Proceeds from insurance and sales (purchases) of investments, net	5.6	4.9
Payments for acquisitions, net of cash acquired, and investments in businesses	(350.4)	(6.5)
Net cash used in investing activities	(554.2)	(251.0)
Financing Activities:		
Net increase (decrease) in borrowings (maturities of three months or less)	(110.4)	(5.3)
Additional borrowings under revolving credit facility	500.0	---
Repayments of revolving credit facility	(500.0)	---
Additional long-term borrowings	493.7	---
Repayments of long-term debt and finance leases	(270.2)	(18.6)
Dividends paid	(196.8)	(189.7)
Share repurchases	(104.3)	(237.7)
Net (tax withholding) proceeds related to stock-based compensation	(19.7)	(17.4)
Payments of contingent consideration	---	(1.6)
Net cash used in financing activities	(207.7)	(470.3)
Effect of foreign currency translation on cash balances	9.2	(3.5)
Increase (decrease) in cash and cash equivalents	(1.4)	21.7
Cash and cash equivalents, beginning of year	253.7	232.0
Cash and cash equivalents, end of year	$ 252.3	$ 253.7

Reconciliation of Non-GAAP Financial Measures to GAAP

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

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, gains or losses on 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 a single period and full year.

We use the following non-GAAP financial measures in the accompanying news release and presentation:

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

Organic sales change refers to sales change ex. currency, excluding the estimated impact of product line exits, acquisitions and divestitures.

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

Adjusted operating income refers to income before taxes; interest expense; other non-operating expense (income), net; and other expense (income), net.

Adjusted EBITDA refers to adjusted operating income before depreciation and amortization.

Adjusted operating margin refers to adjusted operating income as a percentage of net sales.

Adjusted EBITDA margin refers to adjusted EBITDA as a percentage of net sales.

Adjusted tax rate refers to the full-year GAAP tax rate, adjusted to exclude certain unusual or infrequent events that are expected to significantly impact that rate, such as our U.S. pension plan termination, effects of certain discrete tax planning actions, impacts related to the enactment of the U.S. Tax Cuts and Jobs Act (“TCJA”), where applicable, and other items.

Adjusted net income refers to income before taxes, tax-effected at the adjusted tax rate, and adjusted for tax-effected restructuring charges and other items.

Adjusted net income per common share, assuming dilution (adjusted EPS) refers to adjusted net income divided by weighted average number of common shares outstanding, assuming dilution.

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

Net debt to adjusted EBITDA ratio refers to total debt (including finance leases) less cash and cash equivalents, divided by adjusted EBITDA for the last twelve months.

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

Free cash flow refers to cash flow provided by operating activities, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sales of property, plant and equipment, plus (minus) net proceeds from insurance and sales (purchases) of investments. Free cash flow is also adjusted for, where applicable, 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.

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

AVERY DENNISON CORPORATION
PRELIMINARY RECONCILIATION FROM GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, except % and per share amounts)

	(UNAUDITED)			
	Three Months Ended		Twelve Months Ended	
	Jan. 2, 2021 (14 weeks)	Dec. 28, 2019 (13 weeks)	Jan. 2, 2021 (53 weeks)	Dec. 28, 2019 (52 weeks)
Reconciliation from GAAP to Non-GAAP operating margins:				
Net sales	$ 1,990.9	$ 1,772.9	$ 6,971.5	$ 7,070.1
Income before taxes	$ 255.3	$ 165.3	$ 737.3	$ 249.5
Income before taxes as a percentage of net sales	12.8%	9.3%	10.6%	3.5%
Adjustments:				
Interest expense	$ 15.6	$ 17.8	$ 70.0	$ 75.8
Other non-operating expense (income), net	2.1	(3.0)	1.9	445.2
Operating income before interest expense, other non-operating expense (income), and taxes	$ 273.0	$ 180.1	$ 809.2	$ 770.5
Operating margins	13.7%	10.2%	11.6%	10.9%
Income before taxes	$ 255.3	$ 165.3	$ 737.3	$ 249.5
Adjustments:				
Restructuring charges:				
Severance and related costs	2.7	25.5	49.1	45.3
Asset impairment and lease cancellation charges	---	3.4	6.2	5.1
Net gain on investments	(6.9)	---	(5.4)	---
Transaction and related costs	1.0	2.6	4.2	2.6
Legal settlement	---	---	---	3.4
Gain on sales of assets	(0.5)	---	(0.5)	(3.2)
Interest expense	15.6	17.8	70.0	75.8
Other non-operating expense (income), net	2.1	(3.0)	1.9	445.2
Adjusted operating income (non-GAAP)	$ 269.3	$ 211.6	$ 862.8	$ 823.7
Adjusted operating margins (non-GAAP)	13.5%	11.9%	12.4%	11.7%
Reconciliation from GAAP to Non-GAAP net income:				
As reported net income	$ 191.5	$ 162.5	$ 555.9	$ 303.6
Adjustments:				
Restructuring charges and other items(1)	(3.7)	31.5	53.6	53.2
Pension plan settlements and related charges	0.5	(2.8)	0.5	444.1
Tax benefit from pension plan settlements and related charges	---	0.8	---	(179.0)
Tax benefit from discrete foreign tax structuring and planning transactions	---	(47.9)	---	(47.9)
Tax effect on restructuring charges and other items and impact of adjusted tax rate	2.2	2.4	(13.0)	(13.2)
Adjusted net income (non-GAAP)	$ 190.5	$ 146.5	$ 597.0	$ 560.8

(1) Includes pretax restructuring and related charges, transaction and related costs, legal settlement, net gain on investments, and gain on sales of assets.

AVERY DENNISON CORPORATION
PRELIMINARY RECONCILIATION FROM GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, except % and per share amounts)

	(UNAUDITED)			
	Three Months Ended		Twelve Months Ended	
	Jan. 2, 2021 (14 weeks)	Dec. 28, 2019 (13 weeks)	Jan. 2, 2021 (53 weeks)	Dec. 28, 2019 (52 weeks)
Reconciliation from GAAP to Non-GAAP net income per common share:				
As reported net income per common share, assuming dilution	$ 2.28	$ 1.92	$ 6.61	$ 3.57
Adjustments per common share, net of tax:				
Restructuring charges and other items[1]	(0.05)	0.37	0.64	0.63
Pension plan settlements and related charges	0.01	(0.02)	0.01	3.12
Tax benefit from discrete foreign tax structuring and planning transactions	---	(0.57)	---	(0.56)
Tax effect on restructuring charges and other items and impact of adjusted tax rate	0.03	0.03	(0.16)	(0.16)
Adjusted net income per common share, assuming dilution (non-GAAP)	$ 2.27	$ 1.73	$ 7.10	$ 6.60
Weighted average number of common shares outstanding, assuming dilution	84.1	84.5	84.1	85.0

Our adjusted tax rate was 24.1% for the three and twelve months ended Jan. 2, 2021, and 24.2% and 24.6% for the three and twelve months ended Dec. 28, 2019, respectively.

[1] Includes pretax restructuring and related charges, transaction and related costs, legal settlement, net gain on investments, and gain on sales of assets.

	(UNAUDITED)			
	Three Months Ended		Twelve Months Ended	
	Jan. 2, 2021 (14 weeks)	Dec. 28, 2019 (13 weeks)	Jan. 2, 2021 (53 weeks)	Dec. 28, 2019 (52 weeks)
Reconciliation of free cash flow:				
Net cash provided by operating activities	$ 309.5	$ 279.5	$ 751.3	$ 746.5
Purchases of property, plant and equipment	(109.7)	(86.5)	(201.4)	(219.4)
Purchases of software and other deferred charges	(3.4)	(10.4)	(17.2)	(37.8)
Proceeds from sales of property, plant and equipment	9.0	0.1	9.2	7.8
Proceeds from insurance and sales (purchases) of investments, net	0.4	1.4	5.6	4.9
Contributions for U.S. pension plan termination	---	0.8	---	10.3
Free cash flow (non-GAAP)	$ 205.8	$ 184.9	$ 547.5	$ 512.3

AVERY DENNISON CORPORATION
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions, except %)
(UNAUDITED)

	Fourth Quarter Ended					
	NET SALES		OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2020 (14 weeks)	2019 (13 weeks)	2020 (14 weeks)	2019 (13 weeks)	2020 (14 weeks)	2019 (13 weeks)
Label and Graphic Materials	$ 1,294.7	$ 1,176.2	$ 205.7	$ 140.9	15.9%	12.0%
Retail Branding and Information Solutions	508.0	426.9	77.5	49.1	15.3%	11.5%
Industrial and Healthcare Materials	188.2	169.8	23.3	12.2	12.4%	7.2%
Corporate Expense	N/A	N/A	(33.5)	(22.1)	N/A	N/A
TOTAL FROM OPERATIONS	$ 1,990.9	$ 1,772.9	$ 273.0	$ 180.1	13.7%	10.2%

RECONCILIATION FROM GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

	Fourth Quarter Ended			
	OPERATING INCOME		OPERATING MARGINS	
	2020	2019	2020	2019
Label and Graphic Materials				
Operating income and margins, as reported	$ 205.7	$ 140.9	15.9%	12.0%
Adjustments:				
Restructuring charges:				
Severance and related costs	0.3	15.1	---	1.3%
Transaction costs	1.0	---	0.1%	---
Gain on investment	(6.9)	---	(0.5%)	---
Gain on sale of assets	(0.5)	---	(0.1%)	---
Adjusted operating income and margins (non-GAAP)	$ 199.6	$ 156.0	15.4%	13.3%
Retail Branding and Information Solutions				
Operating income and margins, as reported	$ 77.5	$ 49.1	15.3%	11.5%
Adjustments:				
Restructuring charges:				
Severance and related costs	2.1	6.3	0.4%	1.5%
Asset impairment charges	---	0.1	---	---
Transaction costs	---	2.6	---	0.6%
Adjusted operating income and margins (non-GAAP)	$ 79.6	$ 58.1	15.7%	13.6%
Industrial and Healthcare Materials				
Operating income and margins, as reported	$ 23.3	$ 12.2	12.4%	7.2%
Adjustments:				
Restructuring charges:				
Severance and related costs	(0.2)	1.9	(0.1%)	1.1%
Asset impairment charges	---	3.3	---	1.9%
Adjusted operating income and margins (non-GAAP)	$ 23.1	$ 17.4	12.3%	10.2%

AVERY DENNISON CORPORATION
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions, except %)
(UNAUDITED)

	Twelve Months Ended					
	NET SALES		OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2020 (53 weeks)	2019 (52 weeks)	2020 (53 weeks)	2019 (52 weeks)	2020 (53 weeks)	2019 (52 weeks)
Label and Graphic Materials	$ 4,715.1	$ 4,745.9	$ 688.8	$ 601.5	14.6%	12.7%
Retail Branding and Information Solutions	1,630.9	1,650.3	144.7	196.6	8.9%	11.9%
Industrial and Healthcare Materials	625.5	673.9	58.2	60.0	9.3%	8.9%
Corporate Expense	N/A	N/A	(82.5)	(87.6)	N/A	N/A
TOTAL FROM OPERATIONS	$ 6,971.5	$ 7,070.1	$ 809.2	$ 770.5	11.6%	10.9%

RECONCILIATION FROM GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

	Twelve Months Ended			
	OPERATING INCOME		OPERATING MARGINS	
	2020	2019	2020	2019
Label and Graphic Materials				
Operating income and margins, as reported	$ 688.8	$ 601.5	14.6%	12.7%
Adjustments:				
Restructuring charges:				
Severance and related costs	27.0	27.7	0.6%	0.6%
Asset impairment and lease cancellation charges	0.9	1.3	---	---
Transaction and related costs	1.7	---	---	---
Gain on investment	(6.9)	---	(0.1%)	---
Gain on sales of assets	(0.5)	(0.7)	---	---
Adjusted operating income and margins (non-GAAP)	$ 711.0	$ 629.8	15.1%	13.3%
Depreciation and amortization	107.0	99.9	2.2%	2.1%
Adjusted EBITDA and margins (non-GAAP)	$ 818.0	$ 729.7	17.3%	15.4%
Retail Branding and Information Solutions				
Operating income and margins, as reported	$ 144.7	$ 196.6	8.9%	11.9%
Adjustments:				
Restructuring charges:				
Severance and related costs	17.1	9.3	1.0%	0.6%
Asset impairment charges	1.6	0.5	0.1%	---
Transaction and related costs	2.5	2.6	0.2%	0.2%
Loss on investment	1.5	---	0.1%	---
Gain on sale of assets	---	(2.5)	---	(0.2%)
Adjusted operating income and margins (non-GAAP)	$ 167.4	$ 206.5	10.3%	12.5%
Depreciation and amortization	71.6	52.9	4.4%	3.2%
Adjusted EBITDA and margins (non-GAAP)	$ 239.0	$ 259.4	14.7%	15.7%
Industrial and Healthcare Materials				
Operating income and margins, as reported	$ 58.2	$ 60.0	9.3%	8.9%
Adjustments:				
Restructuring charges:				
Severance and related costs	4.7	6.1	0.7%	0.9%
Asset impairment charges	3.7	3.3	0.6%	0.5%
Adjusted operating income and margins (non-GAAP)	$ 66.6	$ 69.4	10.6%	10.3%
Depreciation and amortization	26.7	26.2	4.3%	3.9%
Adjusted EBITDA and margins (non-GAAP)	$ 93.3	$ 95.6	14.9%	14.2%

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AVERY DENNISON CORPORATION
PRELIMINARY SUPPLEMENTARY INFORMATION
Reconciliation of Adjusted EBITDA Margins and Net Debt to Adjusted EBITDA
($in millions)
(UNAUDITED)

	QTD				YTD	QTD				YTD
Total Company	**1Q19**	**2Q19**	**3Q19**	**4Q19**	**2019**	**1Q20**	**2Q20**	**3Q20**	**4Q20**	**2020**
Net sales	$ 1,740.1	$ 1,795.7	$ 1,761.4	$ 1,772.9	$ 7,070.1	$ 1,723.0	$ 1,528.5	$ 1,729.1	$ 1,990.9	$ 6,971.5
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 181.6	$ 209.1	$ 199.7	$ 180.1	$ 770.5	$ 199.2	$ 123.5	$ 213.5	$ 273.0	$ 809.2
Operating margins, as reported	10.4%	11.6%	11.3%	10.2%	10.9%	11.6%	8.1%	12.3%	13.7%	11.6%
Non-GAAP adjustments:										
Restructuring charges:										
Severance and related costs	$ 10.4	$ 6.1	$ 3.3	$ 25.5	$ 45.3	$ 2.4	$ 37.5	$ 6.5	$ 2.7	$ 49.1
Asset impairment and lease cancellation charges	0.3	1.4	-	3.4	5.1	-	1.8	4.4	-	6.2
Other items	(3.2)	-	3.4	2.6	2.8	2.5	0.7	1.5	(6.4)	(1.7)
Adjusted operating income (non-GAAP)	$ 189.1	$ 216.6	$ 206.4	$ 211.6	$ 823.7	$ 204.1	$ 163.5	$ 225.9	$ 269.3	$ 862.8
Adjusted operating margins (non-GAAP)	10.9%	12.1%	11.7%	11.9%	11.7%	11.8%	10.7%	13.1%	13.5%	12.4%
Depreciation and amortization	$ 44.5	$ 44.9	$ 44.0	$ 45.6	$ 179.0	$ 47.5	$ 50.3	$ 52.0	$ 55.5	$ 205.3
Adjusted EBITDA (non-GAAP)	$ 233.6	$ 261.5	$ 250.4	$ 257.2	$ 1,002.7	$ 251.6	$ 213.8	$ 277.9	$ 324.8	$ 1,068.1
Adjusted EBITDA margins (non-GAAP)	13.4%	14.6%	14.2%	14.5%	14.2%	14.6%	14.0%	16.1%	16.3%	15.3%

Total Debt	$ 2,820.3	$ 2,266.2	$ 2,144.1	$ 2,116.8
Less: Cash and cash equivalents	742.0	262.6	284.7	252.3
Net Debt	$ 2,078.3	$ 2,003.6	$ 1,859.4	$ 1,864.5
Net Debt to Adjusted EBITDA LTM* (non-GAAP)				1.7

*LTM = Last twelve months (1Q20 to 4Q20)

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AVERY DENNISON CORPORATION
PRELIMINARY SUPPLEMENTARY INFORMATION
(UNAUDITED)

	Fourth Quarter 2020			
	Total Company	Label and Graphic Materials	Retail Branding and Information Solutions	Industrial and Healthcare Materials
Reconciliation from GAAP to Non-GAAP sales change				
Reported net sales change	12.3%	10.1%	19.0%	10.8%
Foreign currency translation	(2.3%)	(2.5%)	(0.9%)	(4.0%)
Extra week impact	(4.9%)	(4.1%)	(6.6%)	(6.1%)
Sales change ex. currency (non-GAAP)(1)	5.2%	3.6%	11.6%	0.7%
Acquisitions	(2.0%)	---	(8.4%)	---
Organic sales change (non-GAAP)(1)	3.2%	3.6%	3.1%	0.7%

	Full Year 2020			
	Total Company	Label and Graphic Materials	Retail Branding and Information Solutions	Industrial and Healthcare Materials
Reconciliation from GAAP to Non-GAAP sales change				
Reported net sales change	(1.4%)	(0.6%)	(1.2%)	(7.2%)
Foreign currency translation	0.9%	1.2%	0.6%	0.1%
Extra week impact	(1.3%)	(1.0%)	(1.7%)	(1.6%)
Sales change ex. currency (non-GAAP)(1)	(1.7%)	(0.5%)	(2.3%)	(8.7%)
Acquisitions	(1.7%)	---	(7.2%)	---
Organic sales change (non-GAAP)(1)	(3.4%)	(0.5%)	(9.5%)	(8.7%)

(1) Totals may not sum due to rounding.

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AVERY DENNISON CORPORATION
PRELIMINARY SUPPLEMENTARY INFORMATION
2020 Monthly Sales Trends (comparisons to prior year)
(UNAUDITED)

	Total Company									
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Reconciliation from GAAP to Non-GAAP sales change										
Reported net sales change(1)	2%	(18%)	(15%)	(12%)	(7%)	(1%)	1%	7%	23%	9%
Foreign currency translation	3%	3%	3%	3%	3%	1%	(1%)	(2%)	(2%)	(3%)
Extra week impact	---	---	---	---	---	---	---	---	(16%)	---
Sales change ex. currency (non-GAAP)(2)	5%	(16%)	(11%)	(10%)	(4%)	---	---	5%	5%	6%
Acquisitions	(2%)	(2%)	(2%)	(2%)	(3%)	(2%)	(2%)	(2%)	(2%)	(2%)
Organic sales change (non-GAAP)(2)	3%	(17%)	(13%)	(11%)	(7%)	(2%)	(2%)	3%	3%	4%

	Label and Graphic Materials									
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Reconciliation from GAAP to Non-GAAP sales change										
Reported net sales change(1)	1%	(7%)	(7%)	(11%)	(9%)	(2%)	---	4%	19%	9%
Foreign currency translation	4%	4%	5%	3%	3%	1%	(1%)	(2%)	(2%)	(3%)
Extra week impact	---	---	---	---	---	---	---	---	(13%)	---
Sales change ex. currency (non-GAAP)(2)	5%	(4%)	(2%)	(8%)	(6%)	(1%)	(1%)	2%	3%	6%
Acquisitions	---	---	---	---	---	---	---	---	---	---
Organic sales change (non-GAAP)(2)	5%	(4%)	(2%)	(8%)	(6%)	(1%)	(1%)	2%	3%	6%

	Retail Branding and Information Solutions									
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Reconciliation from GAAP to Non-GAAP sales change										
Reported net sales change(1)	8%	(48%)	(32%)	(10%)	5%	5%	4%	15%	34%	12%
Foreign currency translation	2%	1%	1%	1%	2%	1%	---	---	(1%)	(1%)
Extra week impact	---	---	---	---	---	---	---	---	(23%)	---
Sales change ex. currency (non-GAAP)(2)	9%	(47%)	(30%)	(9%)	7%	6%	4%	15%	10%	10%
Acquisitions	(7%)	(7%)	(7%)	(8%)	(12%)	(11%)	(8%)	(9%)	(8%)	(8%)
Organic sales change (non-GAAP)(2)	2%	(54%)	(38%)	(17%)	(5%)	(5%)	(5%)	6%	2%	2%

	Industrial and Healthcare Materials									
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Reconciliation from GAAP to Non-GAAP sales change										
Reported net sales change(1)	(8%)	(19%)	(27%)	(22%)	(17%)	(5%)	(1%)	6%	26%	2%
Foreign currency translation	3%	2%	2%	2%	2%	---	(2%)	(3%)	(4%)	(4%)
Extra week impact	---	---	---	---	---	---	---	---	(20%)	---
Sales change ex. currency (non-GAAP)(2)	(6%)	(17%)	(25%)	(21%)	(15%)	(5%)	(4%)	3%	2%	(3%)
Acquisitions	---	---	---	---	---	---	---	---	---	---
Organic sales change (non-GAAP)(2)	(6%)	(17%)	(25%)	(21%)	(15%)	(5%)	(4%)	3%	2%	(3%)

(1) Includes an extra week in Nov.
(2) Totals may not sum due to rounding.

Fourth Quarter and Full Year 2020 Financial Review and Analysis

(preliminary, unaudited)

February 3, 2021

Supplemental Presentation Materials

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

AVERY DENNISON

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 our business from global economic conditions, political uncertainty, changes in environmental standards and governmental regulations, including as a result of the coronavirus/COVID-19 pandemic; (ii) competitors' actions, including pricing, expansion in key markets, and product offerings; (iii) 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 (iv) 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 the presentation of our financial results that are prepared in accordance with GAAP. Based upon feedback from investors and financial analysts, we believe that the supplemental non-GAAP financial measures we provide are useful to their 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 quarter (see Attachments A-4 through A-9 to news release dated February 3, 2021).

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, gains or losses on 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 a single period and full year. We use the following non-GAAP financial measures in this presentation:

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

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

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

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

- **Net debt to adjusted EBITDA ratio** refers to total debt (including finance leases) less cash and cash equivalents, divided by adjusted EBITDA for the last twelve months.
- **Return on total capital (ROTC)** refers to net income 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, where applicable, 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.

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

Once again proved our resiliency in 2020, well-positioned for growth

Safety and well-being of employees remains our top priority during continuing global health crisis

Delivered another year of strong earnings growth, despite challenging macro environment

- Sales down due to pandemic-related market declines, principally in Q2
  - Growth rebounded in Q4
- Margins up significantly with record free cash flow for the year
- Maintained strong balance sheet
- Robust scenario planning and agile execution were keys to success in 2020

Strong performance over the years through consistent execution of our strategies

- Increasing investment in high value categories, particularly RFID, to drive growth
- Growing profitably in our base business while expanding/protecting margins
- Continuously driving productivity
  - Implemented temporary cost-saving actions in 2020, continuing to execute structural cost reductions

Well-positioned for continued GDP+ growth and top-quartile return on capital

Committed to continuing success of all stakeholders: employees, customers, communities, & shareholders

Full Year 2020 Overview

Reported sales down 1.4%

- Sales change ex. currency (non-GAAP) down 1.7%; acquisitions contributed ~2 points of growth
- Organic sales change (non-GAAP) down 3.4%
- Q4 sales change ex. currency up 5.2%, up 3.2% organically

Reported operating margin of 11.6%, up 70 bps

- Adj. EBITDA margin (non-GAAP) of 15.3%, up 110 bps
- Adjusted operating margin (non-GAAP) of 12.4%, up 70 bps

Reported EPS of $6.61; adjusted EPS (non-GAAP) of $7.10, up 8%

Free cash flow (non-GAAP) of $548 mil., up $35 mil.

- Pace of capex accelerated in Q4, driven by RFID investments

Maintained strong balance sheet, with year-end leverage below long-term target

Targeting continued progress in 2021

- Organic top-line growth of 3% to 7%
- Reported EPS of $7.50 to $7.90; adjusted EPS of $7.65 to $8.05, midpoint up 11%

COVID-19 Update

Safety and well-being of employees remains our top priority during continuing global health crisis

- Implemented world-class safety protocols and continue to adapt as pandemic evolves
- Provided income continuation to employees during initial stages of pandemic
- Provided gratitude payment to frontline workers in Q4 (e.g. $250 in U.S.)

Increased community engagement during crisis; $10 million incremental contribution for charitable causes in Q4

Throughout the pandemic, worked closely with customers to continue delivering industry-leading products and services; all manufacturing sites remained open during 2H-20 and disruptions to our supply chain have been negligible

In response to lower demand, increased our focus on cost reduction

- Delivered incremental savings from restructuring actions of $65 million during 2020
- Delivered temporary savings in 2020 of ~$135 million

Full Year 2020 Results

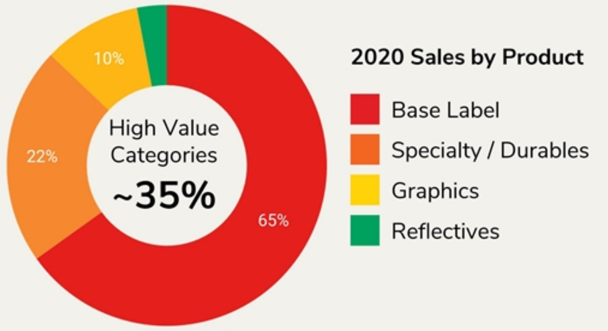
Label and Graphic Materials

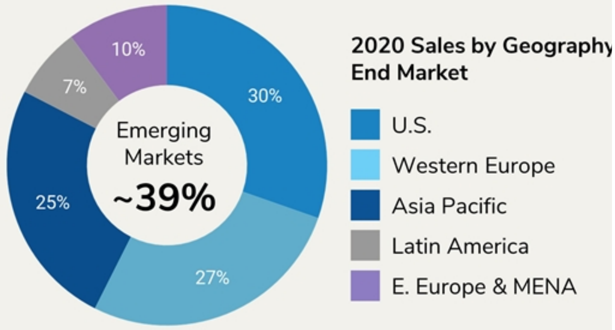
Reported sales decreased 0.6% to $4.72 bil.
Sales were down 0.5% on an organic basis

- Label and Packaging Materials up low-single digit organically
  - Underlying label demand remained strong throughout the downturn given increased consumption of packaged goods, including e-commerce
  - Volumes throughout the year were more variable than usual due to shifting inventory positions throughout the value chain
- Combined Graphics and Reflective Solutions down low-teens, driven by sharp demand decline in Q2, following govt.-mandated lockdowns

Reported operating margin increased 190 bps to 14.6%

- Adjusted operating margin increased 180 bps to 15.1%, driven by productivity and raw material deflation, net of pricing





Full Year 2020 Results

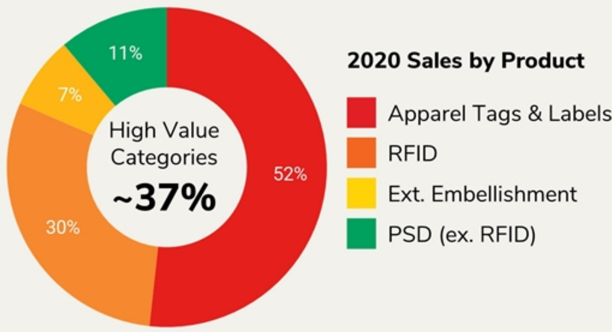
Retail Branding and Information Solutions

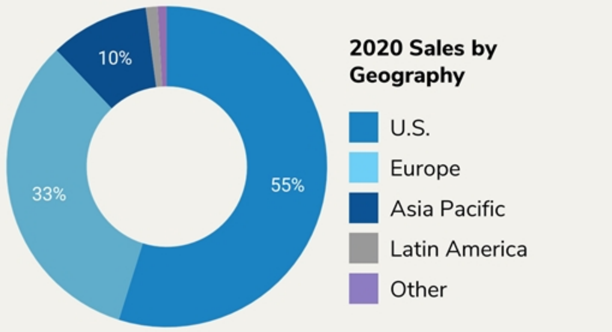
Reported sales decreased 1.2% to $1.63 bil.
Sales were down 2.3% ex. currency, and 9.5% on an organic basis

- Strong organic growth in high value categories was more than offset by decline in the base
- Enterprise-wide sales of RFID products up approximately 40% ex. currency with benefit of Smartrac acquisition; up high-single digit organically; pandemic further highlighted the benefits of RFID to enable omnichannel retailing and a frictionless economy
- Demand improved significantly in the second half (up 3% organically in Q4), following sharp decline in Q2 due to widespread closure of retail outlets

Reported operating margin decreased 300 bps to 8.9%

- Adjusted operating margin decreased 220 bps to 10.3%
  - Following sharp volume-related decline in Q2, margins rebounded in the 2nd half to 14.0% (up 140 bps compared to prior year)





Full Year 2020 Results

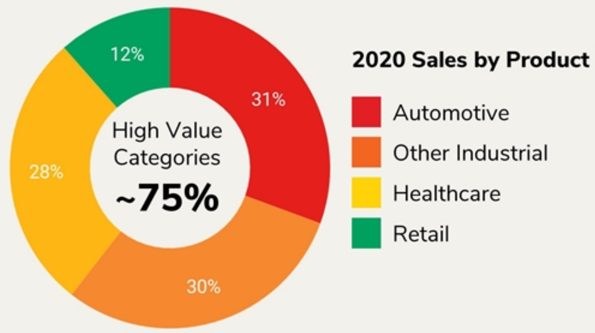
Industrial and Healthcare Materials

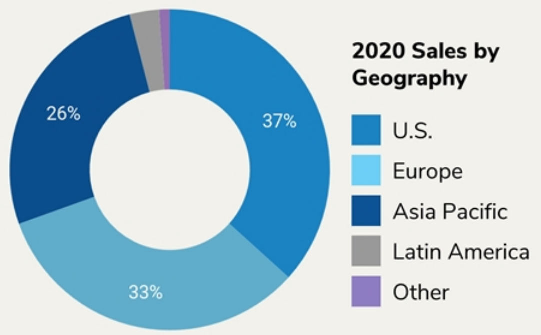
Reported sales decreased 7.2% to $626 mil.
Sales were down 8.7% on an organic basis

- High-single digit decline in industrial categories, reflecting lower global industrial production (e.g. automotive), particularly in Q2. Demand improved sequentially in Q3 and Q4 (up high-single digit organically in Q4)
- Healthcare categories down mid-single digit, reflecting pandemic-related reduction in elective surgeries and inventory destocking in personal care categories

Reported operating margin increased 40 bps to 9.3%

- Adjusted operating margin increased 30 bps to 10.6%, despite lower volume, driven by productivity





Full Year 2020 Sales Change and Operating Margin Comparison

	Sales Change FY20		
	Reported	Ex. Currency	Organic
Label and Graphic Materials	(0.6%)	(0.5%)	(0.5%)
Retail Branding and Information Solutions	(1.2%)	(2.3%)	(9.5%)
Industrial and Healthcare Materials	(7.2%)	(8.7%)	(8.7%)
Total Company	(1.4%)	(1.7%)	(3.4%)

	Operating Margin Reported		Operating Margin Adj. (Non-GAAP)		EBITDA Margin Adj. (Non-GAAP)	
	FY20	FY19	FY20	FY19	FY20	FY19
Label and Graphic Materials	14.6%	12.7%	15.1%	13.3%	17.3%	15.4%
Retail Branding and Information Solutions	8.9%	11.9%	10.3%	12.5%	14.7%	15.7%
Industrial and Healthcare Materials	9.3%	8.9%	10.6%	10.3%	14.9%	14.2%
Total Company	11.6%	10.9%	12.4%	11.7%	15.3%	14.2%

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

	2017 – 2021 TARGETS	2017 – 2020 RESULTS
Sales Growth	**5%+ Ex. Currency[1,2]** **4%+ Organic[1]**	**3.8% Ex. Currency[3]** **2.0% Organic[3]**
Operating Margin	**11%+ in 2021**	**11.6% in 2020** **Adj[4]: 12.4% in 2020**
Adjusted EPS Growth	**10%+[1]**	**15.3%[3]**
Return on Total Capital (ROTC) (Non-GAAP)	**17%+ in 2021**	**18.0% in 2020**
Net Debt to Adjusted EBITDA	**2.3x to 2.6x[5]**	**1.7x at Y/E 2020**

- AVY sales growth outpaced global GDP over comparable time period *(2017-2020 4-year CAGR ~1.5%[6])*
- 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 four-year compound annual growth rate, with 2016 as the base period
(4) Excluding restructuring charges and other items
(5) Reflects adjustment of target (from a range of 1.7x to 2.0x) in July 2018, following decision to fully fund and terminate our U.S. pension plan. See Form 8-K filed July 11, 2018.
(6) Source: IHS Markit & IMF

Strong Balance Sheet and Ample Liquidity

Leverage @ 1/2/21	
Total Debt Outstanding	$2.12B
Cash and cash equivalents	$0.25B
Net Debt[1]	$1.86B
Adjusted EBITDA, trailing 4 qtrs	$1.07B
Net Debt to Adj. EBITDA (non-GAAP)	1.7

Debt / Liquidity Considerations

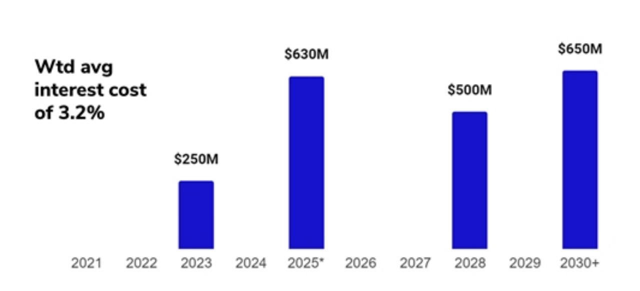
- **Ample liquidity:** $800 mil. available under revolving credit facility (through 2025), plus ~$252 mil. in cash and cash equivalents at quarter-end
- **Laddered long-term debt:** next maturity in 2023
- **No foreseeable covenant constraints**
- **Ringfencing investments** in high value categories

Results vs. LT Capital Allocation Strategy

	% of Available Capital	
	Target	'17-'20 Actual
Capital spending (net of asset sales)	25% - 30%	28%
Restructuring	<5%	5%
Dividends	~20%	21%
Buyback/M&A: *Share Repurchases* *Acquisitions and Equity Investments*	~50%	46% 26% 20%

(1) Totals may not sum due to rounding

Long-Term Debt Maturity Schedule



* €500M debt converted to USD at 1.2x + $30M medium-term note

Fourth Quarter 2020 Overview

Reported EPS of $2.28, up ~19%; adj. EPS (non-GAAP) of $2.27, up ~31%

Reported sales increased 12.3% to $1.99 bil. (4.9% due to the extra week)

- Sales change ex. currency (non-GAAP) up 5.2%
- Organic sales growth (non-GAAP) of 3.2%

Reported operating margin of 13.7%, up 350 bps

- Adj. EBITDA margin (non-GAAP) of 16.3%, up 180 bps
- Adj. operating margin (non-GAAP) of 13.5%, up 160 bps

Both LGM and RBIS delivered solid organic growth and each expanded adj. operating margins by 210 bps

- Enterprise-wide RFID sales grew 21% organically

IHM expanded adj. operating margin by 210 bps on modest organic growth

Sales Trend Analysis

	4Q19	1Q20	2Q20	3Q20	4Q20	2020
Reported Sales Change	**0.2%**	**(1.0%)**	**(14.9%)**	**(1.8%)**	**12.3%**	**(1.4%)**
Organic Sales Change	2.1%	0.3%	(13.7%)	(3.6%)	3.2%	(3.4%)
Acquisitions	-	0.7%	1.7%	2.3%	2.0%	1.7%
Sales Change Ex. Currency*	2.1%	1.0%	(12.0%)	(1.3%)	5.2%	(1.7%)
Extra Week Impact	-	-	-	-	4.9%	1.3%
Currency Translation	(1.9%)	(1.9%)	(2.9%)	(0.5%)	2.3%	(0.9%)
Reported Sales Change*	**0.2%**	**(1.0%)**	**(14.9%)**	**(1.8%)**	**12.3%**	**(1.4%)**

*Totals may not sum due to rounding.

Fourth Quarter 2020 Sales Change and Operating Margin Comparison

Sales Change	4Q20 Reported	4Q20 Ex. Currency	4Q20 Organic
Label and Graphic Materials	10.1%	3.6%	3.6%
Retail Branding and Information Solutions	19.0%	11.6%	3.1%
Industrial and Healthcare Materials	10.8%	0.7%	0.7%
Total Company	12.3%	5.2%	3.2%

Operating Margin	Reported 4Q20	Reported 4Q19	Adjusted (Non-GAAP) 4Q20	Adjusted (Non-GAAP) 4Q19
Label and Graphic Materials	15.9%	12.0%	15.4%	13.3%
Retail Branding and Information Solutions	15.3%	11.5%	15.7%	13.6%
Industrial and Healthcare Materials	12.4%	7.2%	12.3%	10.2%
Total Company	13.7%	10.2%	13.5%	11.9%

Fourth Quarter 2020 Segment Review

Label and Graphic Materials

Reported sales increased 10.1% to $1.29 bil.

- Sales were up 3.6% on an organic basis
  - Label and Packaging Materials up mid-single digit from prior year
  - Combined Graphics and Reflective Solutions down mid-single digit
  - North America & emerging markets each up mid-single digit, and Western Europe roughly flat

Reported operating margin increased 390 bps to 15.9%, as the benefits of productivity, favorable volume/mix, lower restructuring charges, as well as raw material deflation, net of pricing more than offset higher employee-related costs

- Adjusted operating margin increased 210 bps to 15.4%

Fourth Quarter 2020 Segment Review (cont.)

Retail Branding and Information Solutions

Reported sales increased 19.0% to $508 mil.

- Sales were up 11.6% ex. currency, and 3.1% on an organic basis
  - Enterprise-wide sales of RFID products up ~55% ex. currency with benefit of Smartrac acquisition; up ~21% organically
  - Strong organic growth in high value categories partially offset by low-to-mid-single digit decline in the base

Reported operating margin increased 380 bps to 15.3%, as the benefits of productivity, favorable volume, and lower restructuring charges more than offset higher employee-related costs

- Adjusted operating margin increased 210 bps to 15.7%

Industrial and Healthcare Materials

Reported sales increased 10.8% to $188 mil.

- Sales increased 0.7% on an organic basis
  - High-single digit increase in industrial categories, reflecting sequential improvement in trend for automotive
  - Healthcare categories down mid-single digit, reflecting pandemic-related reduction in elective surgeries and inventory destocking in personal care categories

Reported operating margin increased 520 bps to 12.4%, as the benefits of lower restructuring charges, favorable volume/mix, and productivity more than offset the impact of higher employee-related costs

- Adjusted operating margin increased 210 bps to 12.3%

2021 EPS Guidance

Reported EPS	**$7.50 – $7.90**
Add Back: **Est. restructuring costs and other items**	**~$0.15**
Adjusted EPS (non-GAAP)	**$7.65 – $8.05**

Contributing Factors to 2021 Results

- Reported sales growth of 5% to 9%, including a ~2% tailwind from currency translation at recent rates, ~1% benefit from M&A, and ~1% headwind from the extra week in 2020
    - Organic sales change of 3% to 7%
- 53rd week headwind to EPS of ~$0.15, with Q1 tailwind more than offset in Q4
- Currency translation benefit to operating income of ~$25 mil., assuming recent rates
- Incremental savings of ~$70 mil. from restructuring actions, net of transition costs
- Majority of 2020 temporary cost-saving actions expected to be a headwind as markets recover
- Adjusted tax rate in the mid-twenty percent range, based on current tax regulations
- Free cash flow $600+ mil.
- Average shares outstanding (assuming dilution) of 83 to 84 mil.

Appendix A:

Supplemental Sales Information

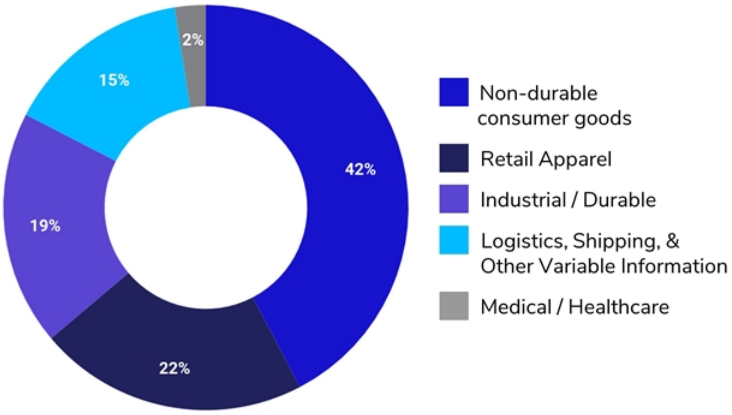
Monthly Sales Trends (comparisons to prior year)

	Organic Growth										
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q4
LGM	5%	(4%)	(2%)	(8%)	(6%)	(1%)	(1%)	2%	3%	6%	4%
LPM	7%	7%	2%	(6%)	(5%)	0%	0%	2%	5%	8%	5%
Graphics & Reflective	(8%)	(55%)	(26%)	(16%)	(10%)	(8%)	(6%)	2%	(8%)	(9%)	(5%)
RBIS*	2%	(54%)	(38%)	(17%)	(5%)	(5%)	(5%)	6%	2%	2%	3%
IHM	(6%)	(17%)	(25%)	(21%)	(15%)	(5%)	(4%)	3%	2%	(3%)	1%
Total Company	**3%**	**(17%)**	**(13%)**	**(11%)**	**(7%)**	**(2%)**	**(2%)**	**3%**	**3%**	**4%**	**3%**
Total Company Ex. Currency Growth *(incl. Smartrac)*	**5%**	**(16%)**	**(11%)**	**(10%)**	**(4%)**	**0%**	**0%**	**5%**	**5%**	**6%**	**5%**

* Enterprise RFID sales up ~21% on an organic basis in Q4, and up ~55% including Smartrac acquisition

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

2020 Sales by Product Category



Non-durable Consumer Goods

Vast majority of these sales tied to labeling of food, beverage, and home and personal care (HPC) products

Growth catalysts: Emerging markets (increased use of packaged goods with rising middle class) and labeling technology shifts to pressure-sensitive materials

Logistics, Shipping & Other Variable Information

Growth catalysts: Increase in e-commerce benefits our businesses serving variable information needs, including non-apparel RFID

Retail Apparel

"Discretionary staple".

Growth catalyst: expansion of omni-channel retailing

Industrial / Durable

Cyclical.

Growth catalyst: shift from mechanical to adhesive-based fastening

Diversified geographic exposure

2020 Sales by Manufacturing Location | **2020 Sales by End Market, estimated**

(1) Other includes Australia, Canada, Japan, New Zealand, and South Africa.

Appendix B:

Reconciliation of Financial Measures from GAAP to Non-GAAP

AVERY DENNISON

Organic Sales Change – Avery Dennison

($ in millions)	2016	2017	2018	2019	2020	2017-2020 4-Yr CAGR
Net sales	$6,086.5	$6,613.8	$7,159.0	$7,070.1	$6,971.5	
Reported net sales change	2.0%	8.7%	8.2%	(1.2%)	(1.4%)	
Foreign currency translation	2.6%	(0.5%)	(1.4%)	3.3%	0.9%	
Extra week impact					(1.3%)	
Sales change ex. currency(1)	4.6%	8.2%	6.9%	2.0%	(1.7%)	3.8%
Acquisitions	(0.7%)	(3.9%)	(1.4%)		(1.7%)	
Organic sales change(1)	3.9%	4.2%	5.5%	2.0%	(3.4%)	2.0%

(1) Totals may not sum due to rounding.

Organic Sales Change by Segment

($ in millions)

Label and Graphic Materials	2016	2017	2018	2019	2020
Net sales	$4,187.3	$4,511.7	$4,851.1	$4,745.9	$4,715.1
Reported net sales change	3.8%	7.7%	7.5%	(2.2%)	(0.6%)
Reclassification of sales between segments				(0.2%)	
Foreign currency translation	3.0%	(0.8%)	(1.9%)	3.6%	1.2%
Extra week impact					(1.0%)
Sales change ex. currency(1)	6.8%	6.9%	5.7%	1.2%	(0.5%)
Acquisitions	(1.4%)	(2.7%)	(0.2%)		
Organic sales change(1)	5.5%	4.2%	5.5%	1.2%	(0.5%)

(1) Totals may not sum due to rounding.

Organic Sales Change by Segment - Continued

Retail Branding and Information Solutions	2016	2017	2018	2019	2020
Net sales	$1,445.4	$1,511.2	$1,613.2	$1,650.3	$1,630.9
Reported net sales change	0.1%	4.6%	6.7%	2.3%	(1.2%)
Reclassification of sales between segments				0.6%	
Foreign currency translation	1.8%	0.4%	0.2%	2.2%	0.6%
Extra week impact					(1.7%)
Sales change ex. currency(1)	1.9%	5.0%	6.9%	5.1%	(2.3%)
Acquisitions	1.6%				(7.2%)
Organic sales change(1)	3.5%	5.0%	6.9%	5.1%	(9.5%)

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

(1) Totals may not sum due to rounding.

Adjusted Operating Margin – Avery Dennison

($ in millions)	2016	2017	2018	2019	2020
Net sales	$6,086.5	$6,613.8	$7,159.0	$7,070.1	$6,971.5
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 590.2	$ 670.5	$ 718.1	$ 770.5	$ 809.2
Operating margins, as reported	**9.7%**	**10.1%**	**10.0%**	**10.9%**	**11.6%**
Non-GAAP adjustments:					
Restructuring charges:					
Severance and related costs	$ 14.7	$ 31.2	$ 63.0	$ 45.3	$ 49.1
Asset impairment and lease cancellation charges	$ 5.2	$ 2.2	$ 10.7	$ 5.1	$ 6.2
Other items	$ 3.9	$ 3.1	$ (3.8)	$ 2.8	$ (1.7)
Adjusted operating income (non-GAAP)	$ 614.0	$ 707.0	$ 788.0	$ 823.7	$ 862.8
Adjusted operating margins (non-GAAP)	**10.1%**	**10.7%**	**11.0%**	**11.7%**	**12.4%**

Adjusted Operating Margin – LGM

($ in millions)	2016	2017	2018	2019	2020
Net sales	$4,187.3	$4,511.7	$4,851.1	$4,745.9	$4,715.1
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 522.0	$ 577.4	$ 568.2	$ 601.5	$ 688.8
Operating margins, as reported	**12.5%**	**12.8%**	**11.7%**	**12.7%**	**14.6%**
Non-GAAP adjustments:					
Restructuring charges:					
Severance and related costs	$ 5.8	$ 14.5	$ 50.3	$ 27.7	$ 27.0
Asset impairment and lease cancellation charges	$ 2.7	$ 0.3	$ 7.5	$ 1.3	$ 0.9
Other items	$ 4.5	$ (0.3)	$ 4.0	$ (0.7)	$ (5.7)
Adjusted operating income (non-GAAP)	$ 535.0	$ 591.9	$ 630.0	$ 629.8	$ 711.0
Adjusted operating margins (non-GAAP)	**12.8%**	**13.1%**	**13.0%**	**13.3%**	**15.1%**

Adjusted Operating Margin – RBIS

($ in millions)	2016	2017	2018	2019	2020
Net sales	$1,445.4	$1,511.2	$1,613.2	$1,650.3	$1,630.9
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 105.0	$ 126.7	$ 170.4	$ 196.6	$ 144.7
Operating margins, as reported	**7.3%**	**8.4%**	**10.6%**	**11.9%**	**8.9%**
Non-GAAP adjustments:					
Restructuring charges:					
Severance and related costs	$ 8.4	$ 16.5	$ 8.8	$ 9.3	$ 17.1
Asset impairment and lease cancellation charges	$ 2.1	$ 1.9	$ 3.1	$ 0.5	$ 1.6
Other items	$ (0.7)	$ (0.3)	$ (0.5)	$ 0.1	$ 4.0
Adjusted operating income (non-GAAP)	$ 114.8	$ 144.8	$ 181.8	$ 206.5	$ 167.4
Adjusted operating margins (non-GAAP)	**7.9%**	**9.6%**	**11.3%**	**12.5%**	**10.3%**

Adjusted Operating Margin – IHM

($ in millions)	2016	2017	2018	2019	2020
Net sales	$ 453.8	$ 590.9	$ 694.7	$ 673.9	$ 625.5
Operating income before interest expense, other non-operating expense (income), and taxes, as reported	$ 56.1	$ 52.6	$ 62.9	$ 60.0	$ 58.2
Operating margins, as reported	**12.4%**	**8.9%**	**9.1%**	**8.9%**	**9.3%**
Non-GAAP adjustments:					
Restructuring charges:					
Severance and related costs	$ 0.5	$ 0.2	$ 3.9	$ 6.1	$ 4.7
Asset impairment and lease cancellation charges	$ 0.4	$ -	$ 0.1	$ 3.3	$ 3.7
Other items	$ 1.0	$ 3.5	$ (5.0)	$ -	$ -
Adjusted operating income (non-GAAP)	$ 58.0	$ 56.3	$ 61.9	$ 69.4	$ 66.6
Adjusted operating margins (non-GAAP)	**12.8%**	**9.5%**	**8.9%**	**10.3%**	**10.6%**

Adjusted Net Income

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

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

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

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

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

Adjusted EPS

	2016	2017	2018	2019	2020	2017-2020 4-Yr CAGR
As reported net income per common share, assuming dilution	$ 3.54	$ 3.13	$ 5.28	$ 3.57	$ 6.61	
Non-GAAP adjustments per common share, net of tax:						
Restructuring charges and other items[(1)]	$ 0.48	$ 0.29	$ 0.68	$ 0.47	$ 0.48	
Pension plan settlements and related charges			$ 0.84	$ 3.12	$ 0.01	
Tax benefit from discrete foreign tax structuring and planning transactions			$ (0.35)	$ (0.56)		
TCJA provisional amounts and subsequent adjustments[(2)]		$ 1.91	$ (0.39)			
Impact of previously planned repatriation of foreign earnings for Q4 2017		$ (0.33)				
Adjusted net income per common share, assuming dilution (non-GAAP)	$ 4.02	$ 5.00	$ 6.06	$ 6.60	$ 7.10	**15.3%**

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

(1) Includes restructuring and related charges, Argentine peso remeasurement transition loss, transaction and related costs, reversal of acquisition-related contingent consideration, net gain on investments, gain on sales of assets, 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)	2016	2017	2018	2019	2020
Net cash provided by operating activities	$ 582.1	$ 645.7	$ 457.9	$ 746.5	$ 751.3
Purchases of property, plant and equipment	(176.9)	(190.5)	(226.7)	(219.4)	(201.4)
Purchases of software and other deferred charges	(29.7)	(35.6)	(29.9)	(37.8)	(17.2)
Proceeds from sales of property, plant and equipment	8.5	6.0	9.4	7.8	9.2
Proceeds from insurance and sales (purchases) of investments, net	3.1	(3.9)	18.5	4.9	5.6
Contributions for U.S. pension plan termination	-	-	200.0	10.3	-
Free Cash Flow (non-GAAP)	$ 387.1	$ 421.7	$ 429.2	$ 512.3	$ 547.5

Return on Total Capital (ROTC)

($ in millions)	2016	2017	2018	2019	2020	Adjusted ROTC 2017	Adjusted ROTC 2018	Adjusted ROTC 2019
As reported net income	$ 320.7	$ 281.8	$ 467.4	$ 303.6	$ 555.9	$ 281.8	$ 467.4	$ 303.6
TCJA provisional amounts(1)						$ 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(2)							$ (31.0)	
Tax benefit from pension plan settlements							$ (19.3)	$ (179.0)
Interest expense, net of tax benefit(3)	$ 40.3	$ 30.1	$ 49.5	$ 57.2	$ 53.1	$ 45.4	$ 43.9	$ 57.2
Effective Tax Rate(1)	32.8%	52.2%	15.4%	24.6%	24.1%	28.0%	25.0%	24.6%
Net income, excluding expense and tax benefit of debt financing (non-GAAP)	$ 361.0	$ 311.9	$ 516.9	$ 360.8	$ 609.0	$ 469.8	$ 554.7	$ 625.9
Total debt	$1,292.5	$1,581.7	$1,966.2	$1,939.5	$2,116.8	$ 1,581.7	$ 1,966.2	$ 1,939.5
Shareholders' equity	$ 925.5	$1,046.2	$ 955.1	$1,204.0	$1,499.9	$ 1,046.2	$ 955.1	$ 1,204.0
TCJA provisional amounts(1)						$ 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(2)							$ (31.0)	
Tax benefit from pension plan settlements							$ (19.3)	$ (179.0)
Total debt and shareholders' equity	$2,218.0	$2,627.9	$2,921.3	$3,143.5	$3,616.7	$ 2,770.5	$ 2,964.7	$ 3,408.6
Return on Total Capital (ROTC) (non-GAAP)	**17.0%**	**12.9%**	**18.6%**	**11.9%**	**18.0%**	**18.8%**	**19.3%**	**19.6%**

(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.

Net Debt to Adjusted EBITDA

	QTD				YTD	QTD				YTD
Total Company	**1Q19**	**2Q19**	**3Q19**	**4Q19**	**2019**	**1Q20**	**2Q20**	**3Q20**	**4Q20**	**2020**
Net sales	$ 1,740.1	$ 1,795.7	$ 1,761.4	$ 1,772.9	$ 7,070.1	$ 1,723.0	$ 1,528.5	$ 1,729.1	$ 1,990.9	$ 6,971.5
Operating income before interest expense,										
other non-operating expense (income) and taxes, as reporte	181.6	209.1	199.7	180.1	770.5	199.2	123.5	213.5	273.0	809.2
Operating margins, as reported	10.4%	11.6%	11.3%	10.2%	10.9%	11.6%	8.1%	12.3%	13.7%	11.6%
Non-GAAP adjustments:										
Restructuring charges:										
Severance and related costs	10.4	6.1	3.3	25.5	45.3	2.4	37.5	6.5	2.7	49.1
Asset impairment and lease cancellation charges	0.3	1.4	-	3.4	5.1	-	1.8	4.4	-	6.2
Other items	(3.2)	-	3.4	2.6	2.8	2.5	0.7	1.5	(6.4)	(1.7)
Adjusted operating income (non-GAAP)	$ 189.1	$ 216.6	$ 206.4	$ 211.6	$ 823.7	$ 204.1	$ 163.5	$ 225.9	$ 269.3	$ 862.8
Adjusted operating margins (non-GAAP)	10.9%	12.1%	11.7%	11.9%	11.7%	11.8%	10.7%	13.1%	13.5%	12.4%
Depreciation and amortization	$ 44.5	$ 44.9	$ 44.0	$ 45.6	$ 179.0	$ 47.5	$ 50.3	$ 52.0	$ 55.5	$ 205.3
Adjusted EBITDA (non-GAAP)	$ 233.6	$ 261.5	$ 250.4	$ 257.2	$ 1,002.7	$ 251.6	$ 213.8	$ 277.9	$ 324.8	$ 1,068.1
Adjusted EBITDA margins (non-GAAP)	13.4%	14.6%	14.2%	14.5%	14.2%	14.6%	14.0%	16.1%	16.3%	15.3%

	1Q20	2Q20	3Q20	4Q20
Total Debt	$ 2,820.3	$ 2,266.2	$ 2,144.1	$ 2,116.8
Less: Cash and cash equivalents	742.0	262.6	284.7	252.3
Net Debt	$ 2,078.3	$ 2,003.6	$ 1,859.4	$ 1,864.5
Net Debt to Adjusted EBITDA LTM* (non-GAAP)				1.7

*LTM = Last twelve months (1Q20 to 4Q20)

Thank you

AVERY DENNISON