



# Grow & Optimize



## UBS Global Chemicals and Paper and Packaging Conference

New York  
September 8, 2016



# Forward-looking Statements

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.

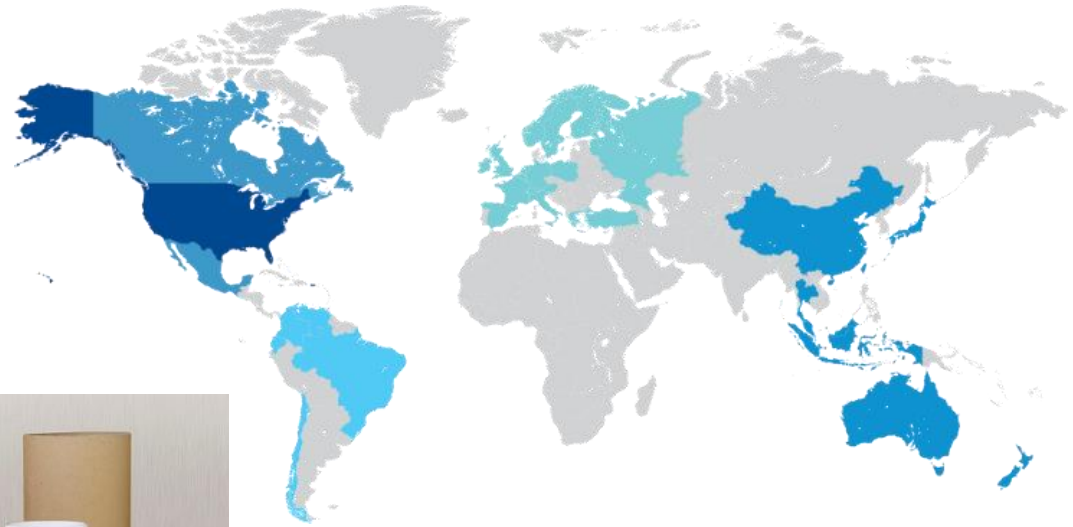
Information about the Company's use of non-GAAP financial measures, why management believes presentation of non-GAAP financial measures provides useful information to investors about the Company's financial condition and results of operations, and the purposes for which management uses non-GAAP financial 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 Q2 2016 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.

# Sonoco Today

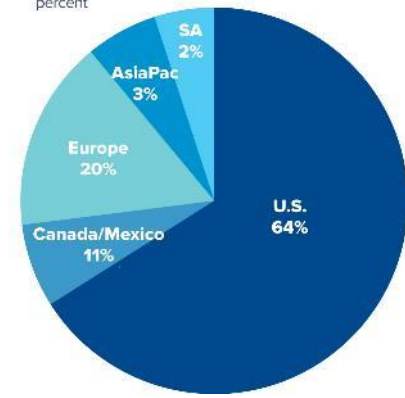
*re-envisioning*  
**SONOCO**



**SALES BY OPERATING SEGMENT**  
percent of sales



**2015 SALES BY GEOGRAPHY**  
percent



# Grow and Optimize in a Slow Growth Global Economy

## Results by Segment

### Consumer Packaging



(\$million)	<u>2016</u> YTD	<u>2015</u>	<u>2014*</u>
Sales	\$1,038	\$2,122	\$1,963
Base EBIT	\$122.4	\$231.6	\$200.6

### Display & Packaging



	<u>2016</u> YTD	<u>2015</u>	<u>2014*</u>
Sales	\$275	\$606	\$667
Base EBIT	\$8.3	\$10.9	\$10.7

### Paper & Industrial Converted



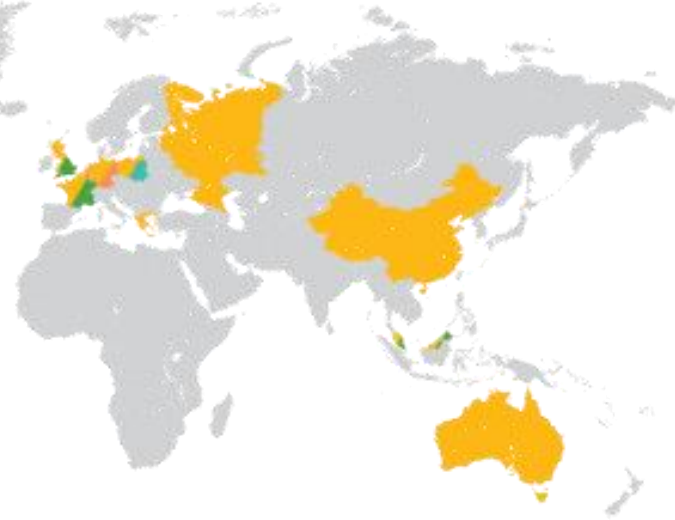
	<u>2016</u> YTD	<u>2015</u>	<u>2014*</u>
Sales	\$856	\$1,730	\$1,902
Base EBIT	\$70.8	\$124.1	\$162.2

### Protective Solutions



	<u>2016</u> YTD	<u>2015</u>	<u>2014*</u>
Sales	\$262	506	\$485
Base EBIT	\$26.3	\$46.0	\$34.0

# Global Consumer Packaging and Services Strategy



**GLOBAL CONSUMER  
PACKAGING 2015 SALES**  
\$2,728 MM





# Innovation Process



**SONOCO**  
**IPS**  
**STUDIO**

Smaller where you live  
Bigger where you work™

TM

# Expand the Can

Integrated Sonoco/Weidenhammer Brand



# Expand the Can

## Southeast Asia Growth





# Flexible Packaging Growth



# Rigid Plastic Growth



## Thermoforming



## Injection Molding/ Extrusion



## Blowmolding To be divested to Amcor



TruVue™

# The New TruVue™ Can from Sonoco

Clearly, Uncanny.

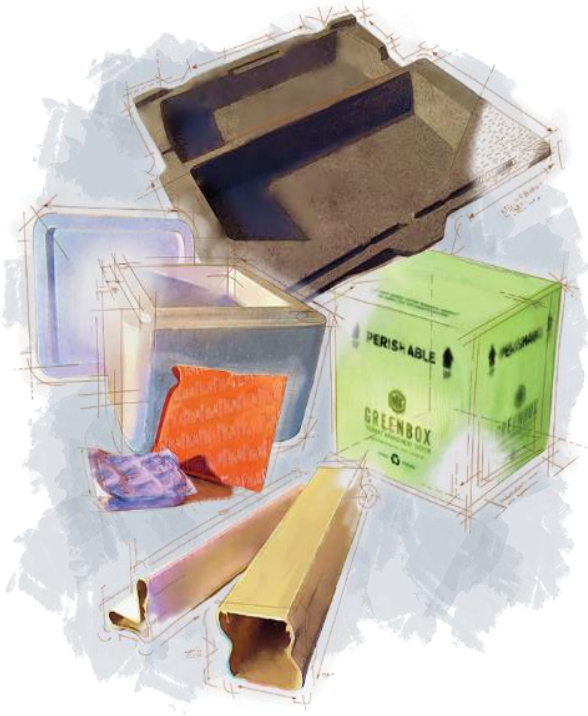


# Display and Packaging

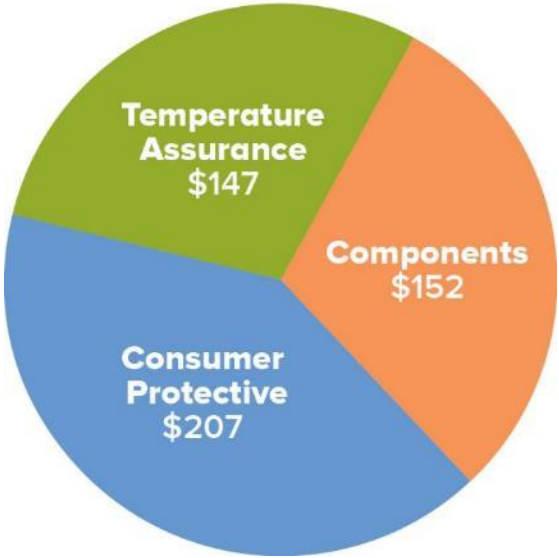
## Growth Initiatives



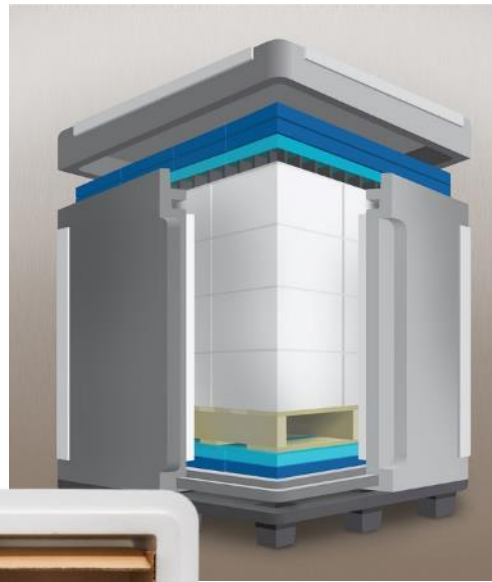
# Protective Solutions Strategy



**PROTECTIVE SOLUTIONS  
2015 SALES**  
\$506 MM



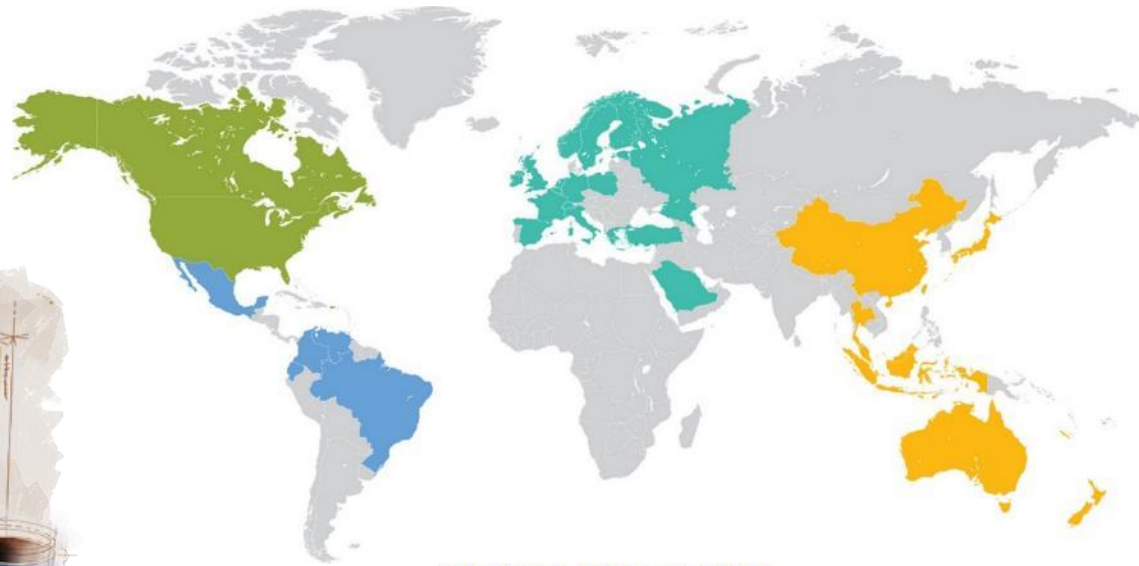
# Grow – Sonoco ThermoSafe



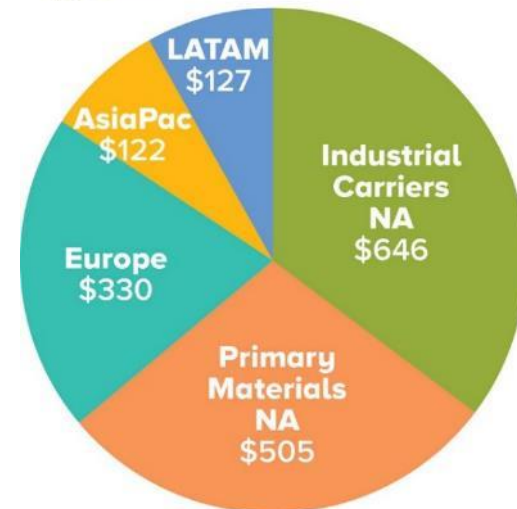
PharmaPort 360™



# Global Paper and Industrial Converted Products



**GLOBAL PAPER AND INDUSTRIAL 2015 SALES**  
\$1,730 MM



# Global Paper Optimization Strategy

 **Sonoco**  
is the #1  
player in  
**URB production**  
in North America.





# Tubes and Cores Optimization Strategy



**550**  
In North America and Europe combined, our team of tube and core scientists and engineers boasts a collective 550 years of industry experience.



Sonotube® construction forms celebrated 70 years of Standing Strong in 2015.

**48%**

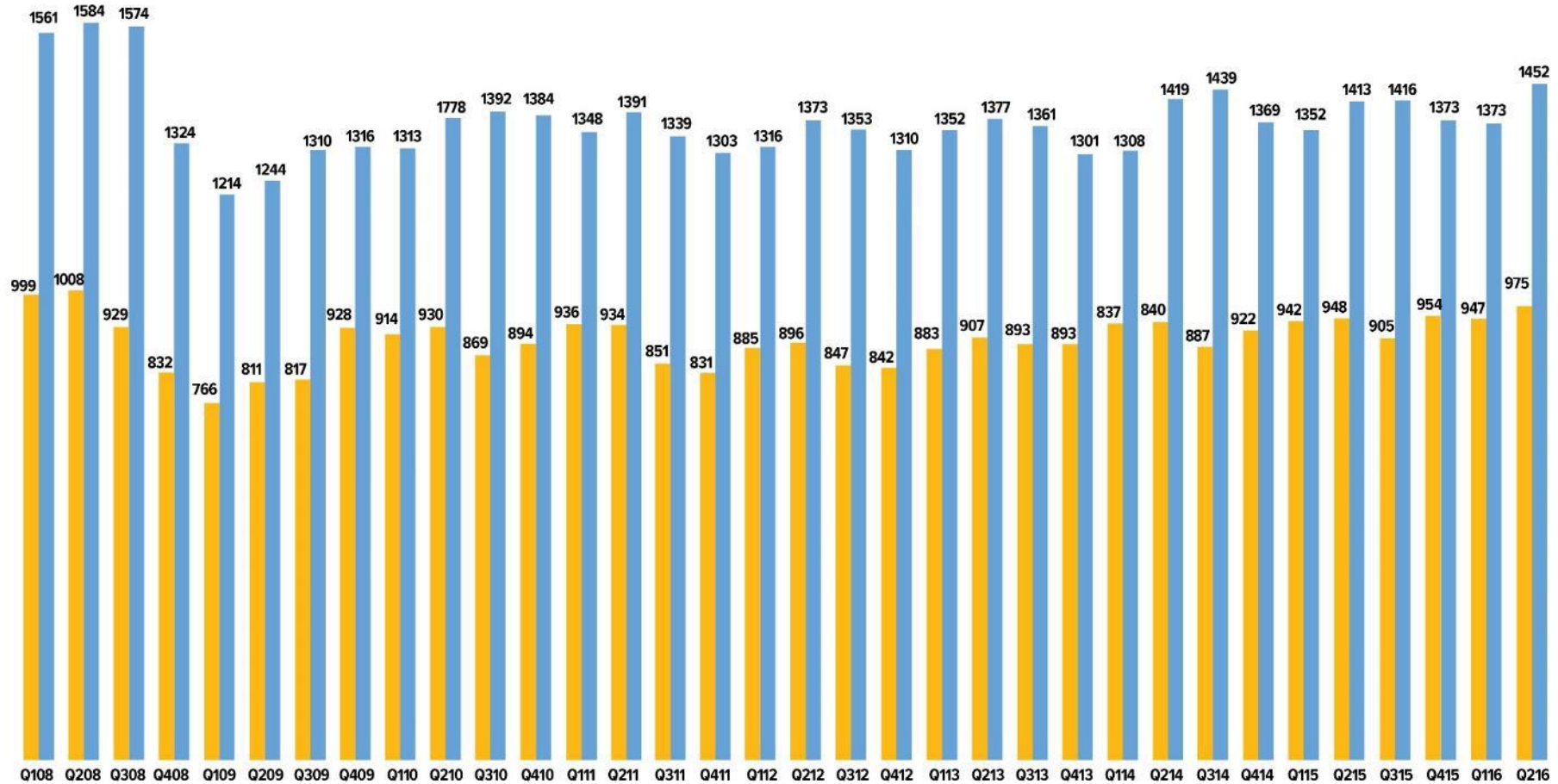
Sonoco is a leader in the North American tube and core industry, with a market share of approximately 48%.



# Tubes and Cores



## Optimization Strategy – Tubes and Cores



■ North America  
■ Europe





# Grow & Optimize



## Financial Review



# EPS Summary

2<sup>nd</sup> Quarter: 2016 vs. 2015

	2nd Quarter		Year To Date	
	2016	2015	2016	2015
Actual EPS	\$0.55	\$0.63	\$1.14	\$1.47
Addback for:				
Restructuring & Asset Impair, Net	0.17	0.07	0.24	0.10
Canton Disposition	-	-	-	(0.16)
Spanish Tax Reserve Adjustments	-	(0.03)	-	(0.03)
Reversal of Fox River Reserve	-	(0.01)	-	(0.20)
Acquisition / Divestiture Costs / Other	0.01	0.02	0.01	0.04
Base EPS	<u>\$0.73</u>	<u>\$0.68</u>	<u>\$1.38</u>	<u>\$1.22</u>

# Sales Bridge

2<sup>nd</sup> Quarter: 2016 vs. 2015  
(Dollars in millions)

	<u>Q2-2016</u>	<u>YTD 2016</u>
<b>2015 Sales</b>	<b>\$1,249</b>	<b>\$2,455</b>
<b>Volume / Mix</b>	<b>9</b>	<b>82</b>
<b>Price</b>	<b>(11)</b>	<b>(28)</b>
<b>Acq / Div</b>	<b>1</b>	<b>5</b>
<b>Exchange / Other</b>	<b><u>(42)</u></b>	<b><u>(82)</u></b>
<b>2016 Sales</b>	<b><u>\$1,206</u></b>	<b><u>\$2,432</u></b>

# Base EBIT Bridge

2<sup>nd</sup> Quarter: 2016 vs. 2015

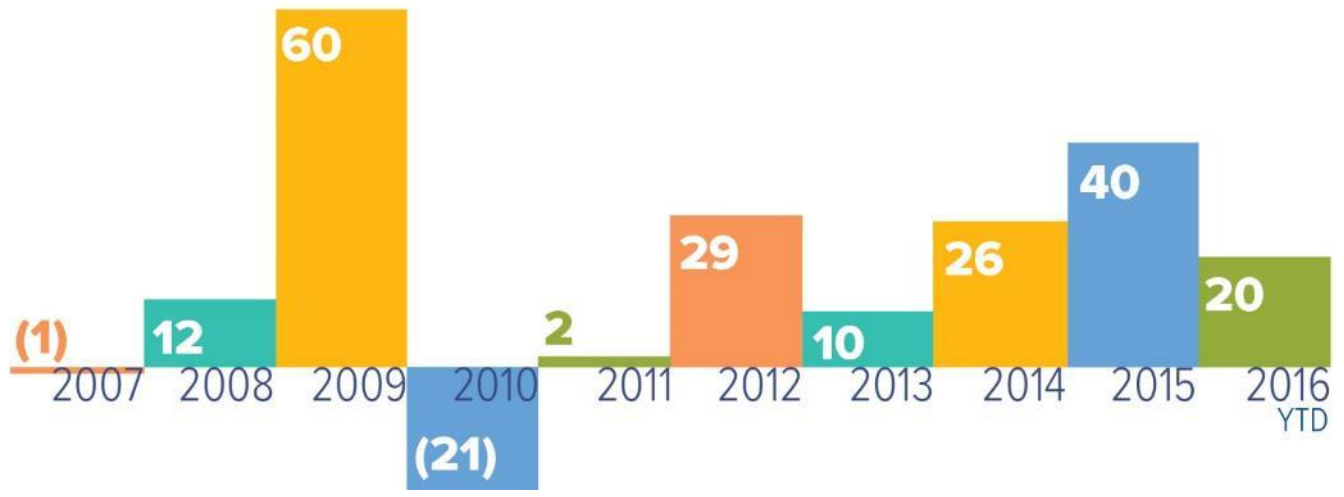
(Dollars in millions)

	<u>Q2-2016</u>	<u>YTD 2016</u>
2015 Base EBIT	\$111	\$203
Volume / Mix	(2)	16
Price / Mat'l, Energy, Frt Costs	6	19
Acq / Div	0	2
Productivity	0	8
Other	(2)	(26)
Pension	<u>3</u>	<u>6</u>
2016 Base EBIT	<u>\$116</u>	<u>\$228</u>

# Price/Cost Impact on EBIT

## PRICE/COST IMPACT TO EBIT

millions of dollars



## 2015-2016 OCC PRICING

dollars per ton



# Earnings Guidance

	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	Full Year
2015 Base EPS*	\$0.54	\$0.68	\$0.65	\$0.64	\$2.51
2016 Base EPS	\$0.65	\$0.73			
2016 Guidance	\$0.65	\$0.73	\$0.65 - \$0.70		\$2.68 - \$2.74
2016 First Call Consensus	\$0.65	\$0.73	\$0.685	\$0.65	\$2.72



# Cash Flow

2<sup>nd</sup> Quarter: 2016 vs. 2015  
(Dollars in thousands)

	2nd Quarter		Year To Date	
	2016	2015	2016	2015
Cash from operations (See Note A)	\$ 119,662	\$ 112,752	\$ 186,049	\$ 173,082
Purchase of property, plant and equipment	(43,089)	(45,759)	(98,774)	(86,713)
Proceeds from dispositions, net	(7,434)	298	(4,842)	31,006
Cash Dividends	(37,283)	(35,116)	(72,679)	(67,379)
"Free Cash Flow"	<u>\$ 31,856</u>	<u>\$ 32,175</u>	<u>\$ 9,754</u>	<u>\$ 49,996</u>
Shares acquired under announced buyback	(22,613)	-	(37,931)	-
 Note A: Cash from operations includes pension and post retirement plan contributions of:	 \$ (3,605)	 \$ (8,101)	 \$ (35,647)	 \$ (25,118)

# Our Priorities for 2016



## Grow

- Market Focused
- Achieve higher than market average growth



## Margin Improvement

- Grow operating margins to 9% to 10%



## Maximize Free Cash Flow Generation and Target Capital Deployment

- Grow core businesses while returning cash to shareholders



## Optimize the Portfolio

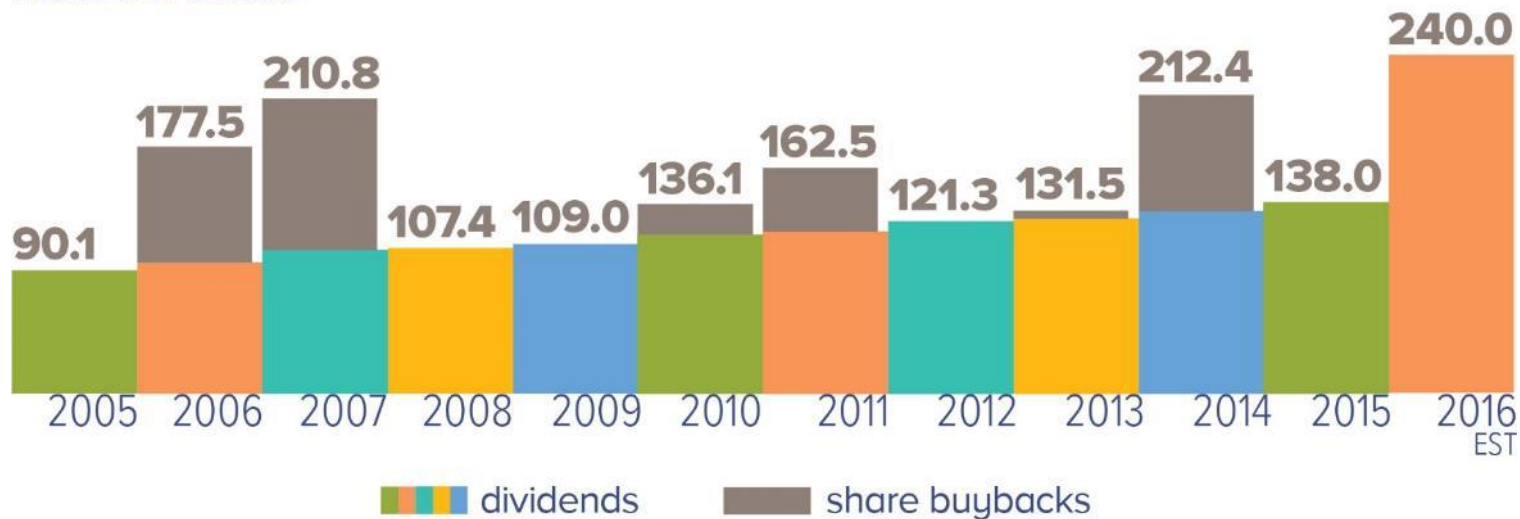
- Grow targeted Consumer Packaging/Protective Solutions businesses
- Further shift the mix of businesses to Consumer

# Capital Deployment Strategy

- Target capital spending on profitable growth (\$200 million projected in 2016)
- Pursue accretive acquisitions in targeted growth areas – Flexible Packaging and Protective Solutions
- Returning up to \$240 million in free cash flow in 2016 to shareholders
  - Increased dividends
  - Share repurchases at \$100 million

## DIVIDENDS AND STOCK REPURCHASES

millions of dollars



# Cash Dividend Increase

Board Authorizes Increased Dividend

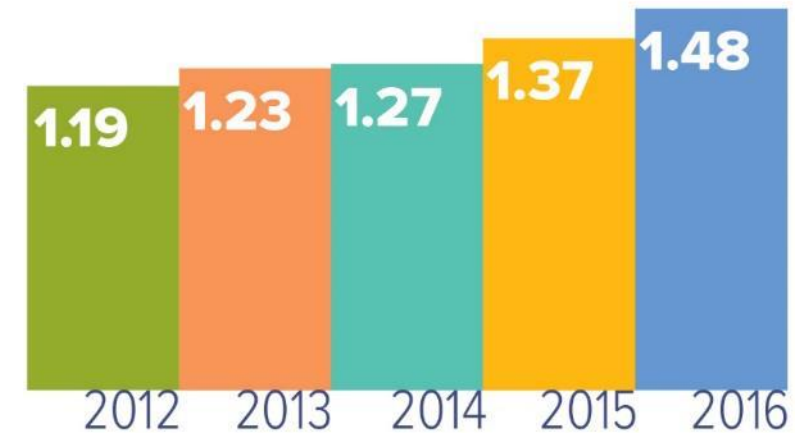


\$1.48 per year =  $< 6\%$  increase

364<sup>th</sup> consecutive quarterly dividend paid

34 consecutive years of increase

**CASH DIVIDEND PAID**  
dollars per share



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