



Investor Relations Presentation



Goldman Sachs Virtual Industrial & Materials Conference
May 2020

Defining
Our
Next 
Decade



Forward Looking Statement/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 2020 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.



Howard Coker

President and CEO of Sonoco

R. Howard Coker, 58, 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.



Sonoco is a Global Essential Service Provider

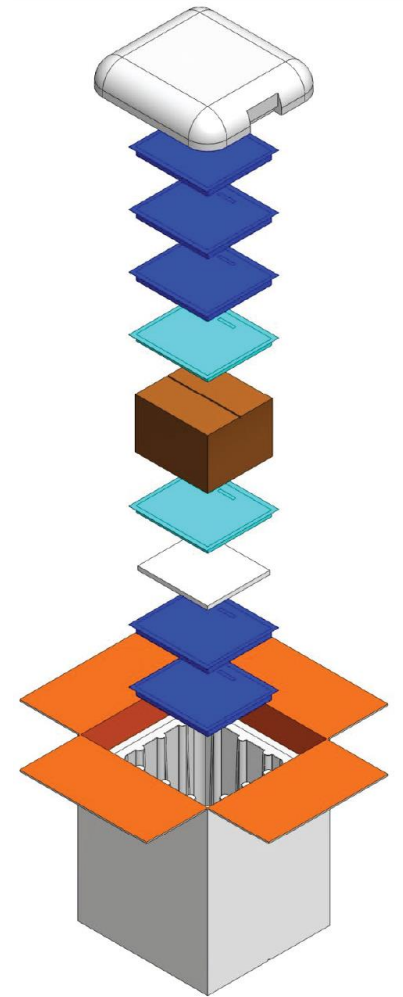
- 80% of Sonoco's Consumer Packaging is for food
- Paper/Tubes and Cores provide carriers for essential goods
 - Tissue/Towel paperboard
 - Tubes/Cores paperboard: plastic film for food (products), drugs and medical equipment
- Medical Packaging
- Sonoco ThermoSafe temperature-assured packaging





Sonoco is Aiding in Virus Protection and Testing

- Sonoco Alloyd is producing millions face shields
- Sonoco ThermoSafe is partnering with logistics and medical companies to ship testing kits across the country
- Producing > 1 billion ThermoScan (thermometer) covers
- Tube and Core operations in Spain are helping an automotive supplier produce face masks for local hospitals





Sonoco Cares

Giving back to the communities we serve

- Donated safety glasses and other PPE to local hospitals
- Donated material to Georgia Tech for face shield fabrication





EPS Summary

1st Quarter: 2020 Vs. 2019

	1st Quarter	
	2020	2019
Actual EPS	\$ 0.80	\$ 0.73
Addback for:		
Restructuring & Asset Impairment, Net	0.09	0.08
Non-operating Pension Costs	0.06	0.04
Deferred Tax Adjustments / M&A Transaction Costs	(0.01)	—
Base EPS*	\$ 0.94	\$ 0.85

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



The State of Sonoco is Strong

Consumer Packaging



(\$ Millions)	1Q 2020	1Q 2019
Net Sales	\$588	\$590
Base Operating Profit	\$68	\$62

(\$ Millions)	2019	2018
Net Sales	\$2,333	\$2,360
Base Operating Profit	\$228	\$225

Paper & Industrial Converted Products



(\$ Millions)	1Q 2020	1Q 2019
Net Sales	\$475	\$496
Base Operating Profit	\$54	\$48

(\$ Millions)	2019	2018
Net Sales	\$1,975	\$1,911
Base Operating Profit	\$219	\$211



The State of Sonoco is Strong

Display & Packaging



(\$ Millions)	1Q 2020	1Q 2019
Net Sales	\$121	\$138
Base Operating Profit	\$8	\$6
(\$ Millions)	2019	2018
Net Sales	\$554	\$592
Base Operating Profit	\$28	\$13

Protective Solutions



(\$ Millions)	1Q 2020	1Q 2019
Net Sales	\$119	\$128
Base Operating Profit	\$14	\$11
(\$ Millions)	2019	2018
Net Sales	\$512	\$528
Base Operating Profit	\$50	\$43



U.S./Canada URB Optimization Investment Plan

Capital Investment

\$83 Million

- 2020-2021 – Build new Hartsville Fiber Operation
 - Stock prep system for entire complex using mixed paper/OCC
- 2021-2022 – Rebuild #10 Machine to Produce URB
 - Meet internal and customers wide-range of URB grades
- Wisconsin Rapids Expansion
 - Increase capacity by 7%



U.S./Canada URB Optimization Investment Plan

Annualized Cost Savings

\$24 Million

- Fixed-variable cost reduction – future capacity rationalization
 - Permanently shut No. 3 Hartsville URB machine
 - Close Trent Valley, Ontario, Canada mill
- Return on investment well above the cost of capital

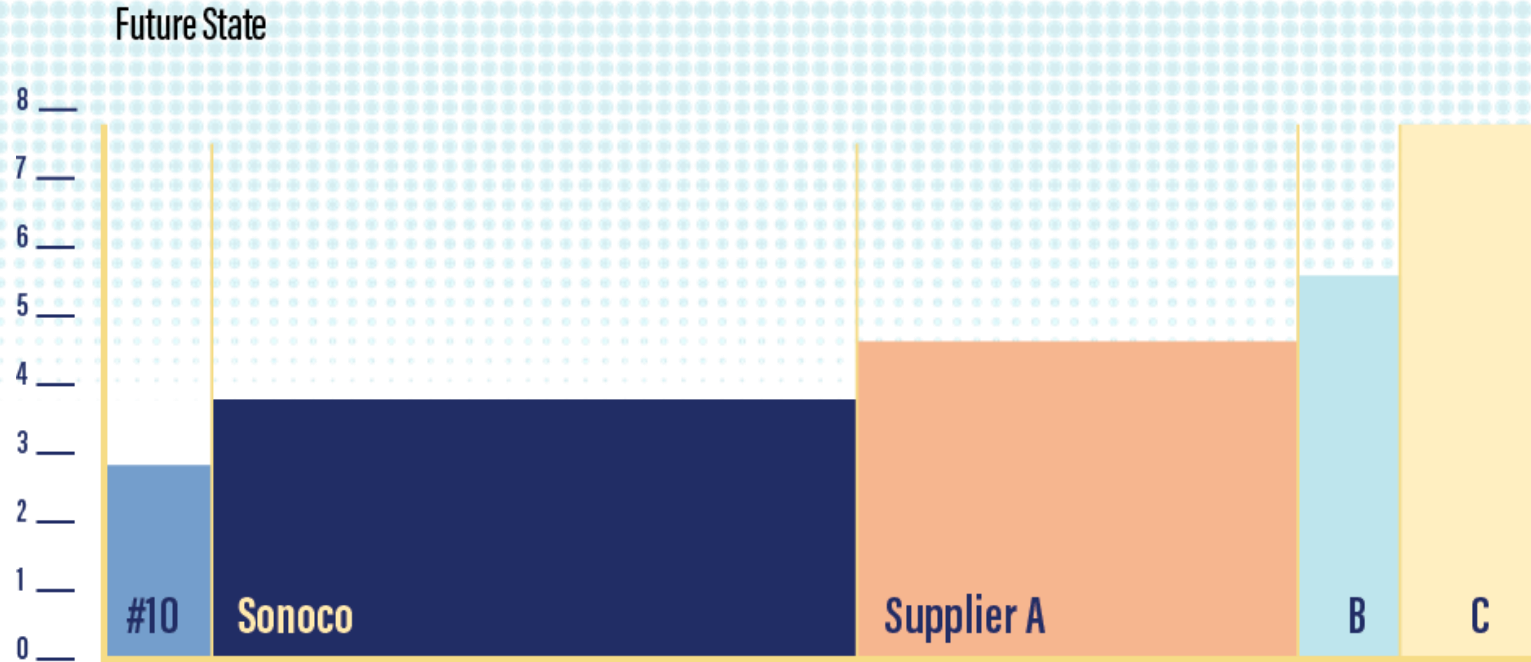
Other cost savings

- Reduce commodity input costs (mixed paper/OCC)
- Improve supply chain/system integration
- Lower energy, chemicals, freight costs



Lowest Cost URB System

Cost Viability Curve - URB North America



Sonoco's URB costs expected to be 18% lower than nearest supplier





Environmental Benefits from Investment



Energy Usage

(NA System use/MWh)

Current	Future
3,236K	2,706K

-16.4%

Percent Change



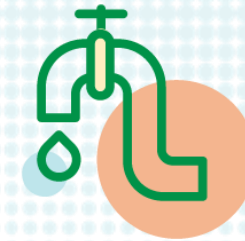
Green House Gases

(tons/CO2 equivalent)

Current	Future
570K	479K

-16.0%

Percent Change



Water Usage

(NA System use/gallons)

Current	Future
4,633MM	3,462 MM

-25.3%

Percent Change



Project Horizon

Creating A Brighter Future For Our URB System



Earnings Guidance

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2019 Base EPS	\$0.85	\$0.95	\$0.97	\$0.75	\$3.53
2020 Base EPS	\$0.94				
2020 Guidance	\$0.83 - \$0.89	\$0.73 - \$0.83			

**2020 Full-year Base EPS and Cash Flow Guidance Withdrawn
Due to COVID-19 Impact Uncertainty**



Key Drivers to Q2 Guidance

- COVID-19 Impact
 - Demand for our products – Mixed impact (+/-)
 - Mitigating actions – Cost reductions
- Price / Cost Impact
 - Significantly negative due to increasing OCC costs
- Other Impacts
 - Foreign exchange translation – Negative due to stronger US Dollar
 - Interest expense – Higher due to increased borrowings (liquidity actions)
- 2020 Cash Flow Drivers
 - Updated capital spending outlook = \$170 million
 - Reduced spending plans by \$45 million (\$195 million to \$150 million)
 - Added capital spending for Project Horizon (\$15 million to \$20 million)
 - Pension termination related contribution deferred to 2021
 - ~\$150 million not in original cash flow guidance



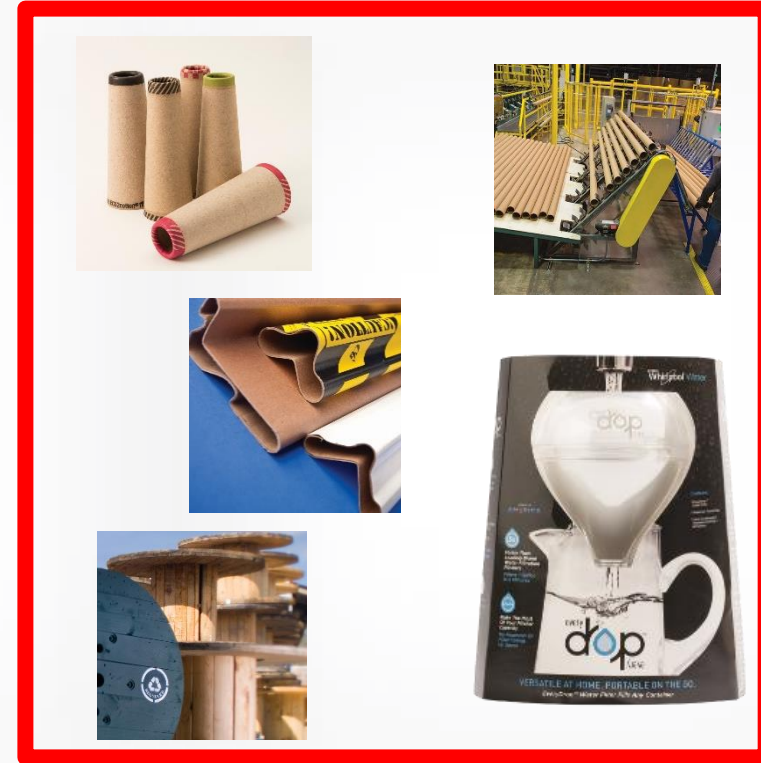
COVID-19: State of Our Platforms Entering Q2



- **Food Packaging**
 - Shelter in Place orders
 - Recession (Eat at Home)
 - Pantry/ Refrigerator Stocking
- **ThermoSafe**
 - Vaccine Shipments Increasing
- **Recycling**
 - Rising OCC Prices



- **Medical Packaging**
 - Elective Surgeries on Hold / Covid-19
- **Paper**
 - Tissue / Towel Returning to Stable State
- **Display & Contract Packaging**
 - Kitting / OTC Promotions

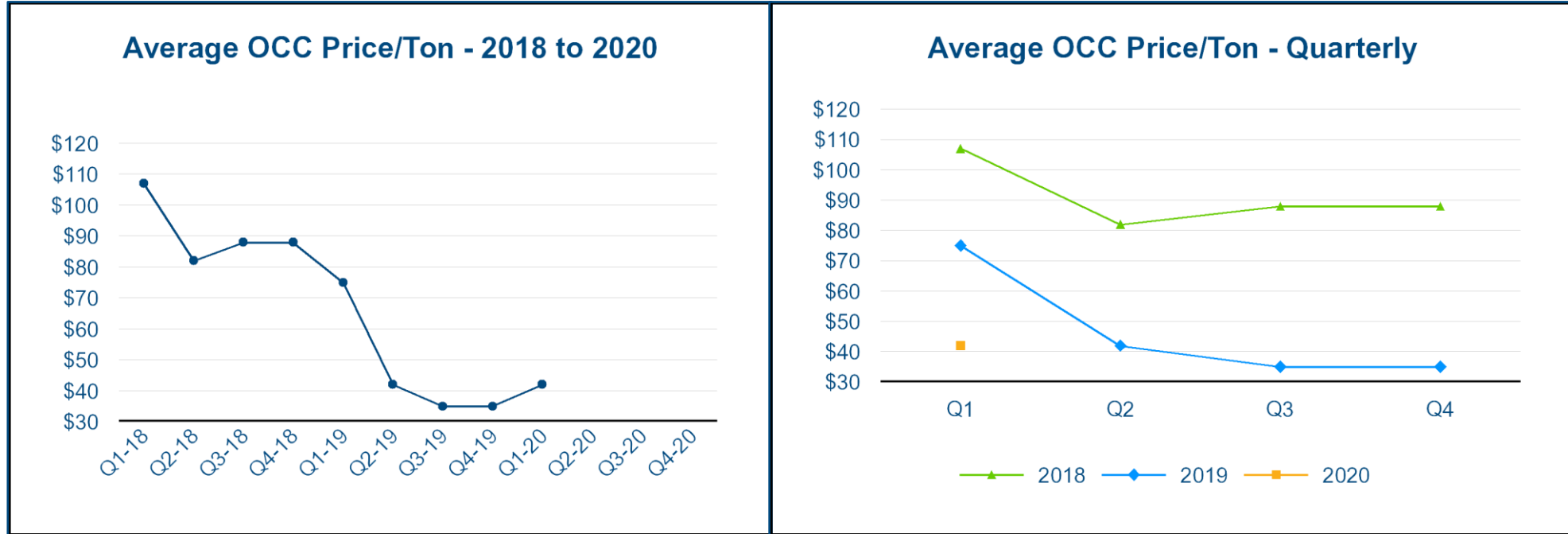


- **Automotive Foam / Protective / Consumer Fiber / Tubes & Cores / Cones / Reels / Industrial Plastics**
 - Plant Shutdowns
 - Recession / Global Shipments Soften
- **Paperboard Specialties**
 - Hospitality Shutdown
- **Alloyd – Retail Security**



OCC: Official Board Market

1st Quarter: 2020 Vs. 2019 Vs. 2018
(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
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
2020	35	40	50	42	85	125										

*As of April 6, 2020



Liquidity Update

Recent Liquidity Actions

- New \$150 million Term Loan (364-day, mid-March funding)
- New \$100 million Term Loan (364-day, early April funding)
- Gave notice to extend existing \$200 million Term Loan until May 2021
- Successfully completed \$600mm Bond sale, (3.125%, maturing 2030)

Result of Above Actions

- Fully repaid Commercial Paper borrowings
- Increased Cash balance and Liquidity position

ST Investments (Excess)	\$ 636,000
3/29 Consolidated Cash	\$ 123,000
Total Cash	\$ 759,000
Total Revolver	\$ 500,000
Less: Borrowing	\$ -
Revolver Availability	\$ 500,000
Total ST Liquidity	\$ 1,259,000



Financial Slides

Defining
Our
Next
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P&L Summary (Base)

1st Quarter: 2020 Vs. 2019
(Dollars in Millions)

	2020	2019	Better / (Worse)	
			\$	%
Net sales	\$ 1,303	\$ 1,352	\$ (48)	(3.6)%
Gross profit	267	270	(4)	(1.3)%
SG&A expenses	(123)	(142)	19	13.7%
Operating profit	144	128	16	12.5%
Net interest	(16)	(15)	(1)	(4.3)%
Provision for income taxes	(33)	(27)	(6)	(22.6)%
Net income, after tax	95	85	9	10.7%
Equity in Affiliates and Minority Interest	1	1	—	(6.0)%
Net income attributable to Sonoco	\$ 95	\$ 86	\$ 9	10.6%
Operating profit before D&A	206	187	19	10.3%
Gross profit %	20.5%	20.0%		
SG&A %	9.4%	10.5%		
OP %	11.0%	9.5%		
OPBDA%	15.8%	13.8%		
Effective tax rate	26.0%	24.1%		

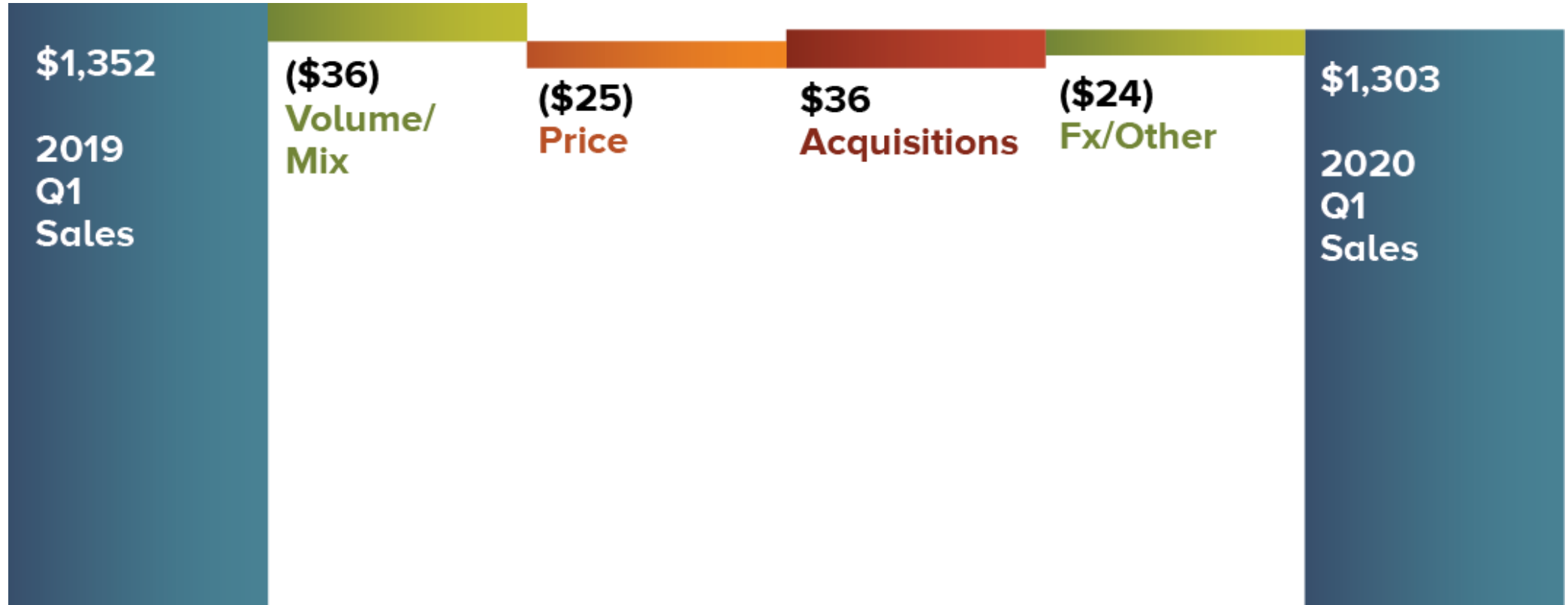


Note: Due to rounding individual items may not sum down. Percentages shown are based on amounts that are not rounded



Sales Bridge

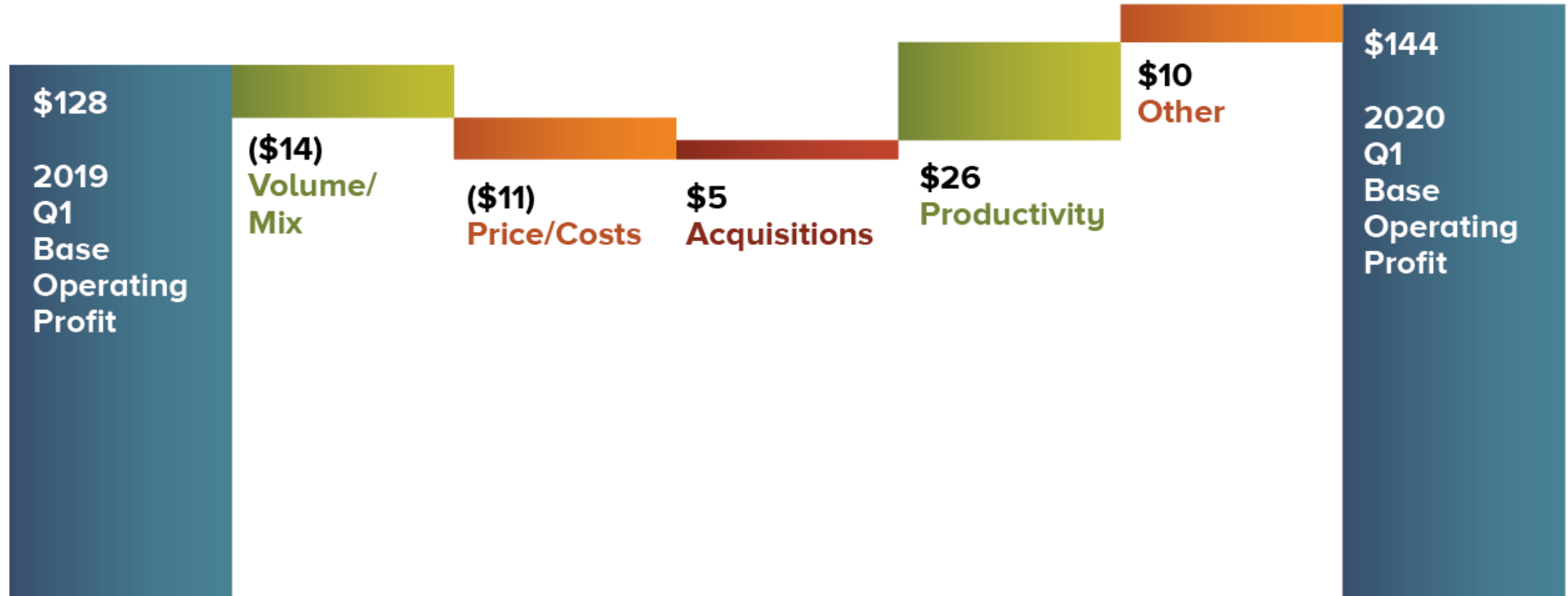
1st Quarter: 2020 Vs. 2019
(Dollars in millions)





Base Operating Profit

1st Quarter: 2020 Vs. 2019
(Dollars in millions)





Cash Flow

1st Quarter: 2020 Vs. 2019
(Dollars in millions)

		<u>Q1 2020</u>	<u>Q1 2019</u>
Net income	\$	80	74
Asset impairment charges / Losses on disposition of assets		1	4
Depreciation and amortization expense		61	59
Pension and postretirement plan contributions, net of expenses		(10)	(10)
Changes in working capital		(68)	(46)
Changes in tax accounts		12	10
Other operating activity		<u>13</u>	<u>2</u>
Operating cash flow	\$	88	92
Capital expenditures, net of dispositions		(31)	(42)
Cash dividends		<u>(43)</u>	<u>(41)</u>
Free cash flow	\$	14	10

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



Balance Sheet

(Dollars in millions)

	<u>3/29/2020</u>	<u>12/31/2019</u>	<u>Change \$</u>
Cash and cash equivalents	\$ 123	\$ 145	\$ (22)
Trade accounts receivable, net of allowances	738	698	40
Other receivables	99	114	(15)
Inventories	500	504	(4)
Prepaid expenses and deferred income taxes	54	60	(6)
Current Assets	\$ 1,514	\$ 1,521	\$ (7)
Property, plant and equipment, net	1,237	1,287	(50)
Goodwill	1,412	1,429	(17)
Other intangible assets, net	373	388	(15)
Other assets	477	501	(24)
Total Assets	\$ 5,012	\$ 5,126	\$ (114)
Payable to suppliers and others	894	905	(10)
Income taxes payable	17	11	6
Total debt	1,641	1,681	(40)
Pension and other postretirement benefits	304	305	(1)
Deferred income taxes and other	401	408	(8)
Total equity	1,755	1,816	(61)
Total Liabilities and Shareholders' Equity	\$ 5,012	\$ 5,126	\$ (114)
Net debt / Total capital	46.4%	45.8%	

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