



# Sonoco First Quarter 2019 Results

Investor Presentation | April 2019



# 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 Q1 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

1<sup>st</sup> Quarter: 2019 Vs. 2018

	1st Quarter	
	2019	2018
Actual EPS	\$ 0.73	\$ 0.73
Addback for:		
Restructuring & Asset Impair, Net	0.08	0.02
Non-Operating Pension Costs	0.04	—
Transaction Costs / Other	—	(0.02)
Base EPS*	\$ 0.85	\$ 0.74
Sonoco Guidance	\$0.77 to \$0.83	

\*Due to rounding individual items may not total

# P&L Summary (Base)

1<sup>st</sup> Quarter: 2019 Vs. 2018

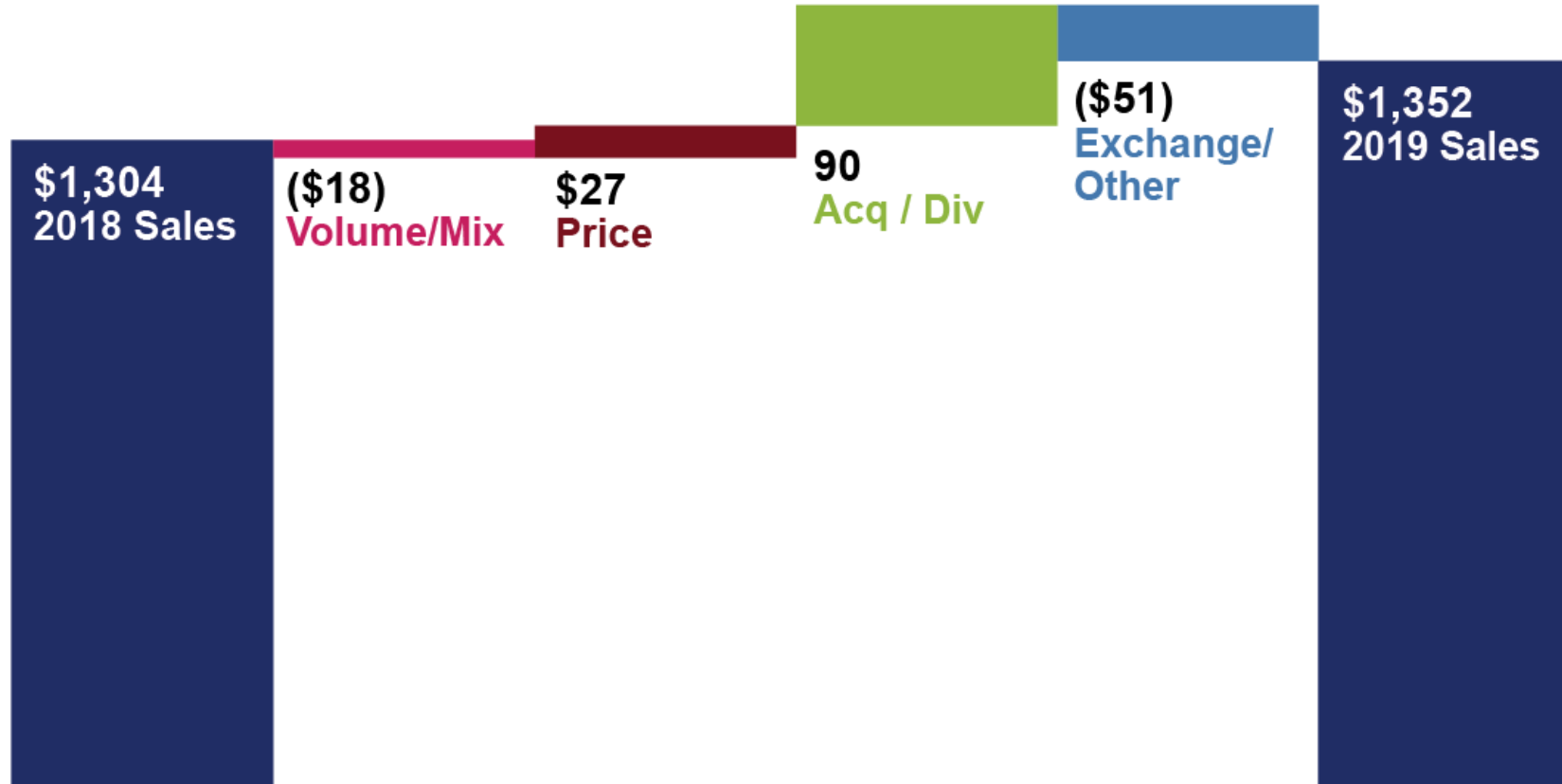
(Dollars in thousands)

	2019	2018	Better / (Worse) Vs Prior Yr
Net sales	\$ 1,351,705	\$ 1,304,187	\$ 47,518
Cost of sales	(1,081,584)	(1,053,585)	(27,999)
Gross profit	270,121	250,602	19,519
Selling, general and administrative expenses	(142,161)	(137,321)	(4,840)
Operating profit	127,960	113,281	14,679
Net interest	(15,385)	(13,355)	(2,030)
Income before income taxes	112,575	99,926	12,649
Provision for income taxes	(27,147)	(25,879)	(1,268)
Income before equity in earnings of affiliates	85,428	74,047	11,381
Equity in earnings of affiliates, net of tax	930	1,247	(317)
Net income	86,358	75,294	11,064
Noncontrolling interests	(174)	(875)	701
Net income attributable to Sonoco	\$ 86,184	\$ 74,419	\$ 11,765
EPS diluted	\$ 0.85	\$ 0.74	\$ 0.11
Gross profit %	20.0%	19.2%	
SG&A %	10.5%	10.5%	
Operating profit %	9.5%	8.7%	
Operating profit before D&A%	13.8%	13.1%	
Effective tax rate	24.1%	25.9%	

# Sales Bridge

1<sup>st</sup> Quarter: 2019 Vs. 2018

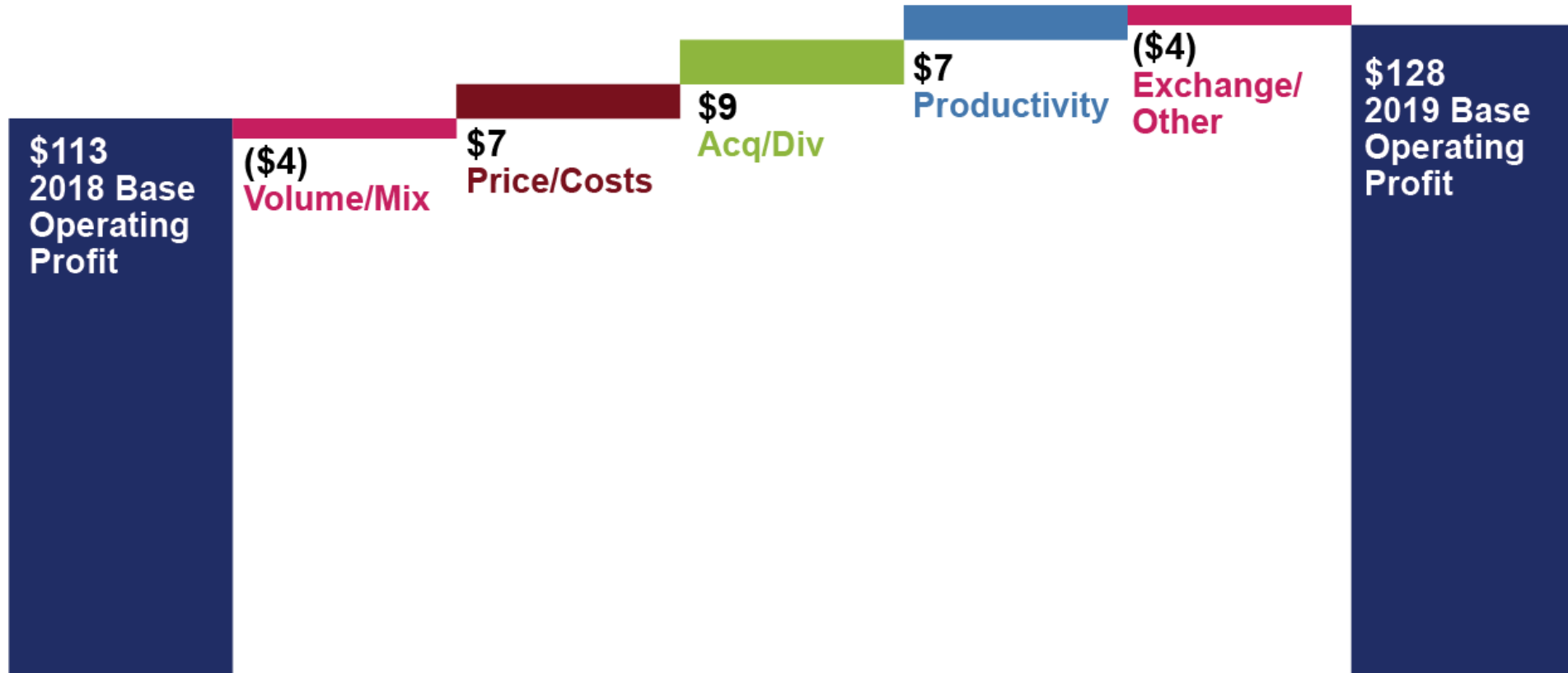
(Dollars in millions)



# Base Operating Profit Bridge

1<sup>st</sup> Quarter: 2019 Vs. 2018

(Dollars in millions)



# Segment Analysis

1<sup>st</sup> Quarter: 2019 Vs. 2018

(Dollars in thousands)

	NET SALES			BASE OPERATING PROFIT		
	2019	2018	% Chg	2019	2018	% Chg
Consumer Packaging	\$ 589,716	\$ 569,852	3.5%	\$ 62,115	\$ 61,088	1.7%
Display & Packaging	137,554	142,658	(3.6)%	6,454	1,732	100.0%
Paper & Ind Conv Prods	496,037	460,653	7.7%	48,387	39,781	21.6%
Protective Solutions	128,398	131,024	(2.0)%	11,004	10,680	3.0%
	<u>\$ 1,351,705</u>	<u>\$ 1,304,187</u>	<u>3.6%</u>	<u>\$ 127,960</u>	<u>\$ 113,281</u>	<u>13.0%</u>

	OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	10.5%	10.7%	(0.2)%
Display & Packaging	4.7%	1.2%	3.5%
Paper & Ind Conv Prods	9.8%	8.6%	1.1%
Protective Solutions	8.6%	8.2%	0.4%
	<u>9.5%</u>	<u>8.7%</u>	<u>0.8%</u>

# 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>2019 Guidance</b>	<b>\$0.77 - \$0.83</b>	<b>\$0.93 - \$0.99</b>			<b>\$3.52 - \$3.62</b>



# Cash Flow

## Year to date: 2019 Vs. 2018

(Dollars in thousands)

	Year To Date	
	Q1 2019	Q1 2018
<b>Net income</b>	\$ 73,768	\$ 74,925
Asset impairment charges / (gains) / Losses on disposition of assets	3,560	(65)
Depreciation, depletion and amortization	58,614	58,068
Net pension and post-retirement plan expenses / (contributions)	(10,297)	(10,232)
Changes in working capital	(45,904)	(26,893)
Changes in tax accounts	9,221	15,514
Other operating activity	3,357	8,448
<b>Operating cash flow</b>	<b>\$ 92,319</b>	<b>\$ 119,765</b>
Capital expenditures net of dispositions	(41,664)	(36,008)
Cash dividends	(41,136)	(38,829)
<b>Free cash flow</b>	<b>\$ 9,519</b>	<b>\$ 44,928</b>

# Balance Sheet

(Dollars in thousands)

	3/31/2019	12/31/2018	Change \$
Cash and cash equivalents	\$ 124,328	\$ 120,389	\$ 3,939
Trade accounts receivable, net of allowances	773,943	737,420	36,523
Other receivables	96,294	111,915	(15,621)
Inventories	515,665	493,764	21,901
Prepaid expenses and deferred income taxes	58,261	55,784	2,477
<b>Current Assets</b>	<b>\$ 1,568,491</b>	<b>\$ 1,519,272</b>	<b>\$ 49,219</b>
Property, plant and equipment, net	1,224,143	1,233,821	(9,678)
Right of use asset-operating leases	308,166	—	308,166
Goodwill	1,307,166	1,309,167	(2,001)
Other intangible assets, net	340,844	352,037	(11,193)
Other assets	192,694	169,168	23,526
<b>Total Assets</b>	<b>\$ 4,941,504</b>	<b>\$ 4,583,465</b>	<b>\$ 358,039</b>
Payable to suppliers and others	914,969	878,969	36,000
Income taxes payable	20,060	8,516	11,544
<b>Total debt</b>	<b>1,410,614</b>	<b>1,385,162</b>	<b>25,452</b>
Noncurrent operating lease liabilities	262,663	—	262,663
Pension and other postretirement benefits	369,910	374,419	(4,509)
Deferred income taxes and other	162,149	164,121	(1,972)
<b>Total equity</b>	<b>1,801,139</b>	<b>1,772,278</b>	<b>28,861</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,941,504</b>	<b>\$ 4,583,465</b>	<b>\$ 358,039</b>
Net debt / Total capital	41.7%	41.6%	

Net debt = Total debt minus cash and cash equivalents

Total capital = Net debt plus total equity



# Appendix

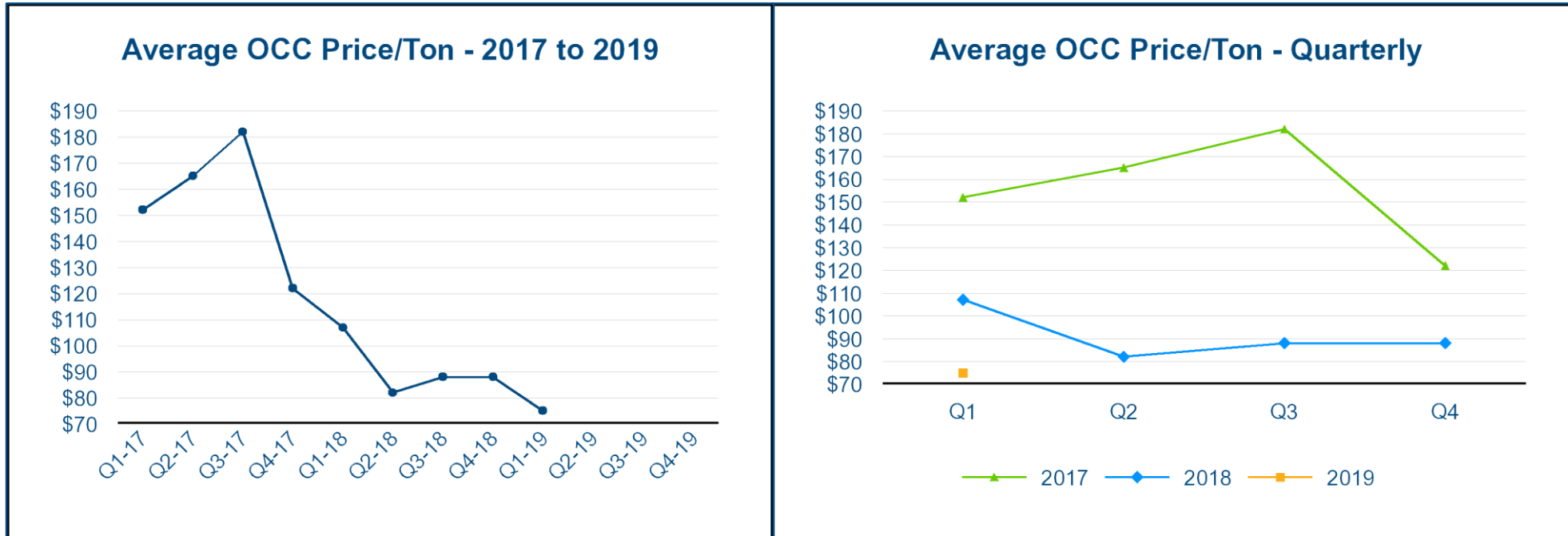
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# OCC: Official Board Market

1<sup>st</sup> Quarter: 2019 Vs. 2018 Vs. 2017

(Price/Ton)

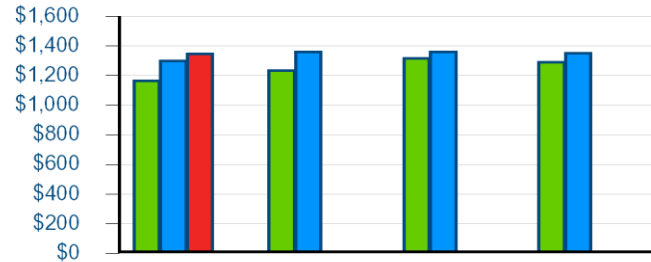


	1st Quarter				2nd Quarter				3rd Quarter				4th Quarter			
	J	F	M	Avg	A	M	J	Avg	J	A	S	Avg	O	N	D	Avg
2017	125	145	185	152	175	155	165	165	185	185	175	182	135	115	115	122
2018	115	110	95	107	85	80	80	82	85	90	90	88	90	90	85	88
2019	85	75	65	75												

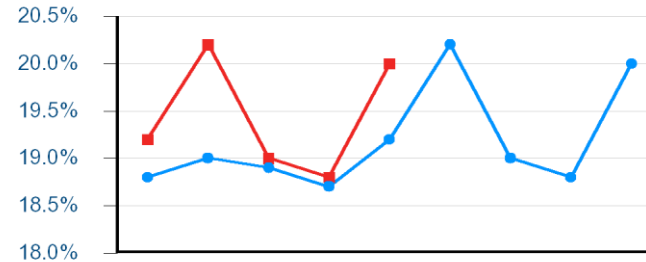
# Base Results

1<sup>st</sup> Quarter: 2019 Vs. 2018 Vs. 2017

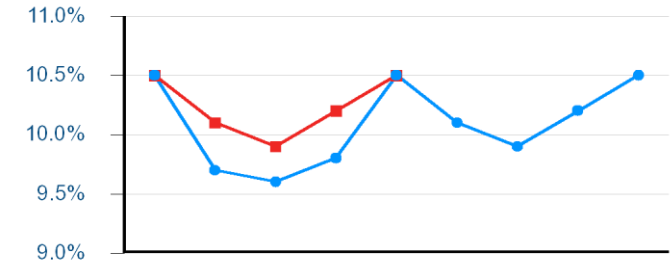
### Net Sales \$MM



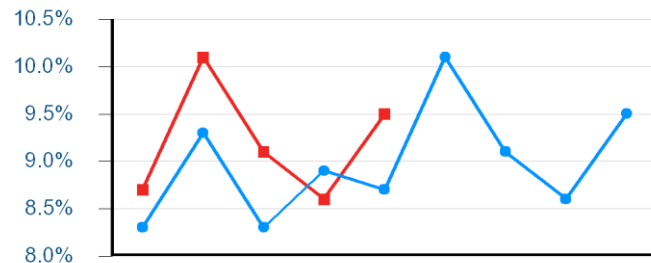
### Gross Profit %



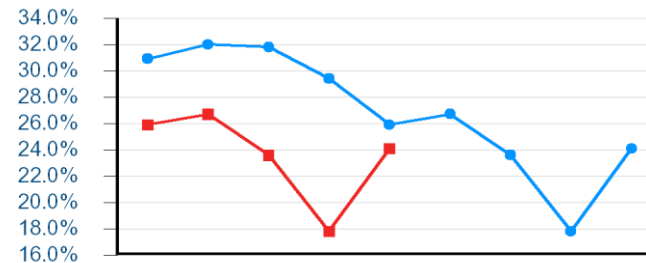
### S&A/OIC %



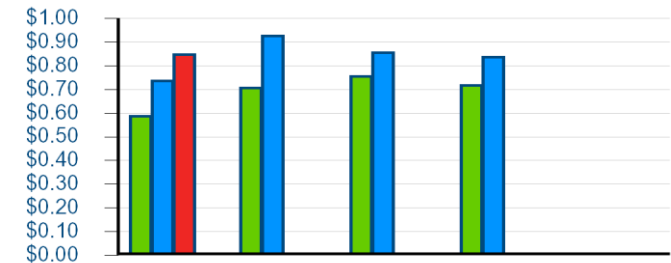
### Base Operating Profit %



### Tax Rate %



### Base EPS \$



	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18	2Q-18	3Q-18	4Q-18	1Q-19
Hist	8.3%	9.3%	9.3%	8.9%	8.7%	10.1%	9.1%	8.6%	9.5%
Vs PY	8.7%	10.1%	9.1%	8.6%	9.5%				

	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18	2Q-18	3Q-18	4Q-18	1Q-19
Hist	30.9%	32.0%	31.9%	29.4%	25.9%	26.7%	23.6%	17.8%	24.1%
Vs PY	25.9%	26.7%	23.6%	17.8%	24.1%				

	1Q	2Q	3Q	4Q	Total
2017	\$0.59	\$0.71	\$0.76	\$0.72	\$2.79
2018	\$0.74	\$0.93	\$0.86	\$0.84	\$3.37
2019	\$0.85				\$0.85