



Investor Relations Presentation



Jefferies Virtual Industrial Conference
August 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 Q2 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





EPS Summary

2nd Quarter: 2020 Vs. 2019

	2nd Quarter		Year To Date	
	2020	2019	2020	2019
Actual EPS	\$ 0.55	\$ 0.80	\$ 1.34	\$ 1.53
Addback for:				
Restructuring & Asset Impairment, Net	0.16	0.10	0.26	0.18
Non-Operating Pension Costs	0.05	0.04	0.11	0.09
Tax Items, M&A Costs	0.03	0.01	0.02	0.01
Base EPS*	\$ 0.79	\$ 0.95	\$ 1.73	\$ 1.81

*Due to rounding individual items may not sum down



The State of Sonoco is Strong

Consumer Packaging



(\$ Millions)	2Q 2020	2Q 2019
Net Sales	\$615	\$603
Base Operating Profit	\$86	\$63

(\$ Millions)	YTD	YTD
Net Sales	\$1,203	\$1,192
Base Operating Profit	\$154	\$125

Paper & Industrial Converted Products



(\$ Millions)	2Q 2020	2Q 2019
Net Sales	\$434	\$491
Base Operating Profit	\$30	\$61

(\$ Millions)	YTD	YTD
Net Sales	\$909	\$987
Base Operating Profit	\$84	\$110



Sonoco Acquires Can Packaging

- Adds advanced innovation and production of sustainable paper packaging in Europe
- 2020 sales of approximately \$27 million
- Two production facilities and R&D center in France
- Featured Product: Greencan® recyclable paperboard package (92% to 98% paperboard)
- Proprietary manufacturing equipment, suitable for global growth markets





The State of Sonoco is Strong

Display & Packaging



(\$ Millions)	2Q 2020	2Q 2019
Net Sales	\$107	\$135
Base Operating Profit	\$6	\$6
(\$ Millions)	YTD	YTD
Net Sales	\$229	\$272
Base Operating Profit	\$14	\$12

Protective Solutions



(\$ Millions)	2Q 2020	2Q 2019
Net Sales	\$89	\$131
Base Operating Profit	\$4	\$14
(\$ Millions)	YTD	YTD
Net Sales	\$208	\$259
Base Operating Profit	\$18	\$25



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

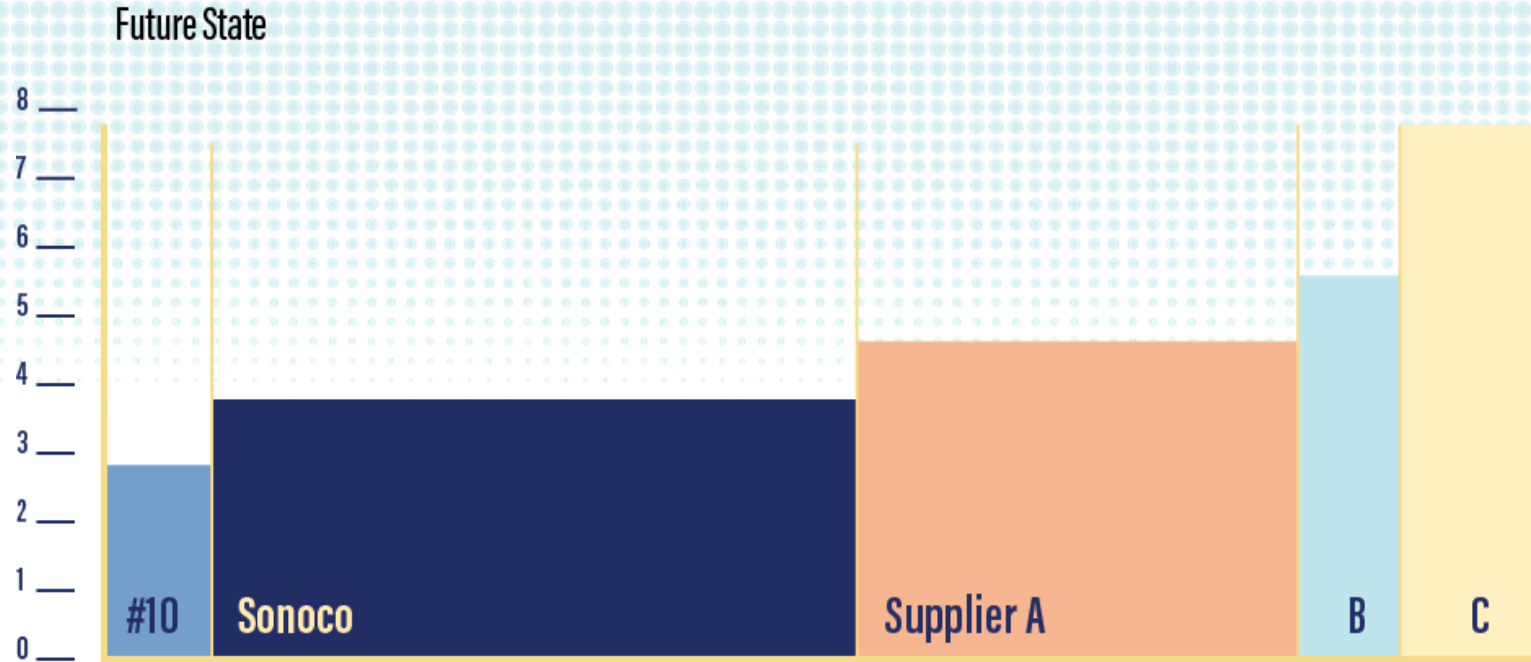
Other cost savings

- 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



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	\$0.79			
2020 Guidance	\$0.83 - \$0.89	\$0.73 - \$0.83	\$0.73 - \$0.83		



Key Drivers to Q3 Base EPS Guidance

Q3-2020 Vs. Q3-2019

- COVID-19 Impact
 - Demand for our products – Mixed impact (+/-)
 - Mitigating actions – Ongoing cost reductions
- Price / Cost Impact
 - Industrial segment – Negative due to lower market pricing and higher OCC costs
- Other Impacts
 - Tax rate – Higher due to one-time positive items in Q3-19
 - Interest expense – Higher due to increased borrowings (liquidity actions)
 - Addition of Corenso and TEQ acquisitions



COVID-19: State of Our Platforms, Q3 Outlook



• Food Packaging

- All Platforms (Rigid Paper, Rigid Plastics & Flexibles) Positive but moderating vs Q2 as Meals at Home continue

ThermoSafe

- Flu Vaccine shipments



• Medical Device Packaging

- Elective surgeries recovering

• Reels

• Automotive Foam / Protective / Consumer Fiber

- Recovery to more normal demand

• Pack Centers

• Portion control plastics

• Tissue & towel stable



• Industrial: Paper / Tubes & Cores / Cones / Industrial Plastics / Paperboard Specialties

- Recession / Global Shipments Soft
- Accelerated Secular Decline in Graphic Paper
- Hospitality – Slow Return

• Promotional Displays

• Retail Security

• Confection

Defining Our Next Decade



Cash Flow / Liquidity Update

Cash Flow

- Expect ~\$35 million cash benefit in 2020 due to global government assistance programs (mostly US)
- 2020 Cap Ex spending outlook = \$195 million
 - Includes \$20 million for Project Horizon
- Pension termination contribution (~ \$150 million) deferred into 2021
 - Cash tax benefit of ~ \$37 million this year

Liquidity

- Using \$150 million cash to repay bank term loans in mid-July
- Pro forma Liquidity (after debt repayment) is ~ \$1.2 billion
 - Approximately \$700 million cash + \$500 million Revolver availability



Supplemental Financial Slides

Defining
Our
Next
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P&L Summary (Base)

2nd Quarter: 2020 Vs. 2019

(Dollars in millions)

	2020		2019		Better / (Worse)	
	\$	%	\$	%	\$	%
Net sales	\$ 1,245		\$ 1,360		\$ (114)	(8.4)%
Gross profit	248		275		(27)	(9.9)%
SG&A Expenses	(121)		(131)		10	7.3 %
Operating profit	127		144		(18)	(12.3)%
Net interest	(19)		(16)		(3)	(17.1)%
Provision for income taxes	(29)		(33)		4	13.5 %
Net Income, after tax	79		95		(16)	(16.8)%
Equity in Affiliates and Minority Interest	1		1		—	(24.4)%
Net income attributable to Sonoco	\$ 80		\$ 96		\$ (16)	(16.9)%
Operating profit before D&A	188		202		(14)	(7.0)%
Gross profit %	19.9%		20.2%			
SG&A %	9.7%		9.6%			
Operating profit %	10.2%		10.6%			
Operating profit before D&A%	15.1%		14.9%			
Effective tax rate	26.6%		25.9%			

NOTE: Individual items may not sum down. Totals and percentages are based on unrounded amounts.



Segment Analysis

2nd Quarter: 2020 Vs. 2019

(Dollars in millions)

	NET SALES			BASE OPERATING PROFIT		
	2020	2019	% Chg	2020	2019	% Chg
Consumer Packaging	\$ 615	\$ 603	2.0%	\$ 86	\$ 63	36.8%
Display & Packaging	107	135	(20.4)%	6	6	1.6%
Paper & Ind Conv Prods	434	491	(11.6)%	30	61	(51.1)%
Protective Solutions	89	131	(31.9)%	4	14	(68.6)%
	<u>\$ 1,245</u>	<u>\$ 1,360</u>	<u>(8.4)%</u>	<u>\$ 127</u>	<u>\$ 144</u>	<u>(12.3)%</u>

	OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	14.0%	10.4%	3.6%
Display & Packaging	5.6%	4.4%	1.2%
Paper & Ind Conv Prods	6.9%	12.5%	(5.6)%
Protective Solutions	5.0%	10.9%	(5.9)%
	<u>10.2%</u>	<u>10.6%</u>	<u>(0.5)%</u>

NOTE: Individual items may not sum down. Totals and percentages are based on unrounded amounts.



Cash Flow

*Year to date: 2020 Vs. 2019
(Dollars in millions)*

	Year To Date		Year Over Year
	2020	2019	Change
Net income	\$ 135	\$ 155	\$ (20)
Asset impairment charges / Losses on disposition of assets	6	11	(5)
Depreciation and amortization expenses	123	117	6
Pension and postretirement plan contributions, net of expenses	(2)	(200)	198
Changes in working capital	(28)	(66)	38
Changes in tax accounts	28	11	17
Other operating activity	17	12	6
Operating cash flow	\$ 281	\$ 40	\$ 241
Capital expenditures net of dispositions	(72)	(101)	29
Cash dividends	(86)	(84)	(2)
Free cash flow	\$ 123	\$ (145)	\$ 268

NOTE: Totals are based on unrounded amounts



P&L Summary (Base)

Year to date: 2020 Vs. 2019

(Dollars in millions)

			Better / (Worse)	
	2020	2019	\$	%
Net sales	\$ 2,549	\$ 2,711	\$ (163)	(6.0)%
Gross profit	515	545	(31)	(5.7)%
SG&A Expenses	(244)	(273)	29	10.6%
Operating Profit	270	272	(2)	(0.7)%
Net interest	(35)	(31)	(3)	(10.8)%
Provision for income taxes	(62)	(60)	(2)	(2.7)%
Net Income, after tax	174	181	(7)	(3.8)%
Equity Affiliates and Minority Interest	1	2	(1)	(47.1)%
Net income attributable to Sonoco	\$ 175	\$ 183	\$ (7)	(4.0)%
Operating profit before D&A	\$ 394	\$ 389	\$ 5	1.3%
Gross Profit %	20.2%	20.1%		
SG&A %	9.6%	10.1%		
OP %	10.6%	10.0%		
OPBDA %	15.4%	14.3%		
Effective tax rate	26.3%	25.1%		

NOTE: Individual items may not sum down. Totals and percentages are based on unrounded amounts.



Segment Analysis

Year to date: 2020 Vs. 2019

(Dollars in millions)

	NET SALES			SEGMENT OPERATING PROFIT		
	2020	2019	% Chg	2020	2019	% Chg
Consumer Packaging	\$ 1,203	\$ 1,192	0.9%	\$ 154	\$ 125	23.1%
Display & Packaging	229	272	(16.1)%	14	12	14.0%
Paper & Ind Conv Prods	909	987	(7.9)%	84	110	(23.4)%
Protective Solutions	208	259	(19.9)%	18	25	(26.9)%
	<u>\$ 2,549</u>	<u>\$ 2,711</u>	<u>(6.0)%</u>	<u>\$ 270</u>	<u>\$ 272</u>	<u>(0.7)%</u>

	OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	12.8%	10.5%	2.3%
Display & Packaging	6.2%	4.5%	1.6%
Paper & Ind Conv Prods	9.2%	11.1%	(1.9)%
Protective Solutions	8.9%	9.8%	(0.9)%
	<u>10.6%</u>	<u>10.0%</u>	<u>0.6%</u>

NOTE: Individual items may not sum down. Totals and percentages are based on unrounded amounts.



Balance Sheet

(Dollars in millions)

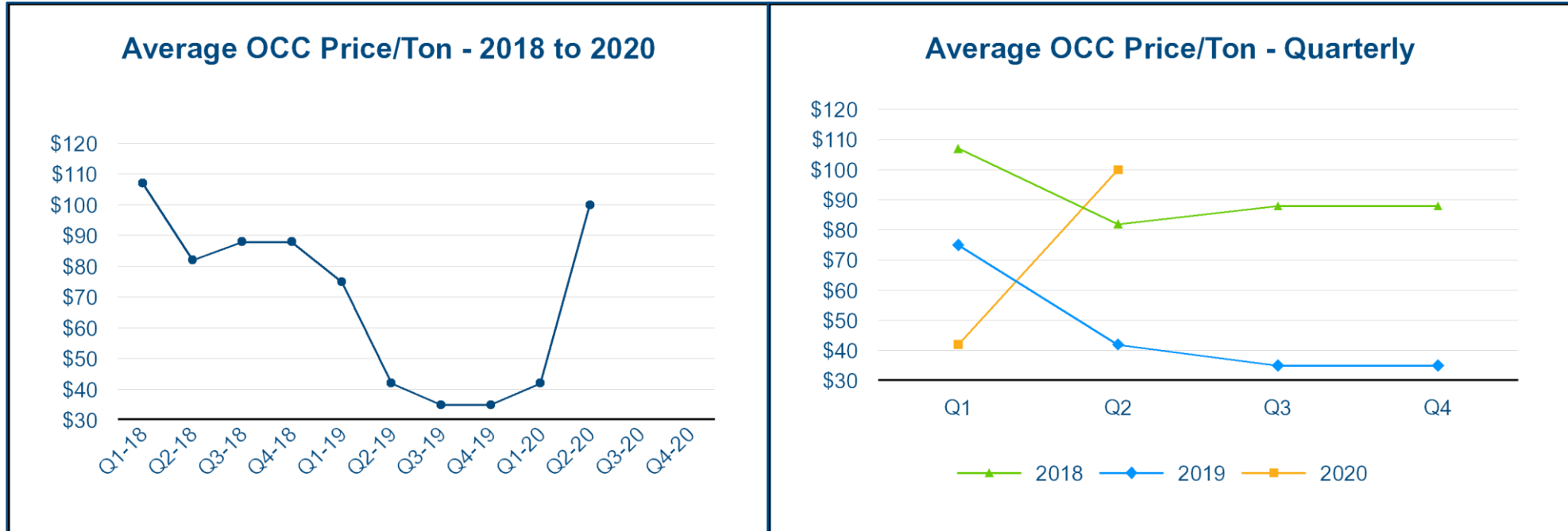
	<u>6/28/2020</u>	<u>3/29/2020</u>	<u>Change \$</u>
Cash and cash equivalents	\$ 857	\$ 123	\$ 734
Trade accounts receivable, net of allowances	693	738	(45)
Other receivables	104	99	6
Inventories	524	500	24
Prepaid expenses and deferred income taxes	60	54	6
Current Assets	\$ 2,239	\$ 1,514	\$ 725
Property, plant and equipment, net	1,236	1,237	(1)
Right of use asset-operating leases	294	287	8
Goodwill	1,424	1,412	12
Other intangible assets, net	361	373	(12)
Other assets	186	190	(4)
Total Assets	\$ 5,739	\$ 5,012	\$ 727
Payable to suppliers and others	908	894	25
Income taxes payable	21	17	4
Total debt	2,265	1,641	625
Noncurrent operating lease liabilities	249	242	7
Pension and other postretirement benefits	304	304	(1)
Deferred income taxes and other	183	158	15
Total equity	1,808	1,755	52
Total Liabilities and Shareholders' Equity	\$ 5,739	\$ 5,012	\$ 727
Net debt / Total capital	43.8%	46.4%	

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



OCC: Official Board Market

2nd 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	90	100	70	-	-	-	-	-	-	-