



# Defining Our Next Decade



**Sonoco 4<sup>th</sup> Quarter and  
Full-Year 2019 Results**

Investor Presentation  
February 2020

# 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](http://sonoco.com) under Investor Relations, Webcasts & Presentations, Non-GAAP Reconciliations for Q4 2019 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](http://sonoco.com).

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

# EPS Summary

4th Quarter: 2019 Vs. 2018

	4th Quarter		Full-Year	
	2019	2018	2019	2018
<b>Actual EPS</b>	\$ 0.44	\$ 0.77	\$ 2.88	\$ 3.10
<b>Addback for:</b>				
Restructuring Charges	0.10	0.08	0.33	0.30
Asset Impairments	0.11	—	0.11	—
Non-Operating Pension Cost	0.04	0.01	0.18	0.01
Acquisition / Divestiture Costs	0.03	0.10	0.07	0.14
Environmental Reserve (Releases)/Charges	—	0.01	(0.07)	0.01
Tax Rate Changes & Reserve Adjustments	0.03	(0.11)	0.03	(0.17)
Other	—	(0.02)	—	(0.02)
<b>Base EPS</b>	<u>\$ 0.75</u>	<u>\$ 0.84</u>	<u>\$ 3.53</u>	<u>\$ 3.37</u>

*Note: Due to rounding individual items may not sum down*

# P&L Summary (Base)

4th Quarter: 2019 Vs. 2018

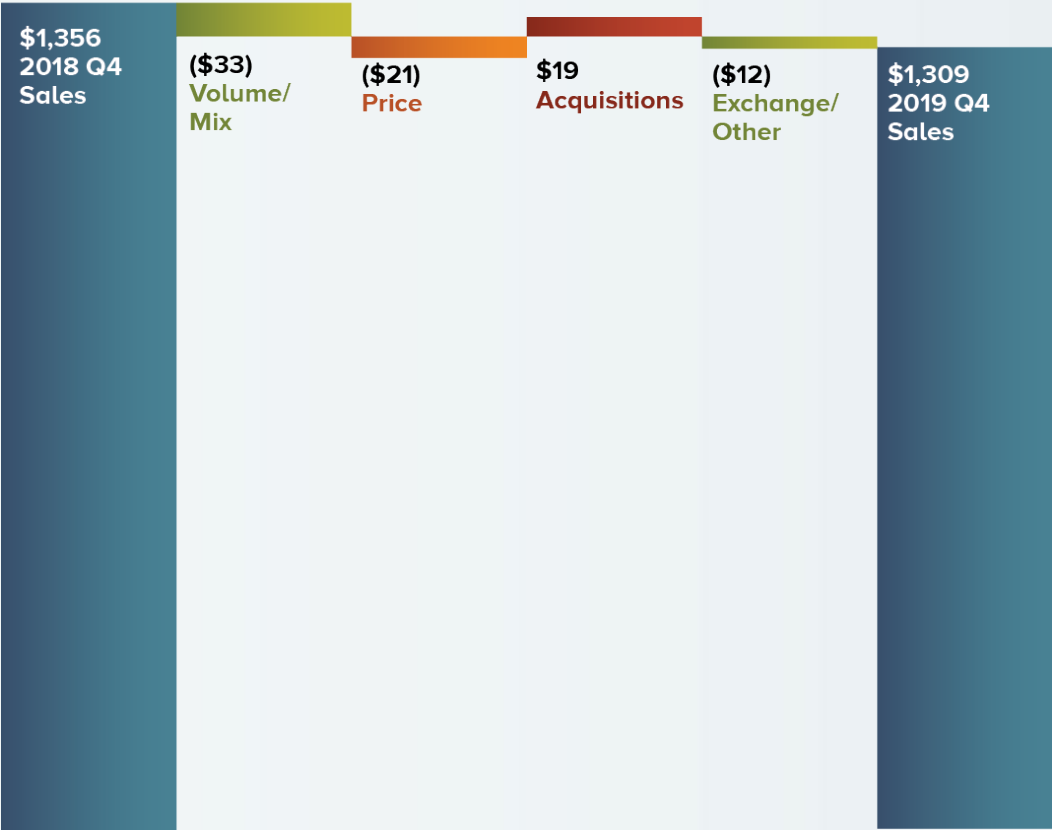
Dollars in millions

	2019	2018	Better / (Worse)	
			\$	%
Net sales	\$ 1,309	\$ 1,356	\$ (47)	(3.4)%
Gross profit	247	254	(7)	(2.9)%
SG&A expenses	(133)	(138)	5	3.6%
Operating Profit	114	116	(2)	(1.9)%
Net interest	(16)	(15)	—	(2.2)%
Provision for income taxes	(23)	(18)	(5)	(26.0)%
Net income, after tax	76	83	(7)	(8.7)%
Equity in Affiliates and Minority Interest	1	2	(1)	(50.0)%
Net income attributable to Sonoco	\$ 76	\$ 85	\$ (9)	(10.5)%
Operating profit before D&A	176	177	(1)	(0.3)%
Gross profit %	18.9%	18.8%		
SG&A %	10.2%	10.2%		
OP %	8.7%	8.6%		
OPBDA %	13.4%	13.0%		
Effective tax rate	23.2%	17.9%		

Note: Due to rounding individual items may not sum down. Percentages shown are based on amounts that are not rounded

# Sales Bridge

4th Quarter: 2019 Vs. 2018  
Dollars in millions

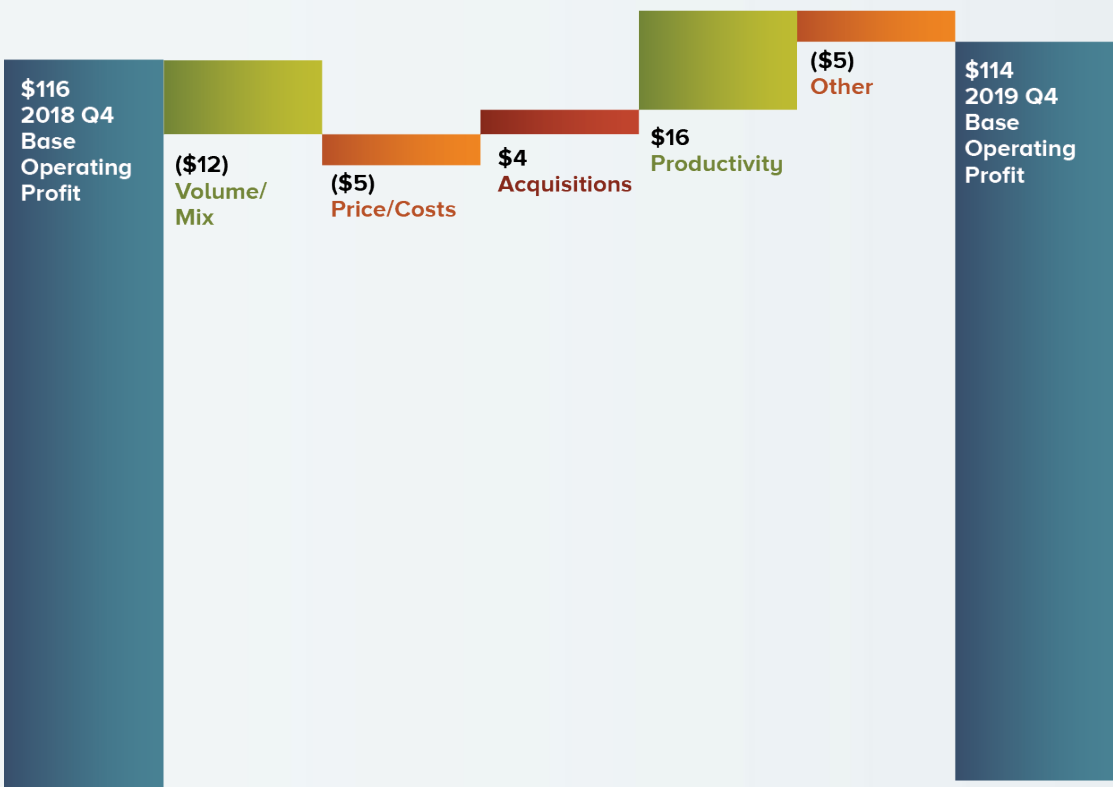


Full Year: 2019 Vs. 2018  
Dollars in millions

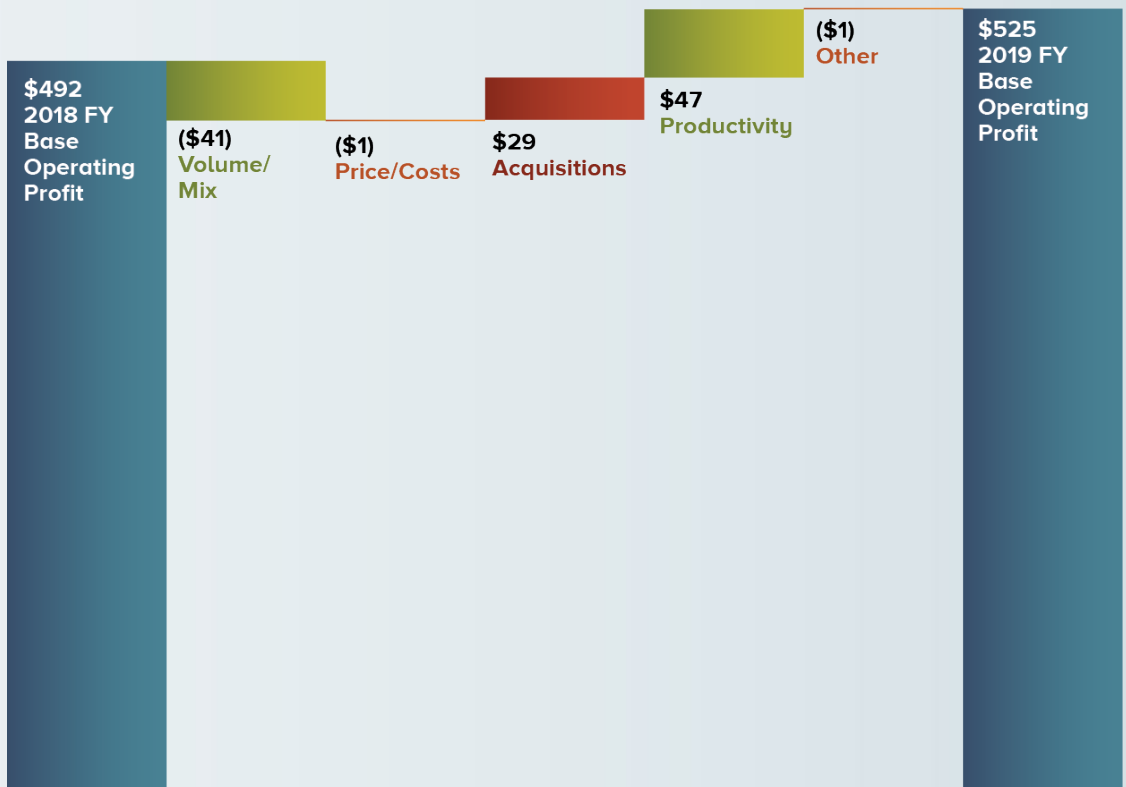


# Base Operating Profit Bridge

4th Quarter: 2019 Vs. 2018  
Dollars in millions



Full Year: 2019 Vs. 2018  
Dollars in millions



# Segment Analysis

4th Quarter: 2019 Vs. 2018

Dollars in millions

	NET SALES			BASE OPERATING PROFIT		
	2019	2018	% Chg	2019	2018	% Chg
Consumer Packaging	\$ 560	\$ 574	(2.5)%	\$ 47	\$ 44	6.6%
Display & Packaging	137	141	(3.2)%	6	8	(23.2)%
Paper & Ind Conv Prods	492	512	(4.1)%	50	56	(10.5)%
Protective Solutions	121	128	(5.5)%	11	8	34.0%
	<u>\$ 1,309</u>	<u>\$ 1,356</u>	<u>(3.4)%</u>	<u>\$ 114</u>	<u>\$ 116</u>	<u>(1.9)%</u>
				OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging				8.3%	7.6%	0.7%
Display & Packaging				4.7%	6.0%	(1.2)%
Paper & Ind Conv Prods				10.2%	10.9%	(0.7)%
Protective Solutions				9.0%	6.4%	2.7%
				<u>8.7%</u>	<u>8.6%</u>	<u>0.2%</u>

Note: Due to rounding individual items may not sum down. Percentages shown are based on amounts that are not rounded

# Earnings Guidance

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full-Year
<b>2018 Base EPS</b>	<b>\$0.74</b>	<b>\$0.93</b>	<b>\$0.86</b>	<b>\$0.84</b>	<b>\$3.37</b>
<b>2019 Base EPS</b>	<b>\$0.85</b>	<b>\$0.95</b>	<b>\$0.97</b>	<b>\$0.75</b>	<b>\$3.53</b>
<b>2020 Guidance</b>	<b>\$0.83- \$0.89</b>				<b>\$3.60 - \$3.70</b>



# Cash Flow

Full-Year: 2019 Vs. 2018

Dollars in millions

	Full-Year		Year Over Year
	12/31/2019	12/31/2018	Change \$
<b>Net income</b>	\$ 293	\$ 315	\$ (22)
Asset imp. charges / Losses on disp. of assets	25	6	19
Depreciation and amortization	239	236	2
Net pension and postretirement plan expenses	(178)	10	(188)
Changes in working capital	37	28	9
Other operating activity	10	(5)	15
<b>Operating cash flow</b>	\$ 426	\$ 590	\$ (164)
Capital expenditures, net of dispositions	(181)	(168)	(13)
Cash dividends	(170)	(161)	(9)
<b>Free cash flow</b>	\$ 74	\$ 260	\$ (186)
Cost of acquisitions, net of cash acquired	(298)	(277)	(21)

2020 Cash Flow Guidance	
Operating Cash Flow	Free Cash Flow*
\$625 million to \$645 million	\$250 million to \$270 million
*Free Cash Flow is defined as cash flow from operations minus net capital expenditures and cash dividends	

# Balance Sheet

Dollars in millions

	12/31/2019	12/31/2018	Change \$
Cash and cash equivalents	\$ 145	\$ 120	\$ 25
Trade accounts receivable, net of allowances	698	737	(39)
Other receivables	114	112	2
Inventories	504	494	10
Prepaid expenses and deferred income taxes	60	56	4
<b>Current Assets</b>	<b>\$ 1,521</b>	<b>\$ 1,519</b>	<b>\$ 2</b>
Property, plant and equipment, net	1,287	1,234	53
Goodwill	1,429	1,309	120
Other intangible assets, net	388	352	36
Other assets	501	169	332
<b>Total Assets</b>	<b>\$ 5,126</b>	<b>\$ 4,583</b>	<b>\$ 543</b>
Payable to suppliers and others	905	879	26
Income taxes payable	11	9	2
<b>Total debt</b>	<b>1,681</b>	<b>1,385</b>	<b>296</b>
Pension and other postretirement benefits	305	374	(69)
Deferred income taxes and other	408	164	244
<b>Total equity</b>	<b>1,816</b>	<b>1,772</b>	<b>44</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 5,126</b>	<b>\$ 4,583</b>	<b>\$ 543</b>
Net debt / Total capital*	45.8%	41.6%	

*\*Total debt minus cash and cash equivalents / Net debt plus total equity*

*Note: Due to rounding individual items may not sum down. Percentages shown are based on amounts that are not rounded*



# Appendix





# Howard Coker

President and CEO of Sonoco



**R. Howard Coker, 57, is President and CEO of Sonoco.** In this role, Coker has global leadership, sales and operating responsibility for all of the Company's diversified consumer, industrial and protective packaging businesses. He previously served as Senior Vice President, Global Paper/Industrial Converted Products.

Coker also served as Senior Vice President, Rigid Paper Containers and Paper/Engineered Carriers International, where he had responsibility for the Company's global composite can operations in North America, South America, Europe and Asia, as well as paper, tube and core operations in Europe, Latin America and Australasia.

Prior to that, Coker served as Vice President, Rigid Paper and Closures, North America. In this role, he had responsibility for Sonoco's 21 rigid paper container and seven metal and peelable membrane closure operations in the United States, Canada and Mexico. He was also elected a Corporate Officer in February 2009.

He also served as Group Vice President and held several leadership positions running global consumer-related and industrial businesses.

Coker joined Sonoco in 1985.

He is a 1985 graduate of Wofford College with a B.A. in Business Administration, and he received an MBA from Wake Forest University in 1990.

He is married, has three children and lives in Hartsville, SC.



# Rodger Fuller

Executive Vice President

**Rodger Fuller, 58, is Executive Vice President of Sonoco.** In this role, he is responsible for all Industrial and Consumer operations globally, which includes the Company's Display and Packaging and Protective Solutions segments. Fuller previously served as Senior Vice President, Global Consumer Packaging, Display & Packaging and Protective Solutions, responsible for all of Sonoco's Consumer-related businesses, including Global Rigid Paper and Closures; Global Plastics; Global Flexible Packaging; Display & Packaging; and Protective Solutions.

He also previously served as Senior Vice President, Paper/Engineered Carriers U.S./Canada & Display and Packaging. Prior to this, he was Group Vice President, Paper and Industrial Converting, U.S. and Canada, and Vice President, Global Primary Materials Group. Rodger began his career at Sonoco in 1985 in the Consumer sector of Sonoco, having held several senior leadership positions, including Vice President, Global Rigid Paper & Closures and Global Plastics.

He has a BS degree in Business from Berry College and MBA from Emory University. He is active in industry and community service organizations, including serving on the board of the Paper and Packaging Board, American Forest and Paper Association and the Hartsville United Way.

He and his wife have two grown children and reside in Hartsville.



# Julie Albrecht

Vice President and  
Chief Financial Officer

**Julie Albrecht, 52, is Vice President and Chief Financial Officer.**

She was promoted to VP and CFO in March 2019. She joined Sonoco in March 2017 as Corporate VP, Treasurer and Assistant CFO, holding responsibility for the Company's treasury, tax and risk management functions. In that role, she was responsible for the Company's relationships with the credit rating agencies and commercial banks and has handled financings for four acquisitions totaling approximately \$690 million. She also has been instrumental in the Company's efforts to drive significant improvement in cash flow from operations in 2018 and 2019 and has been responsible for risk management of the Company's retirement benefit plans.

She is a graduate of Wake Forest University with a B.S. in Accounting.

Julie, her husband and their two children live in Columbia, SC.



# P&L Summary (Base)

Full-Year: 2019 vs. 2018

Dollars in millions

	2019	2018	Better / (Worse)	
			\$	%
Net sales	\$ 5,374	\$ 5,391	\$ (17)	(0.3)%
Gross profit	1,058	1,041	17	1.6%
SG&A expenses	(532)	(549)	17	3.1%
Operating profit	525	492	33	6.7%
Net interest	(62)	(58)	(4)	(6.9)%
Provision for income taxes	(111)	(103)	(8)	(7.8)%
Net income, after tax	353	331	22	6.7%
Equity in Affiliates and Minority Interest	4	10	(6)	(60.0)%
Net income attributable to Sonoco	\$ 357	\$ 341	\$ 16	4.7%
Operating profit before D&A	764	726	38	5.2%
Gross profit %	19.7%	19.3%		
SG&A %	9.9%	10.2%		
OP %	9.8%	9.1%		
OPBDA %	14.2%	13.5%		
Effective tax rate	23.9%	23.7%		

Note: Due to rounding individual items may not sum down. Percentages shown are based on amounts that are not rounded

# Segment Analysis

Full-Year: 2019 Vs. 2018

Dollars in millions

	NET SALES			SEGMENT OPERATING PROFIT		
	2019	2018	% Chg	2019	2018	% Chg
Consumer Packaging	\$ 2,333	\$ 2,360	(1.1)%	\$ 228	\$ 225	1.7%
Display & Packaging	554	592	(6.4)%	28	13	100.0%
Paper & Ind Conv Prods	1,975	1,911	3.3%	219	211	3.8%
Protective Solutions	512	528	(3.0)%	50	43	17.0%
	<u>\$ 5,374</u>	<u>\$ 5,391</u>	<u>(0.3)%</u>	<u>\$ 525</u>	<u>\$ 492</u>	<u>6.7%</u>
				EBIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging				9.8%	9.5%	0.3%
Display & Packaging				5.0%	2.2%	2.8%
Paper & Ind Conv Prods				11.1%	11.0%	0.1%
Protective Solutions				9.8%	8.1%	1.7%
				<u>9.8%</u>	<u>9.1%</u>	<u>0.7%</u>

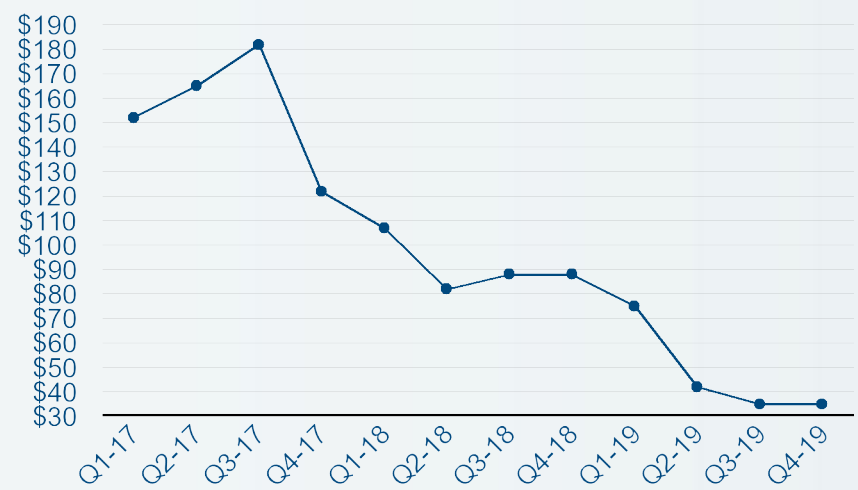
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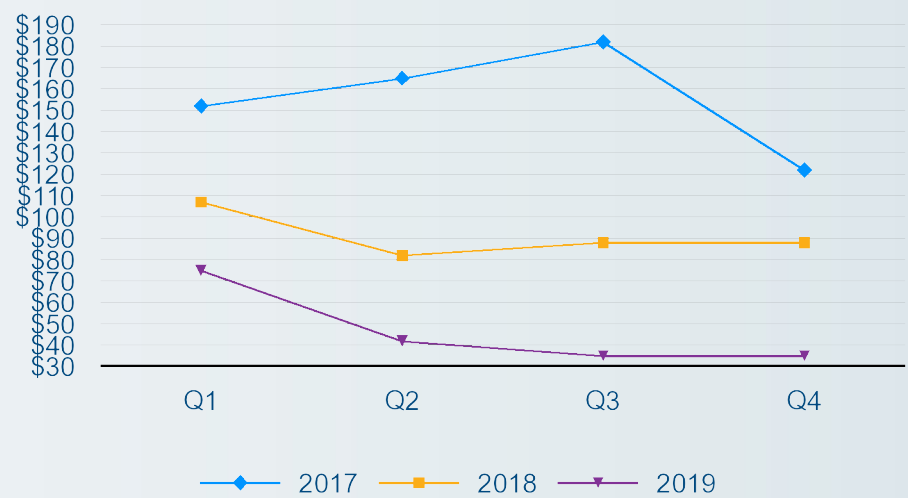
# OCC: Official Board Market

4th Quarter: 2019 Vs. 2018 Vs. 2017  
(Price/Ton)

Average OCC Price/Ton 2017 to 2019



Average OCC Price/Ton - Quarterly



	1st Quarter				2nd Quarter				3rd Quarter				4th Quarter			
	J	F	M	Avg	A	M	J	Avg	J	A	S	Avg	O	N	D	Avg
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	90	90	88	90	90	85	88
2019	85	75	65	75	50	40	35	42	35	35	35	35	35	35	35	35