

## Investment Recommendation

(in USD millions, except per share)	Forecast Fiscal Year Ending December 31,						CAGR	
	2025	2026	2027	2028	2029	2030	'16A-'25E	'25E-'29E
<b>Variant vs. Consensus</b>								
<b>Revenue</b>								
Variant View	8,852	9,291	9,775	10,297	10,861	11,473	4.2%	5.2%
YoY Growth	1.1%	5.0%	5.2%	5.3%	5.5%	5.6%		
Consensus	8,840	9,203	9,631	10,031	10,553	11,004	4.2%	4.5%
YoY Growth	1.0%	4.1%	4.6%	4.2%	5.2%	4.3%		
Variance (%)	0.1%	1.0%	1.5%	2.7%	2.9%	4.3%		
<b>Adjusted EBITDA</b>								
Variant View	1,449	1,553	1,667	1,790	1,922	2,066	7.1%	7.3%
YoY Growth	1.0%	7.2%	7.3%	7.4%	7.4%	7.5%		
Consensus	1,448	1,541	1,640	1,673	1,728		7.1%	4.5%
YoY Growth	0.9%	6.4%	6.4%	2.1%	3.3%			
Variance (%)	0.1%	0.8%	1.7%	7.0%	11.3%			
<b>Adjusted EPS</b>								
Variant View	\$9.82	\$10.93	\$12.15	\$13.51	\$15.02	\$16.72	10.4%	11.2%
YoY Growth	4.1%	11.3%	11.2%	11.2%	11.2%	11.3%		
Consensus	\$9.78	\$10.77	\$11.98	\$12.66	\$13.32		10.4%	8.0%
YoY Growth	3.7%	10.1%	11.2%	5.7%	5.2%			
Variance (%)	0.4%	1.5%	1.4%	6.7%	12.7%			

## AVY Stock Price 2016-Present



### Enterprise Value Calculation

Common Shares Out. as of 4/26/25	78.2
(+) Dilutive Shares	0.2
<b>Diluted Shares Outstanding</b>	<b>78.4</b>
(*) Share Price as of 5/9/25	\$172.20
<b>Market Value of Common Equity</b>	<b>\$13,496</b>
(+) Long-Term Debt	2,582
(-) Cash and Cash Equivalents	(196)
<b>Enterprise Value</b>	<b>\$15,882</b>

### Multiples

EV / 2024E Revenue	2.6x
EV / 2025E Revenue	2.6x
EV / 2024E Adj. EBITDA	15.0x
EV / 2025E Adj. EBITDA	14.9x
EV / 2024E Unlevered FCF	20.3x
EV / 2025E Unlevered FCF	18.7x
P / 2024E EPS	18.3x
P / 2025E EPS	17.5x

We recommend an “Overweight” position on Avery Dennison Corporation (“AVY” or the “Company”) with a target price per share of \$294 (17.6x our projected 2030E EPS of \$16.72) by year-end 2029, for an IRR of 16.5% (97.3% upside including dividends and distribution of excess cash).

We believe that in the long-term, AVY stands to benefit from the following competitive advantages and trends:

- Economies of scale and customer captivity create a flywheel across Solutions and Materials, creating duration of growth:** AVY’s leading position in the high-growth Intelligent Labels business has a powerful moat driven by its scale and reinforced by its vertical integration; once introduced, Intelligent Labels quickly become industry-standard and mission-critical to customers.
- Low penetration in Intelligent Labels and exposure to growth markets in Materials business to generate outsize topline growth and margin expansion:** There is low penetration in key Solutions Group markets that AVY is well-positioned to win. AVY’s Materials business also derives 38% of its sales from emerging markets; moreover, 36% of sales come from high-value categories. As emerging markets grow and premiumization of packaging continues, AVY stands to reap outsize benefits in the form of revenue growth and margin expansion.
- Disciplined, shareholder-friendly capital allocation to drive investment performance in excess of earnings growth:** In addition to strong earnings growth, the Company has returned \$3.9 billion to shareholders across buybacks and dividends from 2016-2024, and evaluates M&A using an economic value added framework; we expect that AVY’s investment policies will drive further outperformance.

As a result of the secular growth of the Intelligent Labels business, as well as AVY's general exposure to growth markets and high-quality capital allocation, we believe that long-term consensus estimates for AVY are wrong. Rather than decelerate, AVY's growth will accelerate over the next five years as the business mix shifts toward the higher-growth, higher-margin Solutions business, and the Company will be a better business in 2030 than it is today.

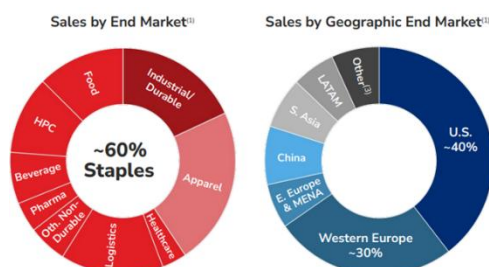
## Company Overview

Founded in 1935 and headquartered in Ohio, AVY is a major global provider of pressure-sensitive (self-adhesive) label materials and performance tapes, as well as technology related to digital identification and data management for physical products (i.e., RFID inlays and related services). The company has two reportable segments:

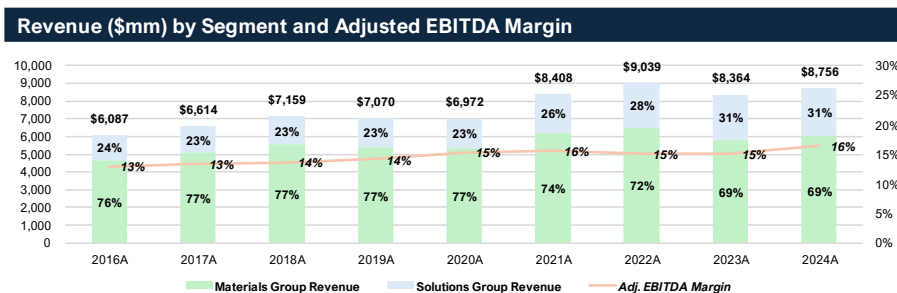
**Materials Group:** An industry-leading provider of pressure-sensitive label materials and performance tapes making up almost 70% of AVY's revenue and adjusted EBITDA (albeit growing slower than the Solutions Group). AVY is the clear industry leader in this category (the next largest company is approximately 40% the size of AVY), and is highly diversified across industries and geographies. The Company goes to market by selling label materials to 10,000+ converting partners responsible for labeling, decorating, and specialty applications. The segment has had a 2016-2025E revenue CAGR of 3.0% and adjusted EBIT CAGR of 5.5%. Competitors include UPM Raflatac, Fedrigoni Self-Adhesives, Lintec, Flexcon, 3M, and Orafol Group.

**Solutions Group:** Leverages RFID technology to provide intelligent label solutions for a variety of use cases, primarily supply chain-related, across segments. AVY is also the leader in this category, with inlay technology viewed as significantly better and with more uptake than competitors. The Company also offers other ancillary data management products, including Vestcom for CPG/retail. The segment has had a 2016-2025E revenue CAGR of 7.6% and adjusted EBIT CAGR of 11.7%. Competitors include CCL Industries, R-pac International, and SML Group.

*Radio Frq. Identifier*



Source: AVY 2024 Investor Presentation



## Thesis #1: Competitive Flywheel Enables Duration of Growth

AVY benefits from the dual position-based competitive advantages of customer captivity and economies of scale, creating a flywheel effect that further entrenches AVY's leadership position and drives sustained growth.

### Customer Captivity Driven by Scale

AVY is the #1 player in pressure-sensitive labels (2.5x the size of the next largest competitor) and intelligent labels (60-65% market share), having acquired the #2 player in RFID inlays, Smartrac, in 2019. The Company wins customers because of its global scale, vertical integration, and technology leadership, and serves as a "one-stop shop" for some of the largest global companies, including Walmart, UPS, and Kroger.

AVY's ability to deliver custom commercial solutions enhances customer captivity in both segments. Intelligent labels are also inherently sticky as they help customers track massive supply chains by providing unique digital identities to physical objects. As a result, the Company has seen sustained revenue growth, with a 4.7% CAGR from 2016-24A (faster than GDP growth).

### Economies of Scale from Leadership Position with Customers

AVY's vertical integration (including the interaction between the Solutions and Materials businesses) and global footprint / relationships allow the Company to deliver its best-in-class products to customers at lower prices than competitors by controlling input costs and simplifying its supply chain.

The Company also plans to spend ¼ of available capital on capital expenditure and restructuring to reduce fixed costs.

AVY has demonstrated the operating leverage that its economies of scale deliver through the adjusted EBITDA margin expansion the Company has realized over time, from 12.9% in 2016 to 16.4% in 2024.

### How the Advantages Create a Competitive Flywheel

AVY's customer captivity increases barriers to entry for new entrants, creating pricing power and driving incremental economies of scale.

*"Global scale allows us to provide solutions at lowest cost across the supply chain, no matter the geography, which is increasingly relevant as customers seek global partners to help address the challenges they face."* – Deon Stander, Analyst / Investor Day 2024

In turn, stronger unit economics make it more difficult for competitors to undercut AVY and allow for more investment, strengthening customer captivity.

*"The other important advantage is capacity... they are able to produce a huge amount of labels [for] big customers [which differentiates] them because once the customers [get] into the RFID, they rely on 100% of their operation and they [cannot] go back. So, they might buy from someone they know the volume and capacity will be supportive to them."* – Managing Director at Beontag, Tegus Call, March 2024

### AVY's Solutions Business is Mission-Critical to a Transformational Change Across Industries

Cost reductions and industry pressures have made RFID a must-have in Apparel (40% penetration of RFID tags) and Retail (between 5% and 20% penetration according to SML)—and the logic applies to other industries:

- (1) **Combat inventory shrink:** RFID tags are being used to reduce theft of inventory, which has been a core focus of brick-and-mortar stores over the past few years—apparel companies like Macy's and retail businesses like Lowes have specifically called out their use of RFID tags on earnings calls and at conferences over the past year.

*"In my 26 years of doing this, the biggest innovation change that we've had inside of Macy's is the ability to have RFID reads."* – Joe Coll, VP of Asset Protection, Macy's (NRF 2024)

- (2) **Reduce labor costs and improve customer experience:** RFID tags are improving the accuracy of inventory tracking within stores and allowing staff to quickly find products; executives at businesses like Dick's, Marks & Spencer, and Amazon have publicly identified RFID as a significant driver to improved in-store efficiency.

*"RFID in our stores ... is allowing our store team members to quickly find the product and serve that athlete ... In apparel and footwear, it's really important to be able to quickly locate the product and service that athlete... We believe [this] will drive long-term returns as we look to '25 and beyond."*

*– Navdeep Gupta, CFO (Q3 2025)*

- (3) **Enable "buy online, pick up in-store":** RFID is the core technology enabling businesses like Nordstrom and Walmart to connect online and in-store shopping—a key initiative driving revenue and margin improvement.

*"Our multiyear investment in RFID is really the big enabler to us being able to open up ... store inventory for a customer that's shopping online ... We've seen the impact of that. It's both sales, it's margin, and most importantly, it's a better customer experience."*

*– Erik Nordstrom, CEO (Q3 2025)*

#### Illustrative RFID economics for 30,000 square foot apparel retailer

	Year 1	Year 2	Year 3	Year 4	Year 5
Start-up Costs	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)
Incremental RFID Unit Expense	(\$6,000)	(\$6,000)	(\$6,000)	(\$6,000)	(\$6,000)
Revenue Uplift from Lower Markdown	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Cost Reduction from Lower Shrinkage	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000
<b>Pre-Tax Income Impact</b>	<b>\$259,000</b>	<b>\$259,000</b>	<b>\$259,000</b>	<b>\$259,000</b>	<b>\$259,000</b>
<i>Memo: Revenue without RFID</i>	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000

While the unit economics vary from use case to use case, with pricing ranging from \$0.02 to \$0.10 per unit and limited sources for estimates of impact on markdown and shrinkage, all available IRR calculations indicate that RFID labels pay off for apparel / retail customers within the first year of installation.

Customers select AVY because they provide more than just the inlays—they come up with the business use cases for the client and embed their solution with other AVY products. Due to the Materials Group, they already have access to customers at the point of sale, and their scale gives them pricing power over their vendors—Impinj, NXP, and Alien—and abstracts the chip away from the end-customer, resulting in a cheaper offering than competitors.

Metric	Illustrative Estimate	Source
Start-up Costs	(\$35,000)	Tegus Call with CTO of Large Apparel Retailer
Amortization Period	7	Tegus Call with CTO of Large Apparel Retailer (7-10 years)
Sales Per Square Foot	\$200.00	Macy's 2023 data (\$210 / sqft.)
Square Footage	30,000	Tegus Call with CTO of Large Apparel Retailer
Average Price Per Unit	\$100.00	IntelligenceNode estimate for Macy's (\$155.98)
Average Units Sold Per Year	60,000	
Average RFID Cost Per Unit	\$0.10	Tegus Call with Global Process Mgr. at Nike (\$0.02-\$0.10)
Reduction in Markdown	1.5%	Kurt Salmon RFID Retail Survey, 2016 (2.9pp)
Reduction in Shrinkage	3.0%	Kurt Salmon RFID Retail Survey, 2016 (6.0pp)

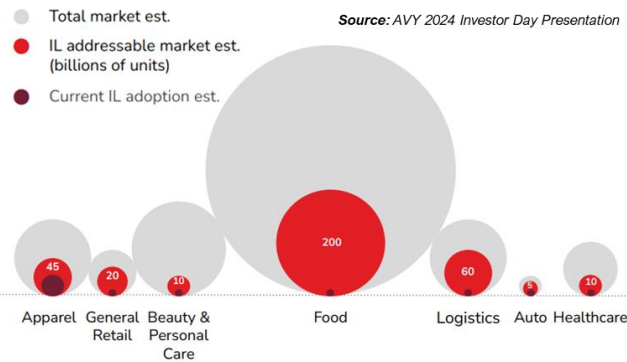
## Thesis #2: High-Growth Markets Drive Topline Growth and Margin Expansion

### AVY's Solutions Business Has Low Penetration and Plenty of Room to Run...

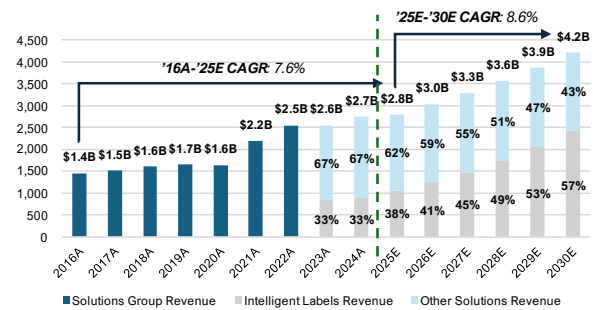
AVY's management estimates that its penetration in the Intelligent Labels category is approximately 40% in the 45 billion unit Apparel category (up from 30% in 2021 and 20-25% in 2018); however, its penetration is significantly lower in the industries that the Company estimates comprise the remaining 305 billion units of TAM. Cost reductions in RFID are driving a rapidly increasing universe of objects that make economic sense to fit with RFID inlays.



### Adoption by End Market as of 2024



### Revenue CAGR Accelerates as Intelligent Labels Grows



Company management estimates the long-term growth rate in Intelligent Labels at 15% per year, driven by rapid adoption in large and underpenetrated industries such as Food, Logistics, and Retail; the segment has experienced an organic sales CAGR of roughly 16% since 2017, making up approximately \$900mm of Solutions' \$2.7B revenue in 2024 (~33%). Tegus transcripts with industry experts confirm that the general view is that the Intelligent Labels segment is poised for mid-teens or higher growth due to secular tailwinds.

### ... and the Materials business is exposed to high-growth end-markets

Although the Materials Group is not the primary driver of AVY's revenue growth engine, its exposure to high growth emerging markets and high-value categories within its end markets should drive topline growth and margin expansion respectively. ~38% of the Material Group's sales come from emerging markets, where per capita usage of pressure-sensitive labels is only 23% of what it is in developed markets; as this rate expands, topline should grow accordingly. High-value categories (including premium drinks, pharmaceuticals, and automotive-related solutions) are 36% of 2023 sales and growing at an organic CAGR of 5% per year. As high-value categories grow, buoyed by secular trends in AVY's markets, margins should expand.

### Use cases for other industries

#### Food

- Accurate visibility into inventory—replenishing items sooner to avoid lost sales
- Traceability of food's supply chain journey, including identification of recalls

#### Logistics

- Theft prevention (including tamper-evident labels)
- Inventory accuracy
- Auditability of supply chain for anti-counterfeiting

#### Healthcare

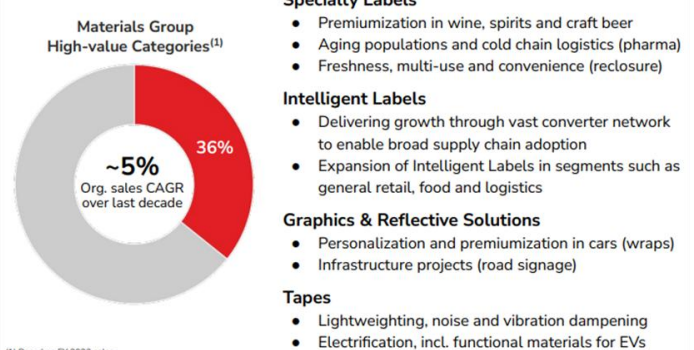
- Pharmaceutical supply chain authentication and inventory tracking
- Instrument tracking and tracing

### Underpenetration in Emerging Markets



Sources: AVY FY 2024 earnings presentation; 2024 Investor Day Presentation

### Significant Exposure to High-Value Categories



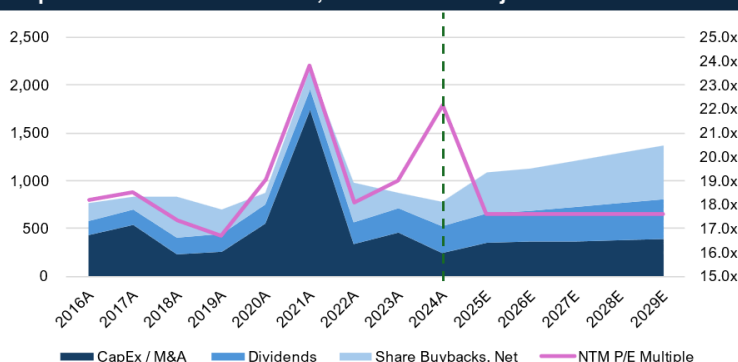
### Thesis #3: Shareholder-Friendly Capital Allocation and Management Team

#### Disciplined Allocation of Capital

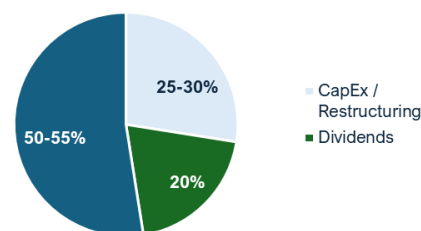
AVY has proven to be a disciplined allocator of capital, deploying \$3.9 billion to share buybacks and dividends from 2016-24 and growing dividends at a ~9% CAGR; the Company has also made over \$2 billion of acquisitions from 2019-24. Management conducts more buybacks when the stock price is at lows, and more capex, M&A, and dividends when it is at highs.

On a go-forward basis, the Company targets a 2.3-2.6x ratio of debt-to-adjusted EBITDA; we have kept this constant at 2.0x for conservatism, as this is around where the Company's leverage stands today. With the proceeds of additional leverage generated from Adjusted EBITDA expansion (available proceeds), the Company intends to allocate 50-55% to buybacks and

Capital Allocation vs. Valuation, Historical and Projected



AVY Capital Allocation Policy Prioritizes Buybacks and M&A



M&A, 25-30% to capital expenditures and restructuring with the intent of reducing fixed costs and driving

improvements to operating leverage, and ~20% to dividends.

#### Aligned Management Team

AVY's senior management team consists primarily of Company veterans with 10+ years of experience at AVY, with a deep bench of product-level GMs and functional leaders with experience across various areas within the Company. The Company appointed Deon Stander COO in 2022 and CEO in 2023, replacing Mitch Butier, who had served as Chairman and CEO since 2016 and COO from 2014-16; Butier became Executive Chairman of AVY.

Core executives are required to own multiples of their required stock ownership in AVY (6x for CEO, 3x for Level 2 NEOs, and 2x for Level 3 NEOs)—as of the latest proxy, Stander owned 2x his required ownership (65K shares/units), Lovins owned 7x (83K shares/units), and Melo owned 2x (18K shares/units). Management's incentive compensation is driven in large part (60% for corporate named executive officers) by a target Adjusted EPS long-term growth target of 10%.



##### Deon Stander, President and CEO

- AVY employee since 2005
- VP, GM Solutions Group 2015-22 (15% Adjusted EBIT CAGR)
- COO 2022-23; appointed CEO in Sep-23
- 88% CEO approval on Glassdoor (3.9 stars)



##### Francisco Melo, President - Solutions Group

- AVY employee since 2010 (via 2019 Smartrac acquisition)
- GM of Intelligent Labels 2013-23
- MSc in Engineering; BS in Electrical and Electronics Engineering



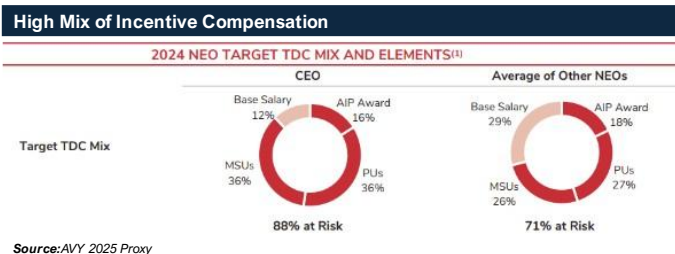
##### Greg Lovins, SVP and CFO

- AVY employee since 1994
- Rotations across function (FP&A, Accounting, Treasury), segment (Materials, Solutions), and geography (OH, IL, SC, CA, and Netherlands)
- Treasurer 2016-17; appointed CFO in Mar-17



##### Ryan Yost, President - Materials Group

- AVY employee since 2002
- Roles in Facility Management, Operations & Supply Chain, Solutions Group
- GM of Identification Solutions & Vestcom 2017-24
- Appointed President, Materials Group in Feb-24
- MSc Engineering; BEng in Electronic Engineering



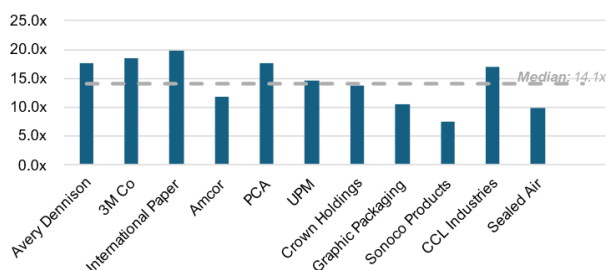
## Valuation

### Market-Based Valuation and Returns

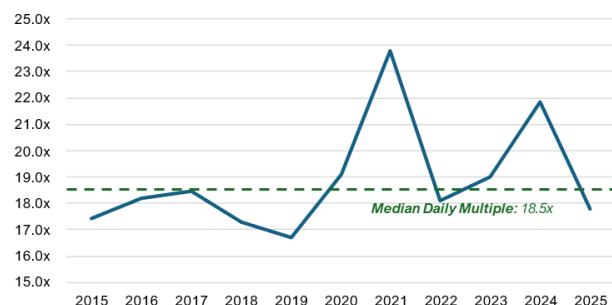
(in USD millions, except per share data)	Forecast Fiscal Year Ending December 31,					
	2025	2026	2027	2028	2029	2029
<b>Operating Metrics and Multiples</b>						
FY Revenue	\$8,852	\$9,291	\$9,775	\$10,297	\$10,861	\$11,473
FY EBITDA	1,449	1,553	1,667	1,790	1,922	2,066
FY EPS	\$9.82	\$10.93	\$12.15	\$13.51	\$15.02	\$16.72
P / FY EPS Assumption	17.6x	17.6x	17.6x	17.6x	17.6x	17.6x
Implied Price Per Share	\$172	\$214	\$238	\$264	\$294	\$294
Implied Enterprise Value	\$15,440	\$18,256	\$19,624	\$21,104	\$22,739	\$22,184
Implied EV / FY Revenue	1.7x	2.0x	2.0x	2.0x	2.1x	1.9x
Implied EV / FY EBITDA	10.7x	11.8x	11.8x	11.8x	11.8x	10.7x
<b>IRR Calculation</b>						
(Purchase) Sale of Share	(\$172.20)				\$294.42	\$0.00
Policy Dividends	2.95	4.37	4.86	5.40	6.01	0.00
Special Dividend (Cash on BS)					21.77	0.00
<b>Total Cash Flows</b>	<b>(\$169.25)</b>	<b>\$4.37</b>	<b>\$4.86</b>	<b>\$5.40</b>	<b>\$322.20</b>	<b>\$0.00</b>
<b>IRR</b>	<b>16.5%</b>					
<b>Upside (incl. Dividends)</b>	<b>97.3%</b>					

We are keeping price-to-earnings multiple constant at 17.6x and assuming an exit at \$294 per share based on a multiple of 2030 EPS (\$16.72), resulting in an IRR of 16.5% and upside of 97.3%.

#### Packaging and RFID Comparable P / NTM EPS



#### AVY Historical P / NTM EPS Ratio



The multiple is higher than the median packaging and RFID comparable P / NTM EPS of 14.1x, but only slightly higher than closest RFID comparable CCL Industries (17.1x)—we believe that AVY deserves a higher multiple given its significantly larger scale and competitive advantages. Additionally, AVY is trading at a discount to its median historical forward P / EPS multiple of 18.5x, and at a lower multiple than it has averaged any year since 2019. Given the position of the business, we view the Company as reasonably priced compared to its competitive set and cheap relative to its historical valuation.

Discounted Cash Flow Valuation						
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Adjusted EBITDA	1,449	1,553	1,667	1,790	1,922	2,066
(-) Adjusted EBIT * Tax Rate	(300)	(325)	(353)	(383)	(415)	
(-) Change in Net Working Capital	(10)	(52)	(57)	(61)	(66)	
(-) Capital Expenditure	(351)	(360)	(368)	(377)	(386)	
Unlevered Free Cash Flows	787	816	889	968	1,055	
Terminal Value Multiple						10.7x
Terminal Value					22,020	
Discount Rate	7.3%					
Discount Multiplier	96%	89%	83%	77%	72%	
Present Value of Discounted Cash Flows	752	728	739	750	16,666	
<b>EV (Discounted Cash Flow Method)</b>	<b>19,635</b>					
(-) Net Debt	(2,386)					
<b>Equity Value (Discounted Cash Flow Method)</b>	<b>\$17,249</b>					

Debt Component	Source	
Cost of Debt (Wtd. Avg. Yield)	Refinitiv	4.9%
Tax Rate		26.0%
Net Debt / (Net Debt + Equity)		15.1%
<b>Total Debt Component of WACC</b>		<b>0.5%</b>

Equity Component	Source	
Levered Beta (5Y Monthly)	Refinitiv	0.90
Equity Risk Premium	Damodaran	4.3%
Risk-Free Rate of Return (US5Y)	CNBC	4.0%
Cost of Equity		7.9%
Equity / (Net Debt + Equity)		84.9%
<b>Total Equity Component of WACC</b>		<b>6.7%</b>

<b>Weighted Average Cost of Capital</b>	<b>7.3%</b>
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On a discounted cash flow basis, AVY's market cap looks cheap (22% lower market cap than the \$17 billion market cap implied by the DCF valuation); this is a reflection of the higher growth we project relative to the market. Our weighted average cost of capital calculation sets the Company's discount rate to 7.3%, reflecting a 4.9% cost of debt and 7.9% cost of equity.

Long-term Debt Issues	Outstanding	YTM
4.875% Sr Unsec Due Dec-28	\$500	4.49%
2.650% Sr Unsec Due Apr-30	500	4.73%
2.250% Sr Unsec Due Feb-32	500	5.48%
6.000% Sr Unsec Due Jan-33	150	5.66%
5.750% Sr Unsec Due Mar-33	400	5.66%
3.750% Sr Unsec Due Nov-34	562	4.07%
<b>Cost of Debt</b>	<b>\$2,612</b>	<b>4.88%</b>
Market Cap	\$13,462	84.9%
Net Debt	\$2,386	15.1%

EPV Calculation	2025E	Δ	Adjusted
2025E Revenue	8,852		8,852
Sustainable EBIT Margin	13.0%	+297bps	16.0%
Sustainable EBIT	1,153		1,416
Tax Rate	26.0%		26.0%
<b>Sustainable NOPAT</b>	<b>\$853</b>		<b>\$1,048</b>
Weighted Average Cost of Capital	7.3%		7.3%
<b>EV (EPV Method)</b>	<b>\$11,766</b>		<b>\$14,451</b>
(-) Net Debt	(2,386)		(2,386)
<b>Equity Value (EPV Method)</b>	<b>\$9,381</b>		<b>\$12,065</b>
Market Capitalization	\$13,462		\$13,462
<b>Implied Franchise Value (EPV Method)</b>	<b>\$4,081</b>		<b>\$1,397</b>
% of Market Capitalization	30%		10%

On an earnings power valuation basis, we arrive at an implied market cap of \$12 billion, implying that the Company's market cap includes a 10% premium for the franchise value of its growth prospects; this reflects the significant extent to which the Company's ROIC (~18% in 2024) exceeds its WACC (7.3%)—AVY's capital expenditure and M&A can be highly accretive.

Our asset value calculation arrives at an implied market cap of \$6.9 billion, implying that the earnings power valuation includes a premium of over \$5 billion to the asset value. This reflects the significant barriers to entry that protect the Company—its customer captivity and its economies of scale are both position-based competitive advantages, which are the strongest type of competitive advantage and entrench the Company as the leader in its space.

AV Calculation	Q1 2025	Δ	Adjusted
Cash and Short-Term Investments	\$196		\$196
Accounts Receivable	1,518		1,518
Inventory	1,018		1,018
Other Current Assets	299		299
Net Property, Plant & Equipment	1,583		1,583
Goodwill	1,991		1,991
Other Intangibles	735		735
Deferred Tax Assets, L-T	119		119
Other Assets	896		896
<b>Missing Intangibles</b>			
Product Portfolio		+673	673
Workforce		+269	269
<b>EV (AV Method)</b>			<b>\$9,296</b>
(-) Net Debt			(2,386)
<b>Equity Value (AV Method)</b>			<b>\$6,911</b>



### Product Portfolio Valuation

Research & Development Expenses	Amount	Weight	Adjusted
FY2024	\$138	100%	\$138
FY2023	136	90%	122
FY2022	136	80%	109
FY2021	137	70%	96
FY2020	113	60%	68
FY2019	93	50%	46
FY2018	98	40%	39
FY2017	93	30%	28
FY2016	90	20%	18
FY2015	92	10%	9
<b>Total</b>			<b>\$673</b>

### Workforce Valuation

	Number	Valuation
Operations	18,200	\$73
Sales	6,300	76
Support	5,600	22
Engineering	4,900	98
<b>Total</b>		<b>\$269</b>

Support	Number	Salary	Valuation
Total # of Employees	35,000		
% Operations (LinkedIn)	52%	\$40,000	10%
% Sales	18%	\$80,000	15%
% Support	16%	\$40,000	10%
% Engineering	14%	\$100,000	20%

## Returns Analysis

(in USD millions, except per share data)	Actual Fiscal Year Ended December 31,										Forecast Fiscal Year Ending December 31,					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
ROIC Analysis																
Book Value of Equity	926	1,046	955	1,204	1,500	1,924	2,032	2,128	2,312	2,393	2,498	2,611	2,731	2,859	2,996	
(-) Cash and Equivalents	(213)	(247)	(258)	(284)	(285)	(196)	(198)	(215)	(329)	(681)	(886)	(1,111)	(1,355)	(1,621)	(1,910)	
(+) Long-term Debt	713	1,316	1,772	1,499	2,052	2,786	2,504	2,622	2,560	2,897	3,106	3,334	3,580	3,845	4,132	
Total Invested Capital	1,426	2,116	2,469	2,419	3,267	4,514	4,338	4,535	4,543	4,609	4,718	4,834	4,955	5,083	5,218	
Adjusted EBIT	602	707	788	824	863	1,064	1,073	964	1,122	1,153	1,251	1,357	1,473	1,598	1,734	
Tax Rate	33%	28%	25%	25%	24%	25%	25%	26%	26%	26%	26%	26%	26%	26%	26%	
Adjusted NOPAT	405	509	591	621	655	799	809	715	831	853	925	1,004	1,090	1,182	1,283	
ROIC	28%	24%	24%	26%	20%	18%	19%	16%	18%	19%	20%	21%	22%	23%	25%	
ROTIC Analysis																
Book Value of Equity	926	1,046	955	1,204	1,500	1,924	2,032	2,128	2,312	2,393	2,498	2,611	2,731	2,859	2,996	
(-) Cash and Equivalents	(213)	(247)	(258)	(284)	(285)	(196)	(198)	(215)	(329)	(681)	(886)	(1,111)	(1,355)	(1,621)	(1,910)	
(-) Other Intangibles	(67)	(166)	(144)	(127)	(225)	(911)	(840)	(849)	(755)	(773)	(792)	(811)	(830)	(850)	(870)	
(+) Long-term Debt	713	1,316	1,772	1,499	2,052	2,786	2,504	2,622	2,560	2,897	3,106	3,334	3,580	3,845	4,132	
Total Invested Capital	1,360	1,950	2,325	2,293	3,042	3,603	3,498	3,686	3,788	3,836	3,927	4,023	4,125	4,233	4,348	
Adjusted EBIT	602	707	788	824	863	1,064	1,073	964	1,122	1,153	1,251	1,357	1,473	1,598	1,734	
Tax Rate	33%	28%	25%	25%	24%	25%	25%	26%	26%	26%	26%	26%	26%	26%	26%	
Adjusted NOPAT	405	509	591	621	655	799	809	715	831	853	925	1,004	1,090	1,182	1,283	
ROTIC	30%	26%	25%	27%	22%	22%	23%	19%	22%	22%	24%	25%	26%	28%	30%	

## Risks and Mitigants

### Competitive Advantage Could Erode in New Markets for Intelligent Labels

AVY is the incumbent in Apparel and Retail, but emerging verticals such as Food, Healthcare, and Logistics have low penetration to date and could still choose to purchase RFID inlays from an AVY competitor. Given the amount of customization and business case development that the RFID inlay providers do for clients in new verticals, an early winner could easily run away with the category.

#### Mitigant: AVY's Materials Group Makes Cross-Selling Easier

AVY's pre-existing scale in these verticals via the Materials Group means that AVY is well-positioned at the point of sale to offer RFID-enabled solutions. The Company's vertical integration with the Materials Group also allows AVY to offer custom products that address new verticals' needs more flexibly than competitors that lack a leading labels business (namely SML).

### Commoditization Has the Potential to Drive Down Pricing

AVY competes with a number of other companies to provide labels, both pressure-sensitive (mature industry) and RFID-enabled (emerging industry).

As the industry grows, there could be increasing downward pressure on pricing, as has been the case with RFID tags over the past decade (from several dollars to a few cents each).

**Mitigant: Favorable Industry Structure and Competing on Quality**

AVY is by far the largest player in a four-player market for RFID labels and the dominant player in pressure-sensitive labels; it serves the highly-fragmented label converter industry and sources RFID tags from three different, highly commoditized companies—this increases AVY’s buyer and supplier power. Customers are no longer making decisions about pressure-sensitive or intelligent labels based on cost—they are deciding based on solution and label quality, particularly for the high-value categories where AVY is seeing more growth.

**A Downturn Could Reduce Consumer Demand for AVY-Labeled Products**

AVY serves a number of end-markets, particularly its high-value categories, that have the potential to see a reduction in demand in the event of an economic downturn; tariffs, in particular, could reduce volumes across the board and disrupt AVY’s own supply chain. Additionally, new Intelligent Label industries may be less likely to spend on operational efficiencies, such as inventory shrink, when faced with a downturn.

**Mitigant: Diversified End-Market Industry and Geography Exposure**

AVY’s mix of end-market industries (including consumer staples exposure) and geographies reduces the likelihood that all markets will experience downturns at once; the Materials group, particularly, is largely a collection of regional businesses. Less than 10% of AVY’s own purchases are impacted by tariffs, and only 4% of AVY revenue comes from apparel tags and labels that affix to garments exported to the United States; therefore, AVY’s exposure to potential tariff risks is limited.

Once implemented, Intelligent Labels tends to pay for itself within six months, reducing the likelihood of churn in this segment. The Company also operates with reasonable financial and limited operating leverage.

## Appendix

(in USD millions, except per share data)	Actual Fiscal Year Ended December 31,										Forecast Fiscal Year Ending December 31,					CAGR		
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	'20A-'25E	'25E-'30E	
<b>Income Statement</b>																		
Materials U.S. Revenue					\$1,505	\$1,736	\$1,892	\$1,688	\$1,716	\$1,716	\$1,758	\$1,802	\$1,848	\$1,894	\$1,941		2.7%	2.5%
Materials Europe Revenue					1,953	2,261	2,396	2,007	2,091	2,112	2,154	2,208	2,263	2,320	2,378		1.6%	2.4%
Materials Asia Revenue					1,245	1,471	1,390	1,315	1,388	1,402	1,486	1,575	1,670	1,770	1,876		2.4%	6.0%
Materials Latin America Revenue					351	409	470	474	490	495	524	556	589	624	662		7.1%	6.0%
Materials Other International Revenue					287	329	346	327	329	332	342	352	363	374	385		2.9%	3.0%
<b>Materials Revenue</b>	<b>4,641</b>	<b>5,103</b>	<b>5,546</b>	<b>5,420</b>	<b>5,341</b>	<b>6,207</b>	<b>6,495</b>	<b>5,811</b>	<b>6,013</b>	<b>6,056</b>	<b>6,265</b>	<b>6,494</b>	<b>6,732</b>	<b>6,981</b>	<b>7,242</b>	<b>2.5%</b>	<b>3.6%</b>	
Materials Revenue YoY Growth		9.9%	8.7%	-2.3%	-1.5%	16.2%	4.6%	-10.5%	3.5%	0.7%	3.4%	3.7%	3.7%	3.7%	3.7%			
Solutions Apparel Revenue		1,352	1,442	1,459	1,432	1,839	1,851	1,661	1,876	1,894	1,989	2,088	2,193	2,302	2,418		5.8%	5.0%
Solutions Identification Solutions and Vestcom Revenue		159	172	192	199	363	693	892	867	902	1,037	1,193	1,372	1,577	1,814		35.3%	15.0%
<b>Solutions Group Revenue</b>	<b>1,445</b>	<b>1,511</b>	<b>1,613</b>	<b>1,650</b>	<b>1,631</b>	<b>2,202</b>	<b>2,544</b>	<b>2,553</b>	<b>2,743</b>	<b>2,796</b>	<b>3,026</b>	<b>3,281</b>	<b>3,564</b>	<b>3,880</b>	<b>4,232</b>	<b>11.4%</b>	<b>8.6%</b>	
Solutions Revenue YoY Growth		4.6%	6.7%	2.3%	-1.2%	35.0%	15.6%	0.3%	7.4%	1.9%	8.2%	8.4%	8.6%	8.8%	9.1%			
<b>Total Revenue</b>	<b>6,087</b>	<b>6,614</b>	<b>7,159</b>	<b>7,070</b>	<b>6,972</b>	<b>8,408</b>	<b>9,039</b>	<b>8,364</b>	<b>8,756</b>	<b>8,852</b>	<b>9,291</b>	<b>9,775</b>	<b>10,297</b>	<b>10,861</b>	<b>11,473</b>	<b>4.9%</b>	<b>5.3%</b>	
Revenue YoY Growth		8.7%	8.2%	-1.2%	-1.4%	20.6%	7.5%	-7.5%	4.7%	1.1%	5.0%	5.2%	5.3%	5.5%	5.6%			
<b>Materials Adjusted EBITDA</b>					<b>826</b>	<b>911</b>	<b>1,000</b>	<b>982</b>	<b>917</b>	<b>1,056</b>	<b>1,065</b>	<b>1,116</b>	<b>1,172</b>	<b>1,231</b>	<b>1,292</b>	<b>1,355</b>	<b>3.7%</b>	<b>4.2%</b>
Adjusted EBITDA Margin					15.2%	17.1%	16.1%	15.1%	15.8%	15.8%	17.6%	17.8%	18.0%	18.3%	18.5%	18.7%		
Adjusted EBITDA YoY Growth					10.4%	9.7%	-1.8%	-6.6%	15.1%	0.9%	4.9%	5.0%	5.0%	4.9%	4.9%			
Materials D&A				(126)	(134)	(142)	(136)	(128)	(131)	(119)	(118)	(116)	(114)	(112)	(109)			
Materials Adjusted EBIT	586	648	692	700	778	858	846	789	925	945	999	1,056	1,117	1,180	1,245		4.0%	5.7%
Adjusted EBIT Margin	12.6%	12.7%	12.5%	12.9%	14.6%	13.8%	13.0%	13.6%	15.4%	15.6%	15.9%	16.3%	16.6%	16.9%	17.2%			
<b>Solutions Adjusted EBITDA</b>					<b>259</b>	<b>239</b>	<b>396</b>	<b>465</b>	<b>423</b>	<b>471</b>	<b>480</b>	<b>536</b>	<b>598</b>	<b>667</b>	<b>743</b>	<b>827</b>	<b>14.9%</b>	<b>11.5%</b>
Adjusted EBITDA Margin					15.7%	14.7%	18.0%	18.3%	16.6%	16.6%	17.2%	17.7%	18.2%	18.7%	19.1%	19.6%		
Adjusted EBITDA YoY Growth					-7.8%	65.7%	17.4%	-9.1%	11.4%	1.9%	11.8%	11.6%	11.4%	11.4%	11.4%			
Solutions D&A				(53)	(72)	(102)	(155)	(171)	(181)	(176)	(185)	(194)	(203)	(213)	(223)			
Solutions Adjusted EBIT	112	145	182	206	167	294	310	252	289	304	351	404	464	530	604		12.6%	14.8%
Adjusted EBIT Margin	7.8%	9.6%	11.3%	12.5%	10.3%	13.3%	12.2%	9.9%	10.5%	10.9%	11.6%	12.3%	13.0%	13.7%	14.3%			
(-) Corporate Expense	(96)	(86)	(86)	(82)	(82)	(87)	(83)	(77)	(92)	(96)	(99)	(103)	(108)	(112)	(116)		3.1%	4.0%
<b>Total Adjusted EBITDA</b>	<b>782</b>	<b>886</b>	<b>969</b>	<b>1,003</b>	<b>1,068</b>	<b>1,308</b>	<b>1,364</b>	<b>1,262</b>	<b>1,434</b>	<b>1,449</b>	<b>1,553</b>	<b>1,667</b>	<b>1,790</b>	<b>1,922</b>	<b>2,066</b>	<b>6.3%</b>	<b>7.4%</b>	
Adjusted EBITDA Margin	12.9%	13.4%	13.5%	14.2%	15.3%	15.6%	15.1%	15.1%	16.4%	16.4%	16.7%	17.1%	17.4%	17.7%	18.0%			
Adjusted EBITDA YoY Growth		13.2%	9.4%	3.5%	6.5%	22.5%	4.3%	-7.5%	13.6%	1.0%	7.2%	7.3%	7.4%	7.4%	7.5%			
Int'l A	(180)	(179)	(181)	(179)	(205)	(244)	(291)	(298)	(312)	(295)	(302)	(310)	(317)	(325)	(332)			
<b>Total Adjusted EBIT</b>	<b>602</b>	<b>707</b>	<b>788</b>	<b>824</b>	<b>863</b>	<b>1,064</b>	<b>1,073</b>	<b>964</b>	<b>1,122</b>	<b>1,153</b>	<b>1,251</b>	<b>1,357</b>	<b>1,473</b>	<b>1,598</b>	<b>1,734</b>	<b>6.0%</b>	<b>8.5%</b>	
Adjusted EBIT Margin	9.9%	10.7%	11.0%	11.7%	12.4%	12.7%	11.9%	11.5%	12.8%	13.0%	13.5%	13.9%	14.3%	14.7%	15.1%			
Adjusted EBIT YoY Growth		17.4%	11.5%	4.5%	4.7%	23.4%	0.9%	-10.2%	16.4%	2.8%	8.4%	8.5%	8.5%	8.5%	8.5%			
Interest Expense	(60)	(63)	(59)	(76)	(70)	(70)	(84)	(119)	(117)	(142)	(152)	(163)	(175)	(188)	(202)			
(+) Adjusted Other Non-operating Income	0	(18)	(11)	(1)	(1)	7	9	19	22	22	22	22	22	22	22			
<b>Adjusted Earnings Before Taxes</b>	<b>542</b>	<b>626</b>	<b>718</b>	<b>747</b>	<b>791</b>	<b>1,001</b>	<b>999</b>	<b>864</b>	<b>1,027</b>	<b>1,033</b>	<b>1,120</b>	<b>1,216</b>	<b>1,319</b>	<b>1,432</b>	<b>1,553</b>	<b>5.5%</b>	<b>8.5%</b>	
Provision for Income Taxes	(178)	(175)	(180)	(183)	(191)	(250)	(246)	(223)	(266)	(269)	(291)	(316)	(343)	(372)	(404)			
Equity Method Investment Net Losses	0	0	(2)	(3)	(4)	(4)	0	0	0	0	0	0	0	0	0			
<b>Adjusted Net Income</b>	<b>365</b>	<b>451</b>	<b>537</b>	<b>561</b>	<b>597</b>	<b>747</b>	<b>752</b>	<b>641</b>	<b>761</b>	<b>765</b>	<b>829</b>	<b>900</b>	<b>976</b>	<b>1,059</b>	<b>1,149</b>	<b>5.1%</b>	<b>8.5%</b>	
<b>Adjusted EPS</b>	<b>\$4.02</b>	<b>\$5.00</b>	<b>\$6.06</b>	<b>\$6.60</b>	<b>\$7.10</b>	<b>\$8.91</b>	<b>\$9.15</b>	<b>\$7.90</b>	<b>\$9.43</b>	<b>\$9.82</b>	<b>\$10.93</b>	<b>\$12.15</b>	<b>\$13.51</b>	<b>\$15.02</b>	<b>\$16.72</b>	<b>6.7%</b>	<b>11.2%</b>	
<b>Dividends Per Share</b>										\$3.93	\$4.37	\$4.86	\$5.40	\$6.01	\$6.69			

# Avery Dennison Corporation (NYSE:AVY)

Industry: Packaging and Materials

Date: May 10, 2025

Keshav Prasad

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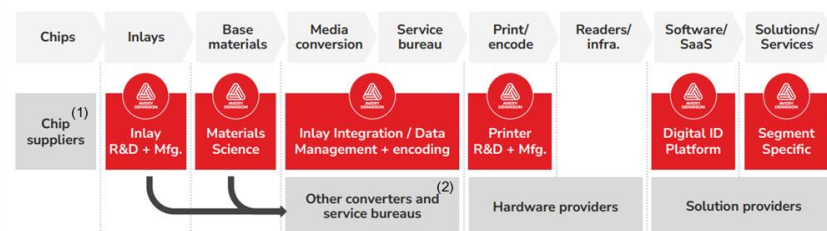
Price Today: \$172.20 / 5-YR PT: \$294 / IRR: 16.5%

(in USD millions, except per share data)	Actual Fiscal Year Ended December 31,									Forecast Fiscal Year Ending December 31,					CAGR		
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	'20A-'25E	'25E-'30E
Balance Sheet																	
Assets																	
Cash and Short-Term Investments	213	247	258	284	285	196	198	215	329	681	886	1,111	1,355	1,621	1,910		
Accounts Receivable	1,031	1,209	1,190	1,212	1,235	1,425	1,374	1,415	1,466	1,482	1,556	1,637	1,724	1,819	1,921		
Inventory	519	610	651	663	717	907	1,010	921	978	989	1,034	1,083	1,136	1,194	1,257		
Other Current Assets	142	172	199	182	179	207	200	245	305	309	324	341	359	379	400		
Net Property, Plant & Equipment	915	1,098	1,137	1,211	1,344	1,478	1,540	1,626	1,587	1,625	1,663	1,703	1,744	1,785	1,828		
Goodwill	794	985	942	931	1,136	1,882	1,862	2,014	1,976	1,976	1,976	1,976	1,976	1,976	1,976		
Other Intangibles	67	166	144	127	225	911	840	849	755	773	792	811	830	850	870		
Deferred Tax Assets, LT	313	196	205	225	213	130	115	116	110	110	110	110	110	110	110		
Other Long-Term Assets	403	453	451	655	765	836	811	810	897	897	897	897	897	897	897		
Total Assets	4,396	5,137	5,178	5,489	6,099	7,972	7,951	8,210	8,404	8,842	9,238	9,669	10,132	10,631	11,169	7.7%	4.8%
Liabilities																	
Accounts Payable	842	1,007	1,031	1,066	1,051	1,299	1,339	1,277	1,341	1,356	1,417	1,485	1,558	1,637	1,723		
Accrued Exp.	313	361	348	353	379	475	402	356	447	452	472	495	519	546	574		
ST Borrowings and Current Portion of LT Borrowings	579	265	195	440	65	319	599	622	592	592	592	592	592	592	592		
Curr. Income Taxes Payable	38	49	58	71	86	75	76	58	75	75	75	75	75	75	75		
Other Current Liabilities	233	289	363	323	345	380	383	387	408	408	408	408	408	408	408		
Long-Term Debt	713	1,316	1,772	1,499	2,052	2,786	2,504	2,622	2,560	2,897	3,106	3,334	3,580	3,845	4,132		
Other Non-Current Liabilities	753	803	457	532	621	713	615	760	669	669.4	669.4	669.4	669.4	669.4	669.4		
Total Liabilities	3,471	4,091	4,222	4,285	4,599	6,047	5,918	6,082	6,092	6,449	6,740	7,058	7,401	7,772	8,173	7.0%	4.9%
Common Stock	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124		
Additional Paid In Capital	852	863	872	874	862	862	879	855	841	887	936	986	1,040	1,096	1,155		
Retained Earnings	2,473	2,597	2,865	2,979	3,349	3,881	4,415	4,692	5,151	5,610	6,107	6,647	7,233	7,869	8,558		
Treasury Stock	(1,772)	(1,857)	(2,224)	(2,425)	(2,501)	(2,660)	(3,022)	(3,134)	(3,348)	(3,772)	(4,213)	(4,691)	(5,210)	(5,773)	(6,385)		
Comprehensive Income and Other	(752)	(681)	(682)	(348)	(335)	(283)	(364)	(408)	(456)	(456)	(456)	(456)	(456)	(456)	(456)		
Total Shareholders' Equity	926	1,046	955	1,204	1,500	1,924	2,032	2,128	2,312	2,393	2,498	2,611	2,731	2,859	2,996	9.8%	4.6%
Total Liabilities And Shareholders' Equity	4,396	5,137	5,178	5,489	6,099	7,972	7,951	8,210	8,404	8,842	9,238	9,669	10,132	10,631	11,169	7.7%	4.8%

(in USD millions, except per share data)	Actual Fiscal Year Ended December 31,									Forecast Fiscal Year Ending December 31,					CAGR		
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	'20A-'25E	'25E-'30E
Cash Flow Statement																	
Net Income	321	282	467	304	556	740	757	503	705	765	829	900	976	1,059	1,149		
Depreciation & Amortization	180	179	181	179	205	244	291	298	312	295	302	310	317	325	332		
Stock-Based Compensation	27	30	34	35	24	37	47	22	29	46	49	51	53	56	59		
Other Operating Activities	194	243	167	314	119	50	92	63	96	0	0	0	0	0	0		
Change in Net Working Capital	(140)	(88)	(392)	(85)	(153)	(25)	(226)	(60)	(203)	(10)	(52)	(57)	(61)	(66)	(72)		
Cash from Ops.	582	646	458	747	751	1,047	961	826	939	1,096	1,128	1,203	1,285	1,374	1,469		
Capital Expenditure	(177)	(191)	(227)	(219)	(201)	(255)	(278)	(265)	(209)								
Sale of Property, Plant, and Equipment	9	6	9	8	9	1	2	1	1								
Cash Acquisitions	(237)	(319)	0	0	(350)	(1,478)	(40)	(225)	(4)								
Divestitures	0	0	0	0	0	8	1	0	0								
Sale (Purchase) of Intangible assets	(30)	(36)	(30)	(38)	(17)	(17)	(20)	(20)	(31)								
Invest. in Marketable & Equity Secur.	0	0	(4)	(7)	0	0	0	0	0								
Net (Inc.) Dec. in Loans Originated/Sold	0	0	0	0	0	0	0	0	0								
Other Investing Activities	3	(4)	19	5	6	3	2	50	(0)								
Cash from Investing	(432)	(543)	(233)	(251)	(554)	(1,738)	(333)	(459)	(243)	(351)	(360)	(368)	(377)	(386)	(395)		
Debt Issuance (Repayment)	232	200	409	(24)	113	1,038	28	102	(38)	337	209	228	246	265	287		
Common Stock Issuance (Repayment)	(196)	(128)	(425)	(255)	(124)	(206)	(405)	(161)	(256)	(425)	(441)	(478)	(519)	(563)	(612)		
Dividends Paid	(143)	(156)	(175)	(190)	(197)	(221)	(239)	(257)	(278)	(306)	(332)	(360)	(391)	(424)	(460)	9.2%	8.5%
Other Financing Activities	0	0	(17)	(2)	0	(6)	0	(2)	(5)	0	0	0	0	0	0		
Cash from Financing	(106)	(84)	(208)	(470)	(208)	604	(615)	(317)	(576)	(393)	(564)	(610)	(664)	(722)	(784)		
Foreign Exchange Rate Adj.	(7)	11	(10)	(4)	9	(3)	(9)	(2)	(6)	0	0	0	0	0	0		
Net Change in Cash	36	29	8	22	(1)	(90)	5	48	114	351	205	225	244	266	289		
Beginning Cash									215	329	681	886	1,111	1,355	1,621		
Ending Cash									329	681	886	1,111	1,355	1,621	1,910		

**AVY Comparable Companies**

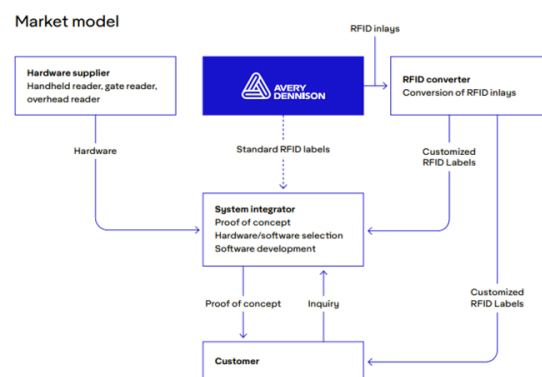
Company Name	Share Price	Enterprise Value	EV / Revenue		EV / EBITDA		P / E		Margins		Growth Rates		
			2024A		2025E		2024A		2024A		Revenue 2025E	EBITDA 2025E	EPS 5-Yr
			2024A	2025E	2024A	2025E	2024A	2025E	2024A	2025E			
Avery Dennison	\$172.20	\$17,776	2.0x	2.0x	12.5x	12.3x	18.3x	17.6x	16%	8%	1%	2%	7%
3M Co	142.60	83,914	3.4	3.5	15.7	12.5	19.6	18.6	22%	17%	-3%	25%	8%
International Paper	44.27	32,542	1.7	1.2	16.0	9.2	28.2	19.8	11%	3%	41%	74%	54%
Amcor	9.12	28,167	2.1	1.4	14.8	8.6	16.6	11.7	14%	6%	49%	72%	5%
PCA	181.42	18,097	2.2	2.0	10.8	9.7	20.3	17.6	20%	10%	6%	11%	7%
UPM	26.87	18,088	1.7	1.5	8.4	8.9	31.7	14.5	20%	4%	11%	-5%	11%
Crown Holdings	96.98	17,503	1.5	1.5	9.2	8.8	27.3	13.8	16%	4%	2%	5%	8%
Graphic Packaging	22.29	12,309	1.4	1.5	7.3	8.0	10.3	10.6	19%	7%	-4%	-9%	0%
Sonoco Products	44.33	11,665	2.2	1.5	13.0	8.8	65.2	7.4	17%	3%	45%	48%	13%
CCL Industries	55.99	11,076	2.2	2.0	11.1	9.7	17.2	17.1	20%	12%	8%	15%	0%
Sealed Air	30.57	8,663	1.6	1.6	8.3	7.8	16.6	9.9	19%	5%	-1%	6%	4%
<b>Mean</b>			<b>2.0x</b>	<b>1.8x</b>	<b>11.5x</b>	<b>9.2x</b>	<b>25.3x</b>	<b>14.1x</b>	<b>18%</b>	<b>7%</b>	<b>15%</b>	<b>24%</b>	<b>11%</b>
<b>Median</b>			<b>1.9x</b>	<b>1.5x</b>	<b>11.0x</b>	<b>8.9x</b>	<b>20.0x</b>	<b>14.1x</b>	<b>19%</b>	<b>5%</b>	<b>7%</b>	<b>13%</b>	<b>8%</b>

**Industry Structure and Vertical Integration**


■ Avery Dennison key capabilities  
 ■ 3rd party supplier and partner capabilities

(1) Typically Impinj, NXP, and Alien  
 (2) Highly fragmented industry

Source: AVY 2024 Investor Presentation

**Go-to-Market Model**


Source: AVY Intelligent Labeling Brochure

**Additional Proof Points for RFID**

“Now I'd like to spend a moment discussing how we are managing shrink, which is a big responsibility for any retailer, especially in this environment. As expected, shrink was in line with last year's results despite industry-wide challenges, driven by our proactive customer service, tech-driven solutions, industry-leading asset protection program and our penetration of rural stores. We're developing ... RFID technology embedded in power tools to prevent theft. This solution will be largely invisible to customers, but it makes a tool inoperable until it is scanned and purchased.”

– Joe McFarland, VP of Stores, Lowes (Q2 2024)

“The stores represent the biggest bill in my P&L ... There's so much more to do [including] better stock accuracy and visibility, in-store efficiencies, simple store operations or improving our store standards ... a lot of this is going to be enabled by RFID.”

– Richard Price, MD of Clothing and Home, Marks & Spencer (Analyst Day 2023)

“As retailers discover this technology can actually help them get their inventory accurate in their supply chain to make sure they have the right product in the right place at the right time for in-store shopping or omnichannel shopping was kind of the foundation. But then you start building out the enterprise use cases as you look at things like giving data analytics for tests,



looking at point of sale and making it a lot faster and more convenient. So RFID ... has really become this critical foundational sensor technology for the enterprise and the next generation of retail.”

– Bill Toney, Avery Dennison (Amazon at NRF 2024)

“Over the last year, we have successfully implemented RFID technology in our Apparel departments and have seen dramatic results. We have improved On Hand Accuracy, which has grown Online Order Fulfillment. These dramatic improvements have had major impacts on Sell Through and customer satisfaction. With the success of this initiative, Walmart plans to continue expanding this program to other departments and categories.”

– Walmart memo to suppliers (Ad Age 2022)