



Sonoco

1st Quarter 2018 Results

Investor Presentation
April 2018



Forward-Looking Statements / Non-GAAP Financial Measures

Today's presentation contains a number of forward-looking statements based on current expectations, estimates and projections. These statements are not guarantees of future performance and are subject to certain risks and uncertainties. Therefore, actual results may differ materially.

Information about the Company's use of non-GAAP financial measures, why management believes presentation of non-GAAP financial measures provides useful information to investors about the Company's financial condition and results of operations, and the purposes for which management uses non-GAAP financial measures is included in the Company's Annual Report and on the Company's website at sonoco.com under Investor Relations, Webcasts & Presentations, Non-GAAP Reconciliations for Q1 2018 Earnings Presentation.

Pursuant to the requirements of Regulation G, the Company has provided definitions of the non-GAAP measures discussed during this presentation as well as reconciliations of those measures to the most closely related GAAP measure on its website at sonoco.com.

This presentation does not constitute the solicitation of the purchase or sale of any securities.

EPS Summary

1st Quarter: 2018 Vs. 2017

	1st Quarter	
	2018	2017
Actual EPS	\$ 0.73	\$ 0.53
Addback for:		
Restructuring & Asset Impair, Net	0.02	0.03
Transaction Costs / Other	(0.01)	0.03
Base EPS	\$ 0.74	\$ 0.59
Sonoco Guidance	\$0.69 to \$0.75	

P&L Summary (Base)

1st Quarter: 2018 Vs. 2017

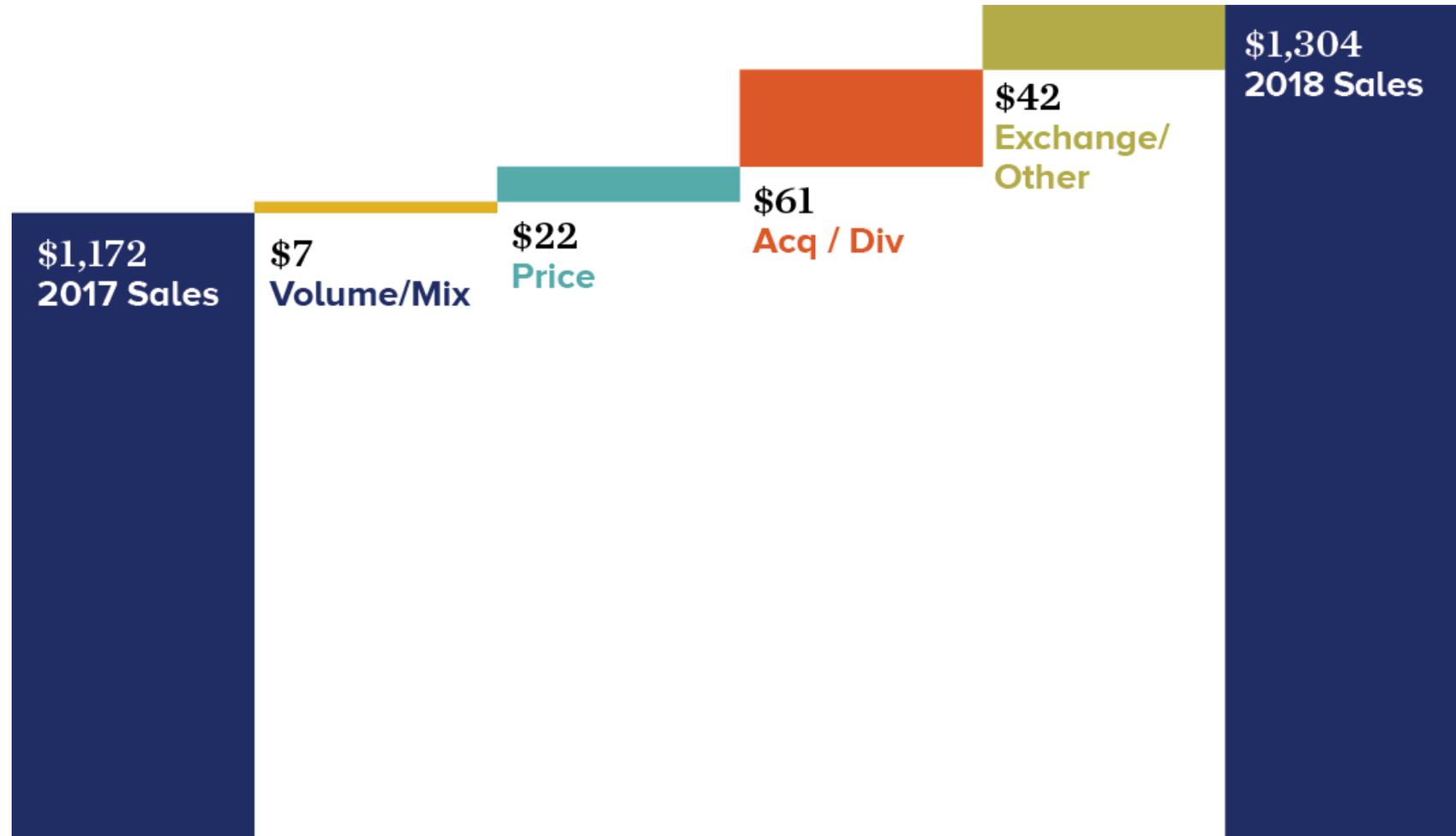
(Dollars in thousands)

	2018	2017	Better / (Worse)	
			\$	%
Net sales	\$ 1,304,187	\$ 1,172,324	\$ 131,863	11.2%
Cost of sales	(1,053,585)	(949,345)	(104,240)	(11.0)%
Gross profit	250,602	222,979	27,623	12.4%
Selling, general and administrative expenses	(137,321)	(122,516)	(14,805)	(12.1)%
Operating profit	113,281	100,463	12,818	12.8%
Non-operating pension income (costs)	291	(3,686)	3,977	(100.0)%
Net interest	(13,355)	(12,058)	(1,297)	(10.8)%
Income before income taxes	100,217	84,719	15,498	18.3%
Provision for income taxes	(25,953)	(26,196)	243	0.9%
Income before equity in earnings of affiliates	74,264	58,523	15,741	26.9%
Equity in earnings of affiliates, net of tax	1,247	1,954	(707)	(36.2)%
Net income	75,511	60,477	15,034	24.9%
Noncontrolling interests	(875)	(599)	(276)	(46.1)%
Net income attributable to Sonoco	\$ 74,636	\$ 59,878	\$ 14,758	24.6%
EPS diluted	\$ 0.74	\$ 0.59	\$ 0.15	25.4%
Gross profit %	19.2%	19.0%		
SG&A %	10.5%	10.5%		
Operating profit %	8.7%	8.6%		
Effective tax rate	25.9%	30.9%		

Sales Bridge

1st Quarter: 2018 Vs. 2017

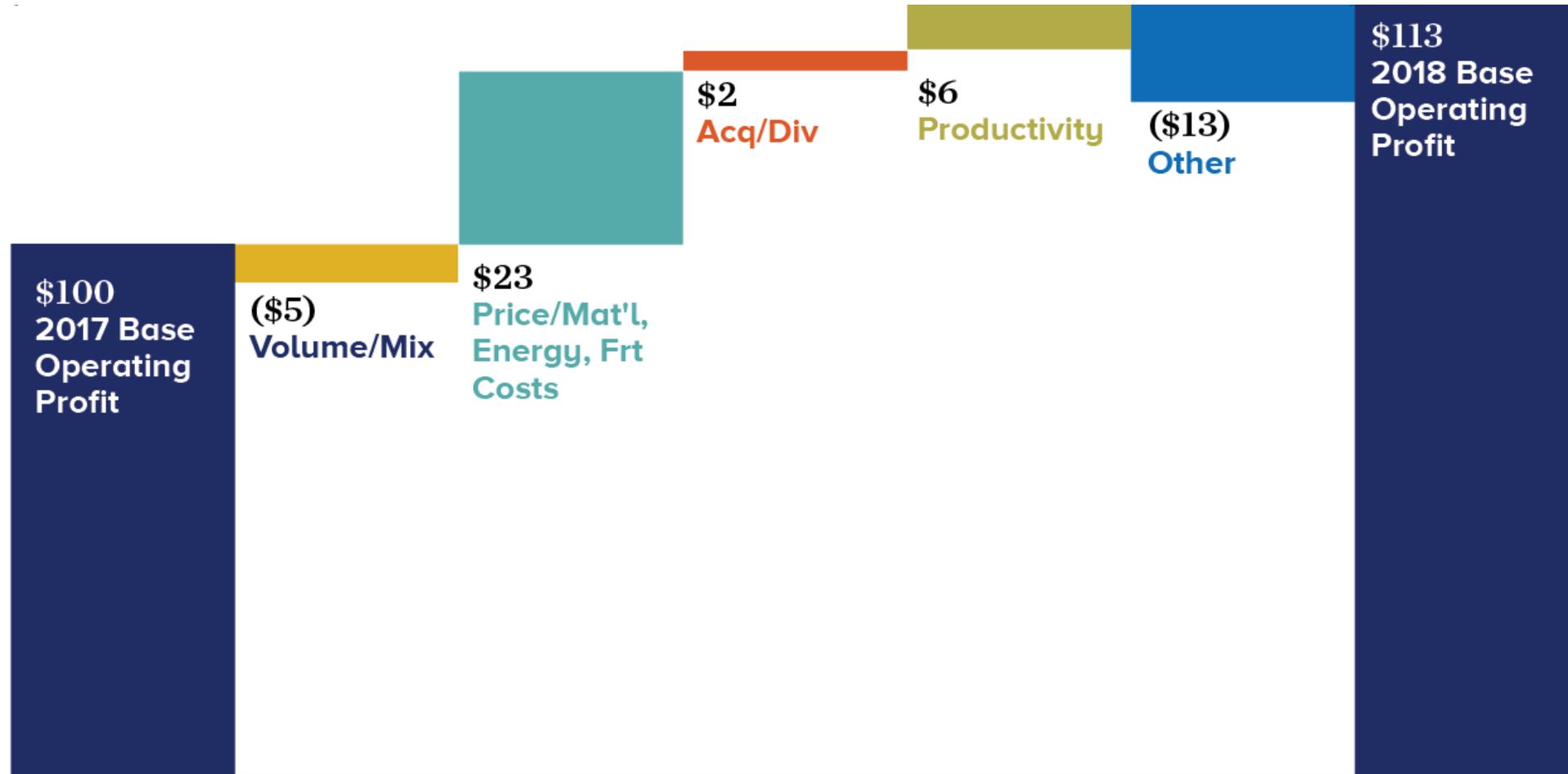
(Dollars in millions)



Base Operating Profit Bridge

1st Quarter: 2018 Vs. 2017

(Dollars in millions)



Segment Analysis

1st Quarter: 2018 Vs. 2017

(Dollars in thousands)

	NET SALES			BASE OPERATING PROFIT			
	2018	2017	% Chg	2018	2017	% Chg	
Consumer Packaging	\$ 569,852	\$ 482,181	18.2%	\$ 61,088	\$ 59,460	2.7%	
Display & Packaging	142,658	114,635	24.4%	1,732	3,222	(46.2)%	
Paper & Ind Conv Prods	460,653	442,502	4.1%	39,781	26,850	48.2%	
Protective Solutions	131,024	133,006	(1.5)%	10,680	10,931	(2.3)%	
	<u>\$ 1,304,187</u>	<u>\$ 1,172,324</u>	<u>11.2%</u>	<u>\$ 113,281</u>	<u>\$ 100,463</u>	<u>12.8%</u>	
				OPERATING PROFIT AS % OF SALES		MARGIN CHANGE	
				Consumer Packaging	10.7%	12.3%	(1.6)%
				Display & Packaging	1.2%	2.8%	(1.6)%
				Paper & Ind Conv Prods	8.6%	6.1%	2.5%
				Protective Solutions	8.2%	8.2%	—
					<u>8.7%</u>	<u>8.6%</u>	<u>0.1%</u>

Earnings Guidance

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2017 Base EPS	\$0.59	\$0.71	\$0.76	\$0.72	\$2.79
2018 Base EPS	\$0.74				
2018 Guidance	\$0.69 - \$0.75	\$0.83 - \$0.89			\$3.22 - \$3.32

Cash Flow

Year to date: 2018 Vs. 2017

(Dollars in thousands)

	Year To Date	
	2018	2017
Net income	\$ 74,925	\$ 54,330
Asset impairment charges / Losses on disposition of assets	(65)	291
Depreciation, depletion and amortization	58,068	49,008
Net pension and postretirement plan expenses	(10,232)	(31,204)
Changes in working capital	(26,893)	(5,070)
Changes in tax accounts	15,514	10,746
Other operating activity	8,448	(10,703)
Operating cash flow	\$ 119,765	\$ 67,398
Capital expenditures net of dispositions	(36,008)	(48,974)
Cash dividends	(38,829)	(36,840)
Free cash flow	\$ 44,928	\$ (18,416)
Cost of acquisitions, net of cash acquired	\$ —	\$ (221,417)
Net debt proceeds / (Repayments)	11,826	193,660
Share repurchases	—	—



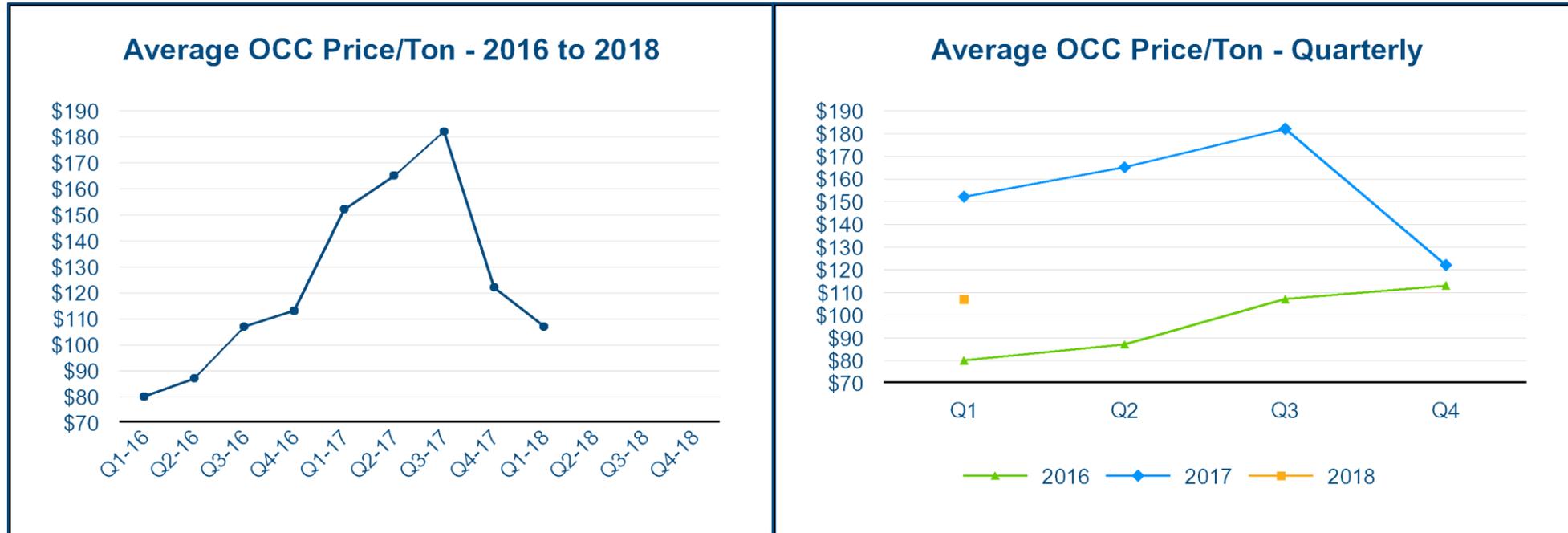
Appendix

Better
Packaging.
Better
Life.™

OCC: Official Board Market

1st Quarter: 2018 Vs. 2017 Vs. 2016

(Price/Ton)



	1st Quarter				2nd Quarter				3rd Quarter				4th Quarter			
	J	F	M	Avg	A	M	J	Avg	J	A	S	Avg	O	N	D	Avg
2016	80	80	80	80	80	85	95	87	100	110	110	107	110	110	120	113
2017	125	145	185	152	175	155	165	165	185	185	175	182	135	115	115	122
2018	115	110	95	107	85											



Balance Sheet

(Dollars in thousands)

	<u>4/1/2018</u>	<u>12/31/2017</u>	<u>Change \$</u>
Cash and cash equivalents	\$ 305,250	\$ 254,912	\$ 50,338
Trade accounts receivable, net of allowances	756,102	725,251	30,851
Other receivables	91,319	64,561	26,758
Inventories	460,727	474,063	(13,336)
Prepaid expenses and deferred income taxes	50,638	44,849	5,789
Current Assets	\$ 1,664,036	\$ 1,563,636	\$ 100,400
Property, plant and equipment, net	1,164,968	1,169,377	(4,409)
Goodwill	1,252,877	1,241,875	11,002
Other intangible assets, net	321,768	331,295	(9,527)
Other assets	249,420	251,538	(2,118)
Total Assets	\$ 4,653,069	\$ 4,557,721	\$ 95,348
Payable to suppliers and others	833,626	831,664	1,962
Income taxes payable	26,218	8,979	17,239
Total debt	1,464,575	1,447,329	17,246
Pension and other postretirement benefits	349,819	355,187	(5,368)
Deferred income taxes and other	182,375	184,502	(2,127)
Total equity	1,796,456	1,730,060	66,396
Total Liabilities and Shareholders' Equity	\$ 4,653,069	\$ 4,557,721	\$ 95,348
Net debt / Total capital	39.2%	40.8%	

Net debt = Total debt minus cash and cash equivalents

Total capital = Net debt plus total equity

Sonoco Acquisition of Highland Packaging Solutions

Founded: 1997

Headquarters: Plant City, Fla.

Facilities: 6

1 production facility in Tampa, 5 warehouses nationally

Employees: 435

2017 Revenues: \$90.7 million



Markets Served:

Fresh produce and eggs, primarily strawberries, blueberries, blackberries, raspberries, tomatoes, grapes

Products:

Clear, thermoformed hinged/lidded containers made from PET

Top Brands Served:

Driscoll's, Naturipe, Well Pict, Dole, California Giant Berry Farms

Business Mix:

Fresh produce: 70%, Eggs: 22%, Labels: 8%

Acquisition Highlights:

- **Further expands** Sonoco's thermoforming capabilities and capacity
- **Adds in-house capabilities** in labeling for new substrates
- **Continues Sonoco's growth** in the fast growing fresh perimeter of the store by increasing market share in fresh produce and adding eggs

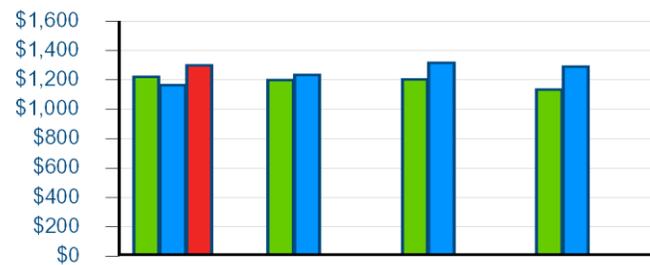
Market Opportunity:

- **Perimeter of Store Growth 2X+ interior** – 15% Growth (2012-2017)
- **Fresh fruit and fresh vegetables dominate their respective categories**, outselling their shelf-stable and frozen center-store alternatives by a wide margin, accounting for 38% of store sales
- **Demand for thermoformed packaging** used for berries, fresh-cut fruit and vegetables, salad, whole fruit and bakery/confectionary products is estimated to be ~\$1.3B
- **Global Consumption:** 2014: 170 eggs/person, 2021: 200+ eggs/person

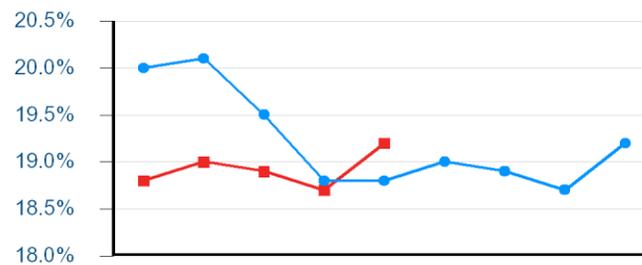
Base Results

1st Quarter: 2018 Vs. 2017 Vs. 2016

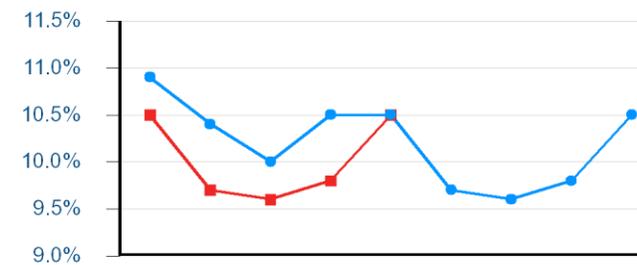
Net Sales \$MM



Gross Profit %



S&A/OIC %



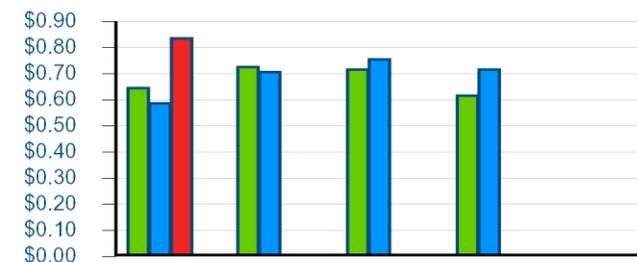
Base Operating Profit %



Tax Rate %



Base EPS \$



	1Q-16	2Q-16	3Q-16	4Q-16	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18
Hist	8.1%	9.1%	9.6%	9.5%	8.3%	8.3%	9.3%	9.3%	8.7%
Vs PY	8.3%	8.3%	9.3%	9.3%	8.7%				

	1Q-16	2Q-16	3Q-16	4Q-16	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18
Hist	29.7%	33.0%	29.6%	30.7%	28.7%	30.9%	32.0%	31.8%	25.9%
Vs PY	28.7%	30.9%	32.0%	31.8%	25.9%				

	1Q	2Q	3Q	4Q	Total
2016	\$0.54	\$0.68	\$0.65	\$0.64	\$2.51
2017	\$0.65	\$0.73	\$0.72	\$0.62	\$2.72
2018	\$0.74				\$0.74