



As we begin a new year together, it's a good time to provide you an update on the raw material environment for your pressure-sensitive sourced materials from Avery Dennison.

Over the course of the last 30-60 days we have seen propylene feedstock costs steadily increase. The reasoning is threefold: The industry has seen capacity constraints due to a growing global economy; there has been seasonal and planned facility maintenance downtime; and there was an explosion at a major manufacturing facility in Europe, impacting supply.

As a result of the event dynamics above, propylene producers raised prices more than 30% in January, and they are expected to implement additional price hikes in February by as much as another 10% - 20%. Given these dynamics, we are beginning to see upward cost pressure in acrylic monomer for our adhesives and in our core films portfolio.

Avery Dennison collaborates with our suppliers to minimize the impact of these industry-wide increases and works diligently to ensure zero disruptions in the supply of raw material for our customers. Additionally, our internal productivity and cost reduction initiatives also contribute to mitigating these increased costs.

We will continue to keep you apprised of the raw material forces at work as we move through Q1, and our sales team is happy to answer any questions or concerns you may have at any time. Thank you for your business and your continued trust and support.

Sincerely,

AVERY DENNISON

A handwritten signature in black ink, appearing to read 'NTucci', written over a horizontal line.

Nick Tucci
Vice President, Sales
Materials Group North America