



Sonoco 2nd Quarter 2018 Results

Investor Presentation
June 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 Q2 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

2nd Quarter: 2018 Vs. 2017

	2nd Quarter		Year To Date	
	2018	2017	2018	2017
Actual EPS	\$ 0.88	\$ 0.43	\$ 1.62	\$ 0.96
Addback for:				
Restructuring & Asset Impair, Net	0.02	0.06	0.05	0.08
Pension Settlement Expense	—	0.19	—	0.19
Transaction Costs / Other	0.02	0.03	0.03	0.08
Tax Adjustments (VA, DT, Tax Rate ADJ)	—	—	(0.03)	—
Base EPS*	\$ 0.93	\$ 0.71	\$ 1.67	\$ 1.31
*Due to rounding individual items may not sum down				
Sonoco Guidance	\$0.83 to \$0.89		\$1.57 to \$1.63	



P&L Summary (Base)

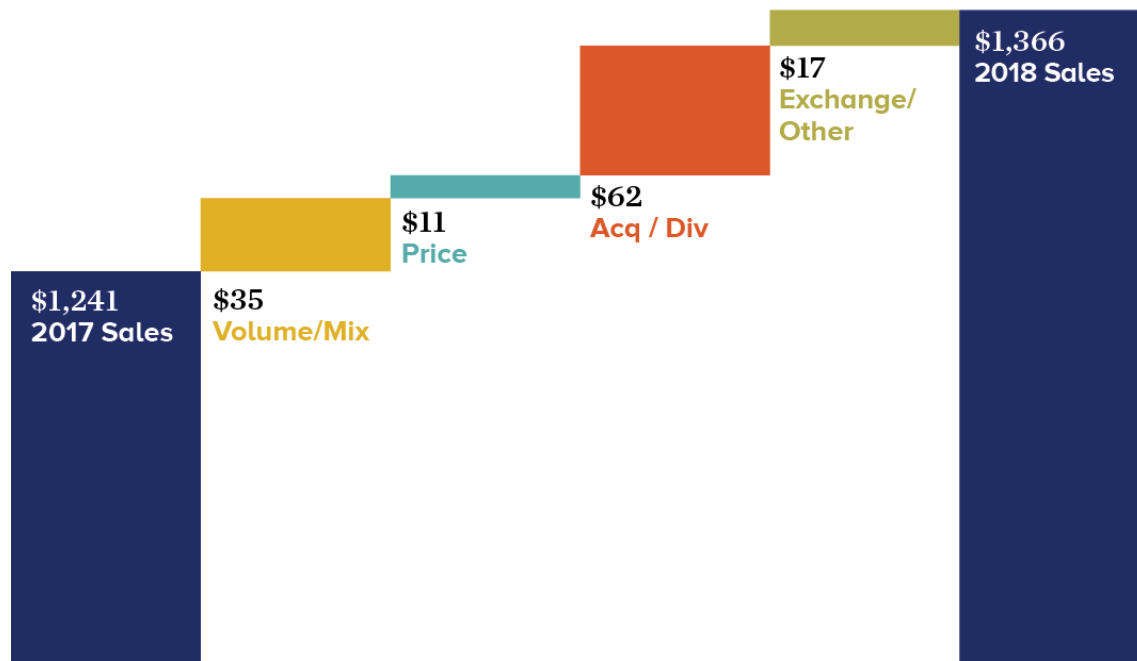
2nd Quarter: 2018 Vs. 2017
(Dollars in thousands)

	2018	2017	Better / (Worse)	
			\$	%
Net sales	\$ 1,366,373	\$ 1,240,674	\$ 125,699	10.1%
Cost of sales	(1,089,913)	(1,002,289)	(87,624)	(8.7)%
Gross profit	276,460	238,385	38,075	16.0%
Selling, general and administrative expenses	(138,192)	(120,077)	(18,115)	(15.1)%
Operating profit	138,268	118,308	19,960	16.9%
Non-operating pension income (costs)	132	(3,336)	3,468	100.0%
Net interest	(15,127)	(12,792)	(2,335)	(18.3)%
Income before income taxes	123,273	102,180	21,093	20.6%
Provision for income taxes	(32,925)	(32,652)	(273)	(0.8)%
Income before equity in earnings of affiliates	90,348	69,528	20,820	29.9%
Equity in earnings of affiliates, net of tax	3,716	2,845	871	30.6%
Net income	94,064	72,373	21,691	30.0%
Noncontrolling interests	(248)	(543)	295	54.3%
Net income attributable to Sonoco	\$ 93,816	\$ 71,830	\$ 21,986	30.6%
EPS diluted	\$ 0.93	\$ 0.71	\$ 0.22	31.0%
Gross profit %	20.2%	19.2%		
SG&A %	10.1%	9.7%		
Operating profit %	10.1%	9.5%		
Effective tax rate	26.7%	32.0%		

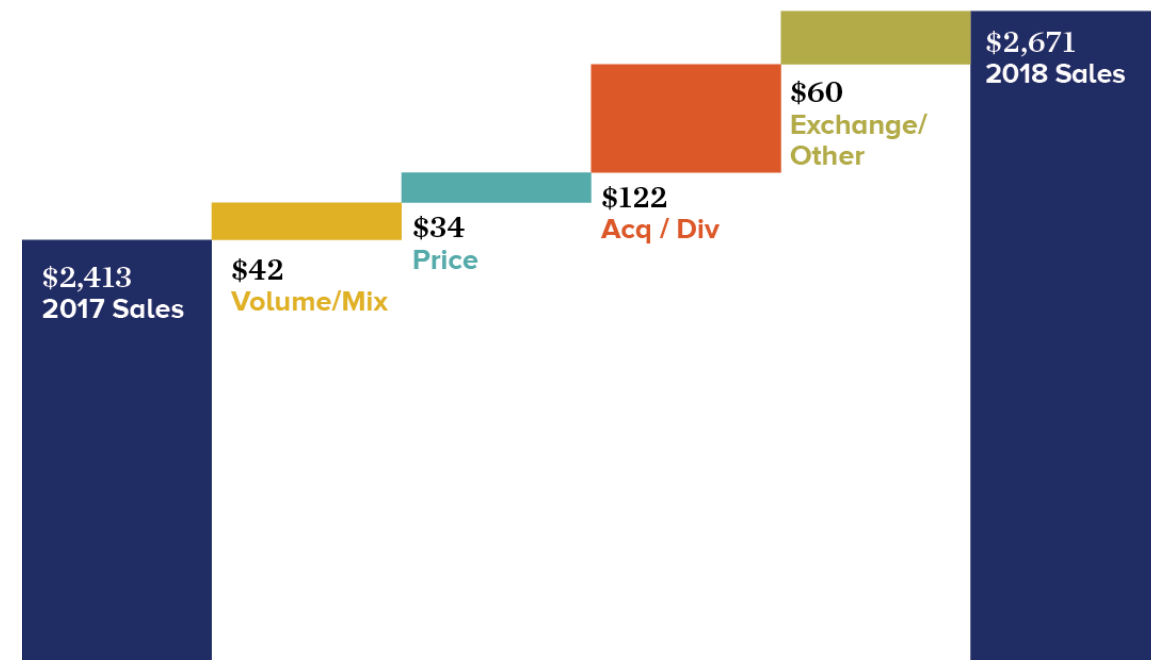
Sales Bridge

2nd Quarter and YTD: 2018 Vs. 2017
(Dollars in millions)

Sales Bridge
2nd Quarter: 2018 Vs. 2017
(Dollars in millions)



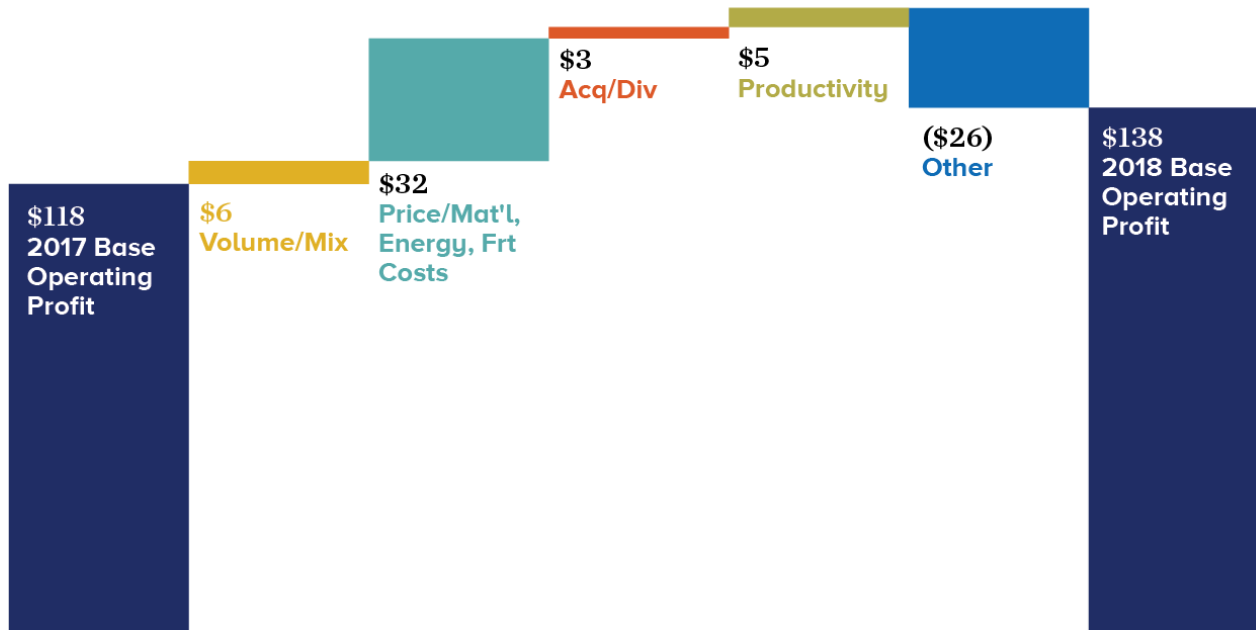
Sales Bridge
YTD: 2017 Vs. 2018
(Dollars in millions)



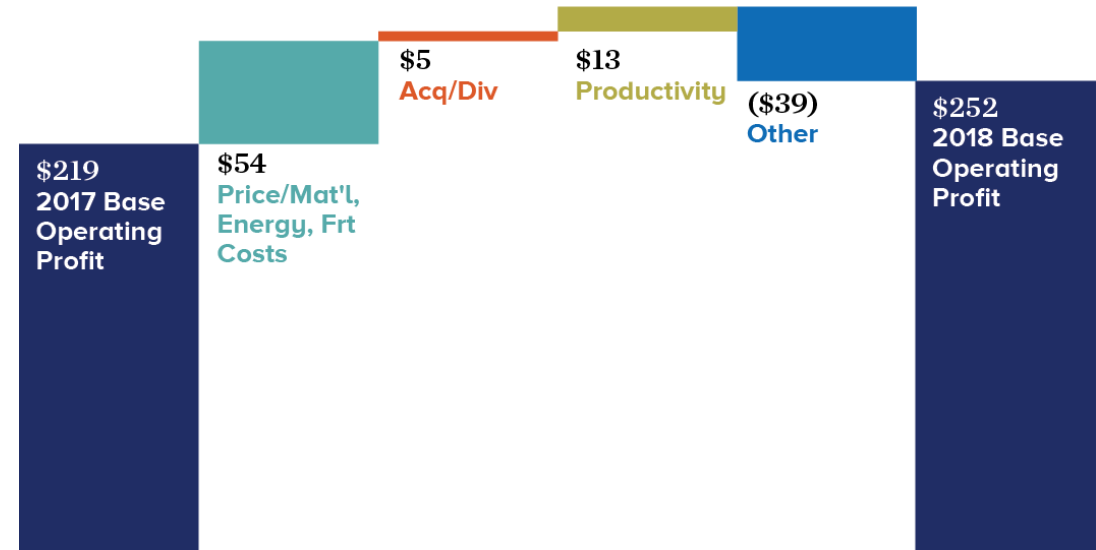
Base Operating Profit Bridge

2nd Quarter and YTD: 2018 Vs. 2017
(Dollars in millions)

Base Operating Profit Bridge
2nd Quarter: 2018 Vs. 2017
(Dollars in millions)



Base Operating Profit Bridge
YTD: 2017 Vs. 2018
(Dollars in millions)



Segment Analysis

2nd Quarter: 2018 Vs. 2017
(Dollars in thousands)

	NET SALES			BASE OPERATING PROFIT		
	2018	2017	% Chg	2018	2017	% Chg
Consumer Packaging	\$ 616,062	\$ 521,262	18.2%	\$ 63,670	\$ 60,376	5.5%
Display & Packaging	143,260	115,612	23.9%	(570)	1,479	(138.5)%
Paper & Ind Conv Prods	474,137	469,197	1.1%	61,542	45,437	35.4%
Protective Solutions	132,914	134,603	(1.3)%	13,626	11,016	23.7%
	<u>\$ 1,366,373</u>	<u>\$ 1,240,674</u>	<u>10.1%</u>	<u>\$ 138,268</u>	<u>\$ 118,308</u>	<u>16.9%</u>
				OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
		Consumer Packaging		10.3%	11.6%	(1.3)%
		Display & Packaging		(0.4)%	1.3%	(1.7)%
		Paper & Ind Conv Prods		13.0%	9.7%	3.3%
		Protective Solutions		10.3%	8.2%	2.1%
				<u>10.1%</u>	<u>9.5%</u>	<u>0.6%</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	\$0.93			
2018 Guidance	\$0.69 - \$0.75	\$0.83 - \$0.89	\$0.82 - \$0.88		\$3.27 - \$3.37



Operating Cash Flow

Year to date: 2018 Vs. 2017
(Dollars in thousands)

	YTD Q2		Better (Worse) 2018 vs 2017
	2018	2017	
Net Income	\$164,570	\$97,986	\$66,584
Asset impairment charge/Losses on asset dispositions	\$(700)	\$1,771	\$(2,471)
Depreciation, depletion and amortization	\$120,402	\$103,649	\$16,753
Pension expense	\$17,408	\$55,160	\$(37,752)
Pension contributions	\$(24,146)	\$(48,511)	\$24,365
Changes in working capital	\$(45,057)	\$(56,049)	\$10,992
Changes in tax accounts	\$2,895	\$(19,900)	\$24,590
Other operating activity	\$15,876	\$(32,025)	\$46,106
Operating Cash Flow	\$251,248	\$102,081	\$149,167
Capital expenditures, net of dispositions	\$(82,688)	\$(96,846)	\$14,158
Cash Dividends	\$(79,801)	\$(75,604)	\$(4,197)
Free Cash Flow	\$88,759	\$(70,369)	\$159,128

Balance Sheet

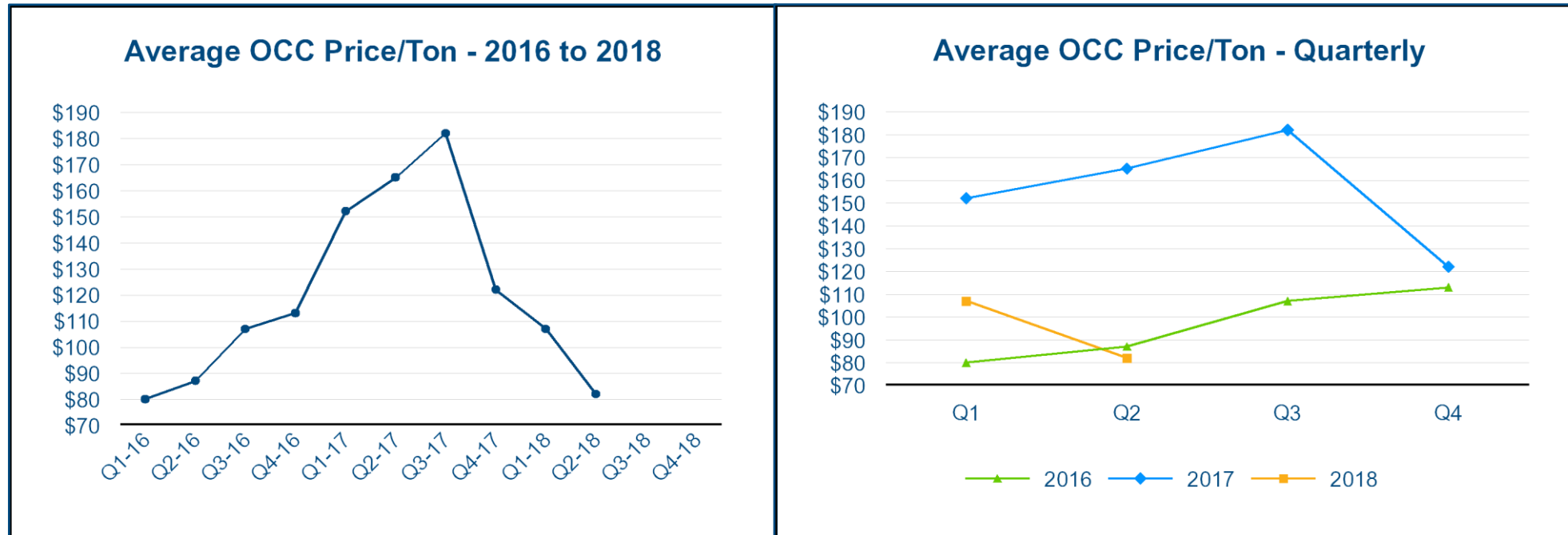
(Dollars in thousands)

	<u>7/1/2018</u>	<u>12/31/2017</u>	<u>Change \$</u>
Cash and cash equivalents	\$ 197,691	\$ 254,912	\$ (57,221)
Trade accounts receivable, net of allowances	768,338	725,251	43,087
Other receivables	90,954	64,561	26,393
Inventories	471,448	474,063	(2,615)
Prepaid expenses and deferred income taxes	46,537	44,849	1,688
Current Assets	<u>\$ 1,574,968</u>	<u>\$ 1,563,636</u>	<u>\$ 11,332</u>
Property, plant and equipment, net	1,167,665	1,169,377	(1,712)
Goodwill	1,287,839	1,241,875	45,964
Other intangible assets, net	350,415	331,295	19,120
Other assets	242,081	251,538	(9,457)
Total Assets	<u>\$ 4,622,968</u>	<u>\$ 4,557,721</u>	<u>\$ 65,247</u>
Payable to suppliers and others	841,615	831,664	9,951
Income taxes payable	10,812	8,979	1,833
Total debt	1,451,970	1,447,329	4,641
Pension and other postretirement benefits	340,602	355,187	(14,585)
Deferred income taxes and other	187,704	184,502	3,202
Total equity	<u>1,790,265</u>	<u>1,730,060</u>	<u>60,205</u>
Total Liabilities and Shareholders' Equity	<u>\$ 4,622,968</u>	<u>\$ 4,557,721</u>	<u>\$ 65,247</u>
Net debt / Total capital	<i>41.2%</i>	<i>40.8%</i>	

Net debt = Total debt minus cash and cash equivalents
 Total capital = Net debt plus total equity

OCC: Official Board Market

2nd 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	80	80	82	85							





Appendix



P&L Summary (Base)

Year to date: 2018 Vs. 2017
(Dollars in thousands)

	2018	2017	Better / (Worse)	
			\$	%
Net sales	\$ 2,670,560	\$ 2,412,998	\$ 257,562	10.7%
Cost of sales	(2,143,498)	(1,951,634)	(191,864)	(9.8)%
Gross profit	527,062	461,364	65,698	14.2%
Selling, general and administrative expenses	(275,513)	(242,593)	(32,920)	(13.6)%
Operating Profit	251,549	218,771	32,778	15.0%
Non-operating pension income (costs)	423	(7,022)	7,445	100.0%
Net interest	(28,482)	(24,850)	(3,632)	(14.6)%
Income before income taxes	223,490	186,899	36,591	19.6%
Provision for income taxes	(58,878)	(58,848)	(30)	(0.1)%
Income before equity in earnings of affiliates	164,612	128,051	36,561	28.6%
Equity in earnings of affiliates, net of tax	4,963	4,799	164	3.4%
Net income	169,575	132,850	36,725	27.6%
Noncontrolling interests	(1,123)	(1,142)	19	1.7%
Net income attributable to Sonoco	\$ 168,452	\$ 131,708	\$ 36,744	27.9%
EPS diluted	\$ 1.67	\$ 1.31	\$ 0.36	27.5%
Gross Profit %	19.7%	19.1%		
SG&A %	10.3%	10.1%		
EBIT %	9.4%	9.1%		
Effective tax rate	26.3%	31.5%		

Segment Analysis

Year to date: 2018 Vs. 2017
(Dollars in thousands)

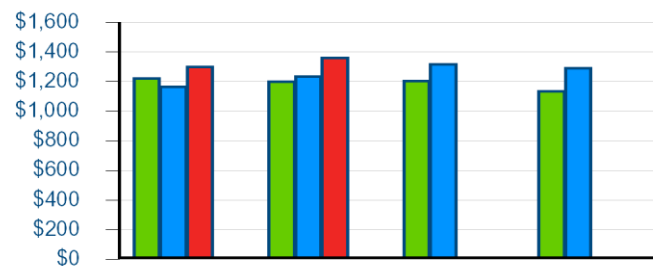
	NET SALES			SEGMENT OPERATING PROFIT		
	2018	2017	% Chg	2018	2017	% Chg
Consumer Packaging	\$ 1,185,914	\$ 1,003,443	18.2%	\$ 124,758	\$ 119,836	4.1%
Display & Packaging	285,918	230,247	24.2%	1,162	4,701	(75.3)%
Paper & Ind Conv Prods	934,790	911,699	2.5%	101,323	72,287	40.2%
Protective Solutions	263,938	267,609	(1.4)%	24,306	21,947	10.7%
	<u>\$ 2,670,560</u>	<u>\$ 2,412,998</u>	<u>10.7%</u>	<u>\$ 251,549</u>	<u>\$ 218,771</u>	<u>15.0%</u>

	SEGMENT OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	10.5%	11.9%	(1.4)%
Display & Packaging	0.4%	2.0%	(1.6)%
Paper & Ind Conv Prods	10.8%	7.9%	2.9%
Protective Solutions	9.2%	8.2%	1.0%
	<u>9.4%</u>	<u>9.1%</u>	<u>0.3%</u>

Base Results

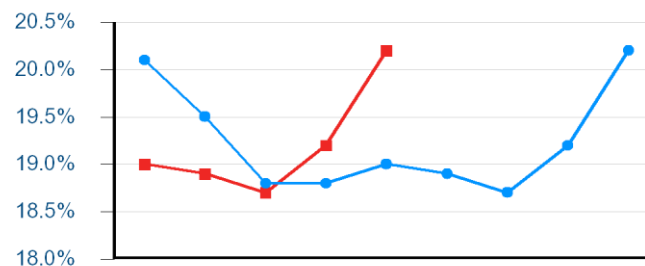
Second Quarter: 2018 Vs. 2017 Vs. 2016

Net Sales \$MM



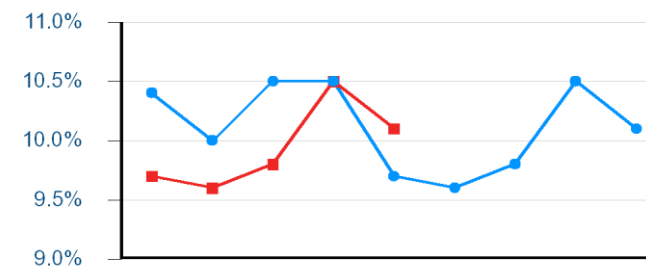
	1Q	2Q	3Q	4Q	Total
2016	\$1,226	\$1,206	\$1,209	\$1,142	\$4,964
2017	\$1,172	\$1,241	\$1,325	\$1,299	\$4,783
2018	\$1,304	\$1,366			\$5,037

Gross Profit %



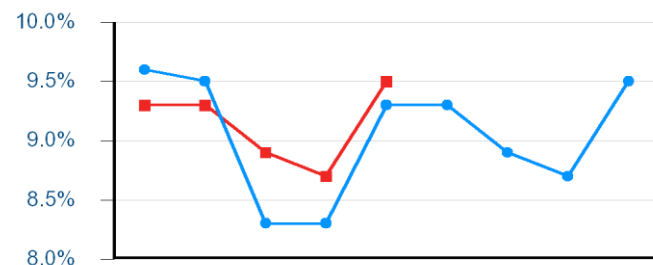
	2Q-16	3Q-16	4Q-16	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18	2Q-18
Hist	20.1%	19.5%	18.8%	18.8%	19.0%	18.9%	18.7%	19.2%	19.2%
Vs PY	19.0%	18.9%	18.7%	19.2%	19.2%				

S&A/OIC %



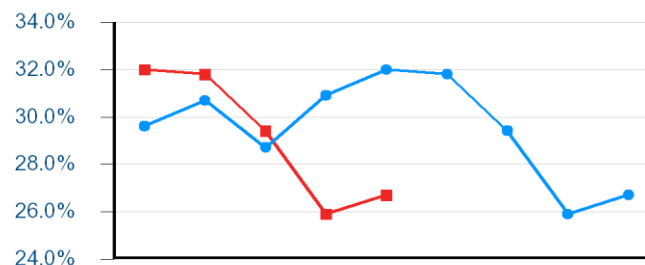
	2Q-16	3Q-16	4Q-16	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18	2Q-18
Hist	10.4%	10.0%	10.5%	10.5%	9.7%	9.6%	9.8%	10.5%	10.1%
Vs PY	9.7%	9.6%	9.8%	10.5%	10.1%				

Base Operating Profit %



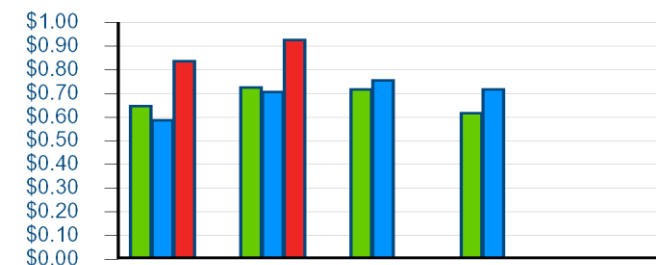
	2Q-16	3Q-16	4Q-16	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18	2Q-18
Hist	9.1%	9.6%	9.5%	8.3%	8.3%	9.3%	9.3%	8.7%	9.5%
Vs PY	8.3%	9.3%	9.3%	8.7%	9.5%				

Tax Rate %



	2Q-16	3Q-16	4Q-16	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18	2Q-18
Hist	33.0%	29.6%	30.7%	28.7%	30.9%	32.0%	31.8%	25.9%	26.7%
Vs PY	30.9%	32.0%	31.8%	25.9%	26.7%				

Base EPS \$



	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	\$0.93			\$0.74

