

Financial Review

Sonoco Fourth Quarter 2022 and Full Year 2022 Results

Investor Presentation | February 2023



Better
Than Ever.



Forward-Looking Statements / Non-GAAP Financial Measures

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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 investor.sonoco.com under Webcasts & Presentations, [Non-GAAP Reconciliations for Q4 2022 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 investor.sonoco.com.

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

Today's Attendees



HOWARD COKER
President & CEO



ROB DILLARD
Chief Financial Officer



RODGER FULLER
Chief Operating Officer



LISA WEEKS
VP of IR & Communications

2022 Results Summary

FINANCIAL PERFORMANCE

REVENUE	BASE EBITDA	BASE NET INCOME	BASE EARNINGS PER SHARE*
\$7.25B +30% y/y	\$1.15B +51% y/y	\$639M +63% y/y	\$6.48 +65% y/y

HIGHLIGHTS

- **2022: a year of step change improvements in the profitability profile of Sonoco**
 - Organization and portfolio simplification – focus on fewer bigger businesses
 - Multi-year efforts on Commercial Excellence programs yielding results
 - Efficient and high return capital deployment (organic capital for portfolio alignment and M&A)
 - Ahead of expectations on Metal Packaging acquisition – demonstrated integration expertise
 - Significant progress on ESG/Sustainability programs
- **2022: Record performance in the 124-year history of the Company**

* See Appendix for EPS base to GAAP reconciliation. See investor.sonoco.com for reconciliations of other non-GAAP financial measures.





Financial Results

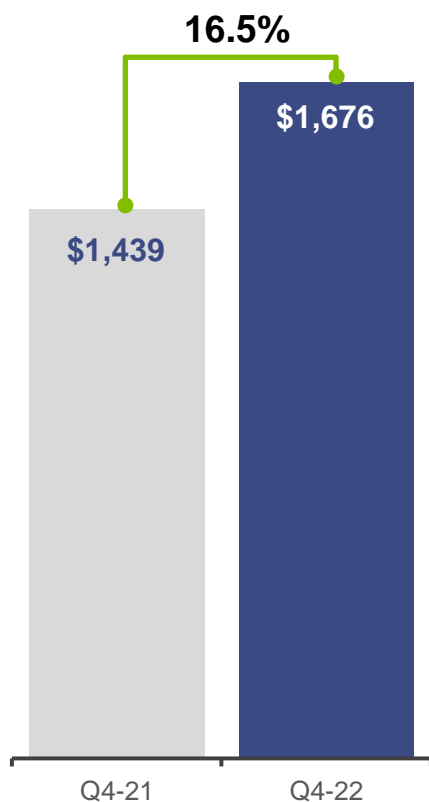
Rob Dillard

Chief Financial Officer

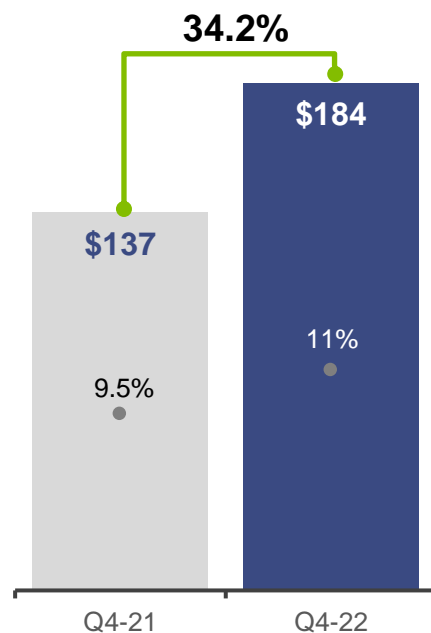


Q4-22 Financial Results

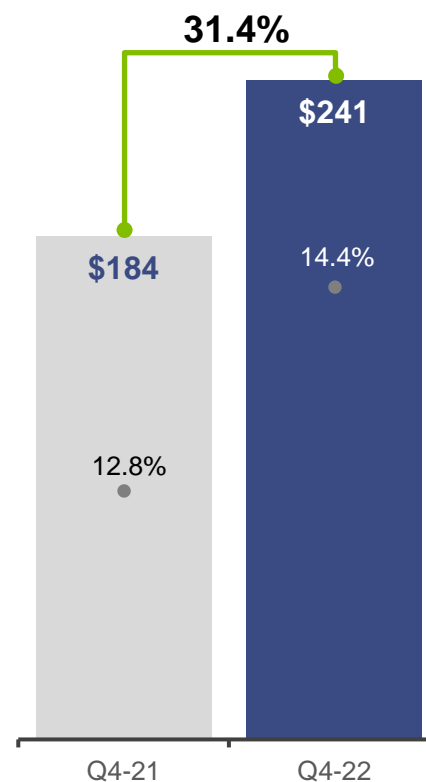
Net Sales
(\$M)



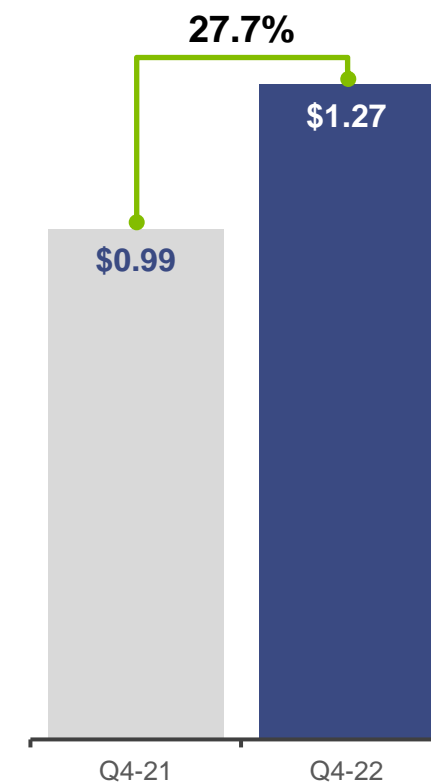
Base
Operating Profit
(\$M)



Base EBITDA
(\$M)



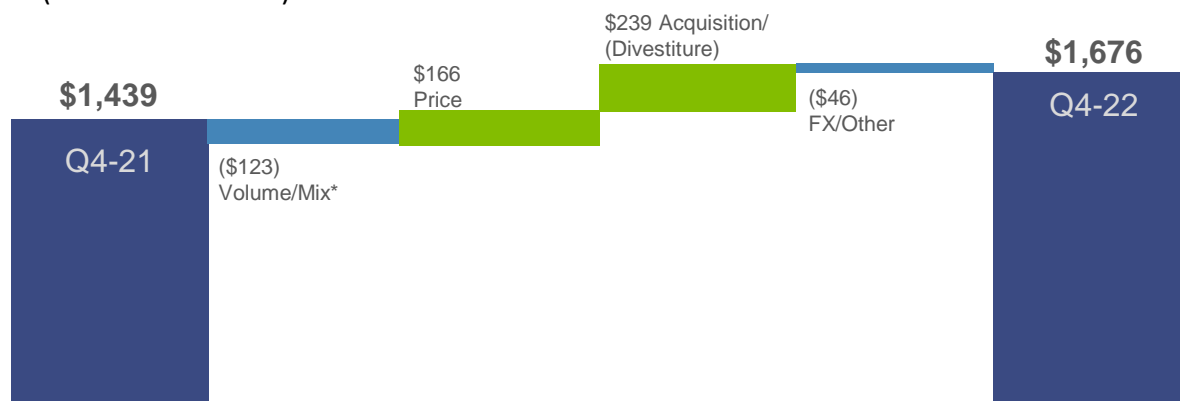
Base EPS



Q4-22 Performance Drivers

Sales Bridge (Year-over-Year)

(Dollars in millions)

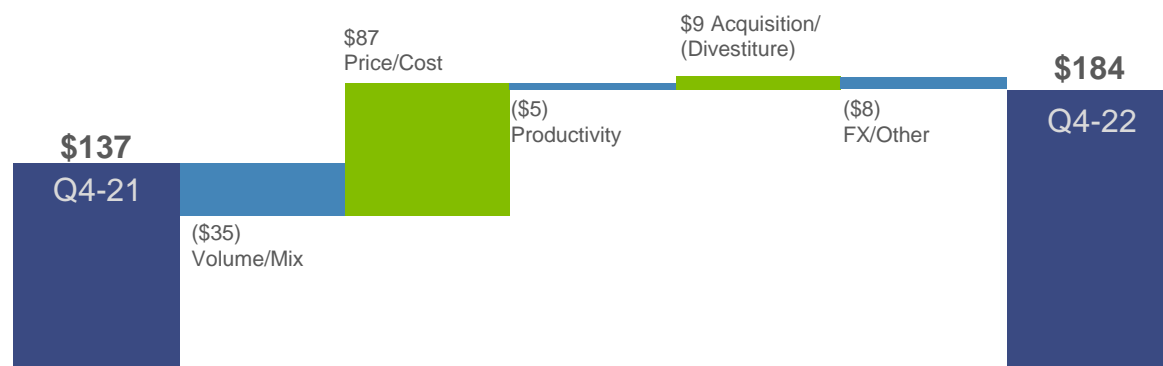


Sales Drivers

- **Volume/Mix:** Volume declines in Consumer from weather impacts to plastic packaging and lower Industrial demand including the exit of the corrugated medium paper market
- **Price:** Strategic pricing contributed positively across all segments offsetting volume declines
- **Acquisitions:** Metal Packaging contributed positively
- **FX/Other:** FX impacted negatively from a strong dollar

Base Operating Profit Bridge (Year-over-Year)

(Dollars in millions)



Profit Drivers

- **Volume/Mix:** Lower primarily from Industrials
- **Price/Cost:** Strategic pricing and lower materials cost in Industrials, offset material inflation in Consumer and All Other, as well as wage and energy inflation across the Segments
- **Acquisitions:** Contribution from Metal Packaging acquisition
- **FX/Other:** Negative FX impacts and other non-recurring expenses

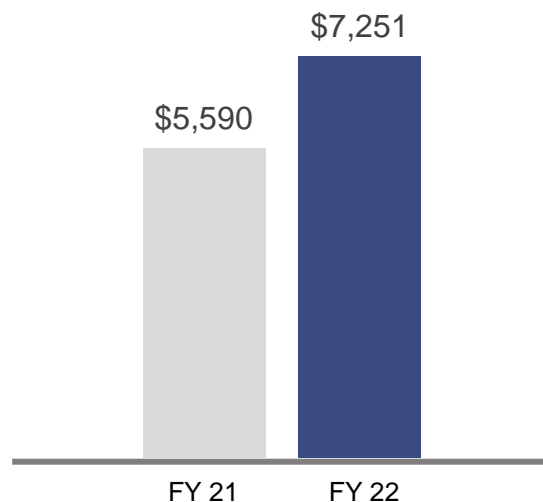
Q4-22 Segment Results

	Net Sales		Base Operating Profit		Operating Profit as % of Sales		OP Bridge Drivers (Y/Y)
	\$MM	Y/Y Growth	\$MM	Y/Y Growth	%	Y/Y Growth	
CONSUMER	\$879	49%	\$85	37%	9.7%	(83 bps)	<ul style="list-style-type: none"> Growth driven by Sonoco Metal Packaging acquisition, price/cost and productivity Seasonal unit volume declines sequentially as expected Plastic packaging below forecast from weather
INDUSTRIAL	\$597	(9%)	\$79	34%	13.3%	422 bps	<ul style="list-style-type: none"> Unit volume declines globally led by Europe and Asia Volume declines also reflect the exit from Russia and the corrugated medium market Positive price/cost offset volume declines
ALL OTHER	\$200	3%	\$20	24%	9.8%	168 bps	<ul style="list-style-type: none"> Overall volumes mixed Strategic pricing benefited operating profit
TOTAL	\$1,676	16%	\$184	34%	11.0%	145 bps	

2022 Financial Summary

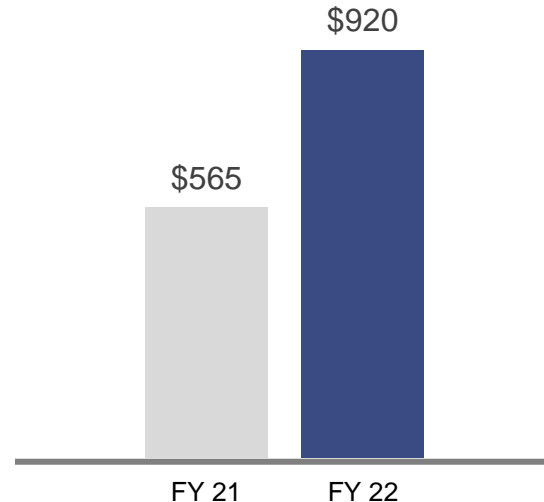
Net Sales (\$M)

+30%



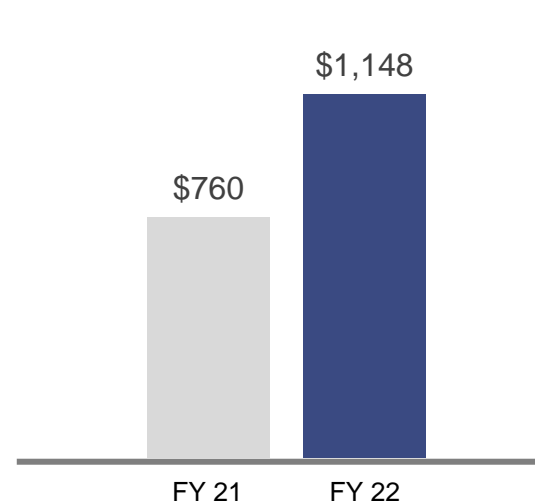
Base Operating Profit (\$M)

+63%



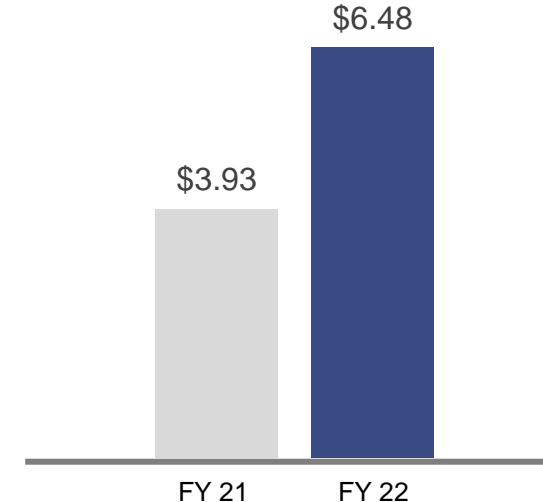
Base EBITDA (\$M)

+51%



Base EPS

+65%



By Reporting Segment

	Revenue	Base OP
Consumer	52%	57%
Industrial	37%	36%
All Other	11%	7%
Total	100%	100%

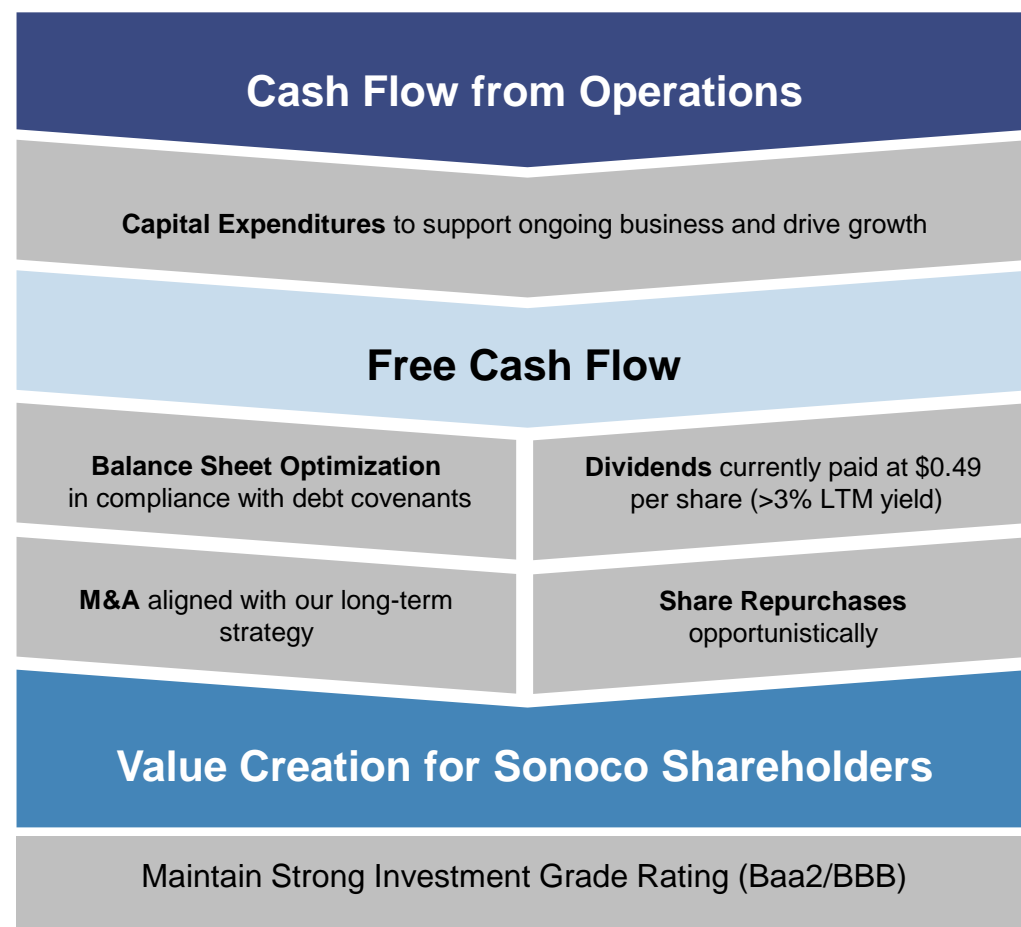
Performance Highlights

- Revenue of \$7.3B grew ~30% mainly driven by acquisitions, volume improvements in consumer food packaging, and strategic pricing
- Base EBITDA margin increased to 15.8%
- Free cash flow of ~\$190M below expectations from higher working capital; expect working capital positive reversion in 2023
- Strong base EPS growth YoY ~65%
- Closed Skjern Paper acquisition in Q4
- Announced RTS Packaging acquisition in Q4; expect to close in 2H 2023

Capital Allocation

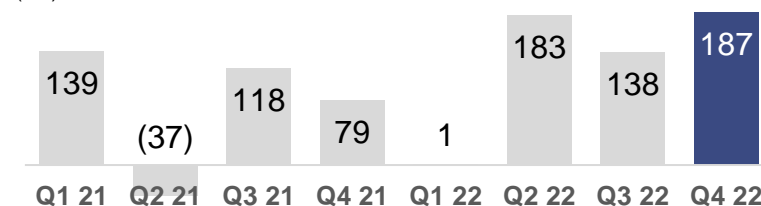
Capital Allocation Framework is Aligned to Business Strategy to Drive Value Creation for Shareholders

Capital Allocation Priorities



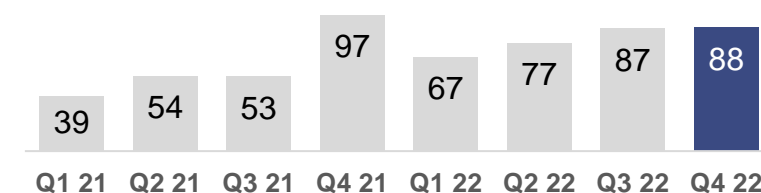
Operating Cash Flow

(\$M)



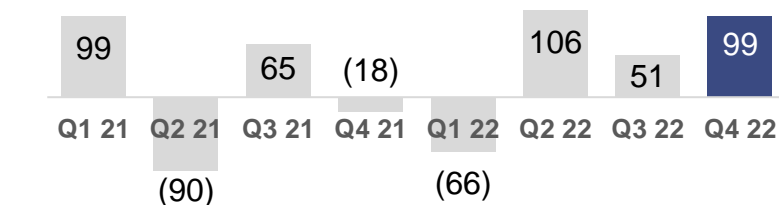
Net Capital Expenditures

(\$M)



Free Cash Flow

(\$M)



2023 Financial Outlook

\$ Millions (Unless Noted Otherwise)	2023 Guidance
Base EBITDA	\$1,100 - \$1,150
Base EPS (Excludes Amortization of Acquisition Intangibles)	\$5.70 - \$5.90
Operating Cash Flow	\$925 - \$975
Free Cash Flow	\$550 - \$650

Summary

- Consumer segment volumes positive for full year driven by food packaging products
- Expect lower volumes in the Industrial segment
- All Other volume up slightly for the full year
- Ongoing benefit of commercial excellence programs
- Higher productivity with improved supply chain and labor conditions
- Improvements in working capital to yield substantial cash flow improvements

Q1-23 Base EPS Guidance of \$1.15 to \$1.25

Segment Outlook

CONSUMER PACKAGING

Q1-23 Outlook

- Volumes improving sequentially across consumer packaging
- Severe weather impacts continue to mute near term demand for plastic food packaging
- Headwinds from steel price declines and other raw material costs

2023 Outlook

- Volume increases across the portfolio
- Ongoing capital investments to expand capacity and Sustainable packaging
- Continued strategic pricing benefits
- Stabilization of raw material supply and pricing

INDUSTRIAL PRODUCTS

Q1-23 Outlook

- Continued softness in volumes globally
- Positive price/cost driven primarily by lower raw material cost
- Continued grade qualifications and full production ramp up of #10 Machine
- Productivity improving

2023 Outlook

- Monitoring Europe and Asia volumes carefully
- Additional capital investments for productivity improvements
- Maintain positive price/cost - energy inflation remains variable
- Minimal impacts from Tan Bending Chip and OCC prices

ALL OTHER BUSINESSES

Q1-23 Outlook

- Benefits of positive pricing actions
- Managing non-material inflation and labor availability
- Improving resin prices

2023 Outlook

- Stable demand across the portfolio
- Pricing actions across the business continue to drive value
- Improved productivity across the group



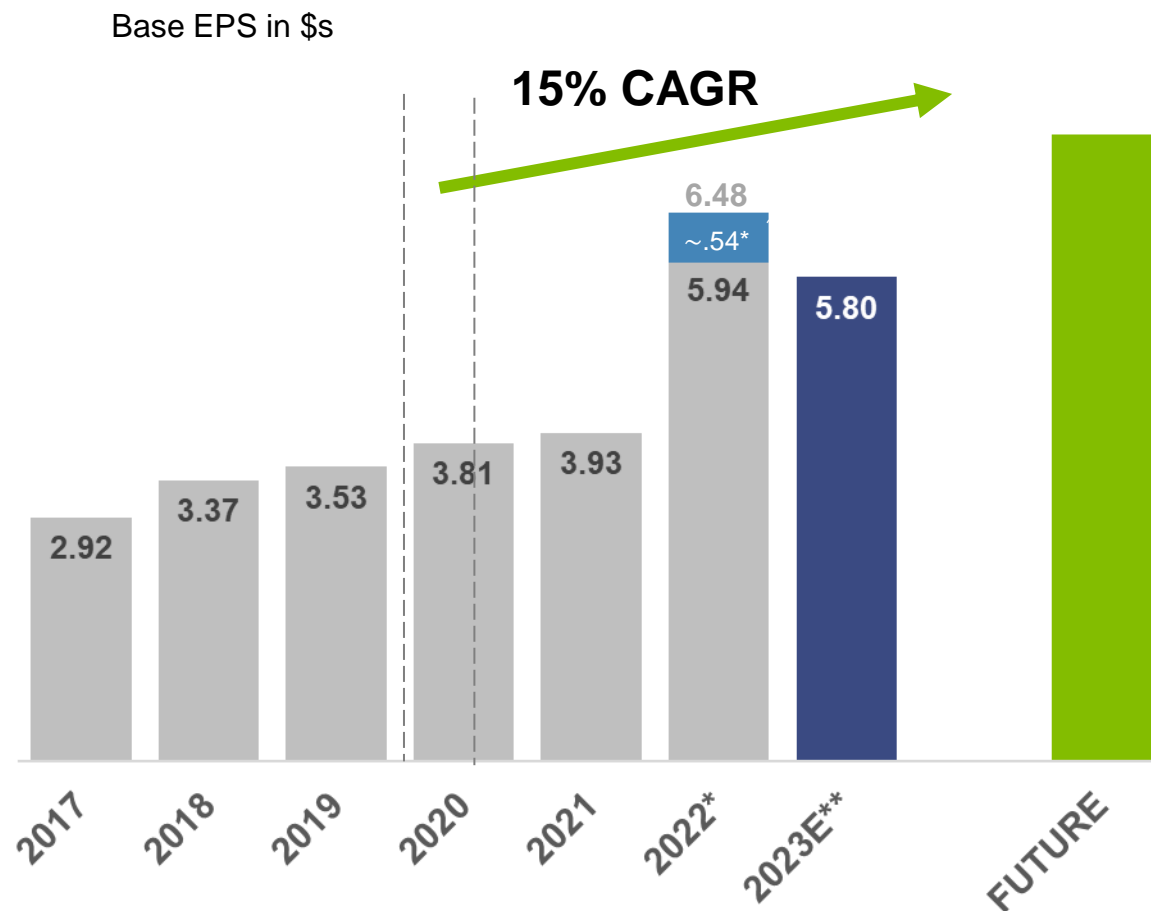
Business Update

Howard Coker

President and
Chief Executive Officer



2022: A Year of Progress... More to Come



- High return capital investments have driven a **step change** improvement in our earnings profile as we reshape the portfolio
- Based on 2023 guidance mid-point, expectation is **15% CAGR** in Base EPS from 2020
- Objective is to continue profit growth in the **future** through organic and inorganic investments

* Full year Metal Price Overlap Benefit for all Sonoco

** Mid-point of Company's EPS Guidance for 2023

Restated for Amortization of Intangibles from Acquisitions starting 2020
See investor.sonoco.com for reconciliations of non-GAAP financial measures

Looking Ahead: 2023 and Beyond

Capital allocation is the cornerstone of our strategy: focused on increasing our dividend and maintaining an investment grade balance sheet.

- Expect Q1-23 to be the low-water mark for the year based on customer forecasts – improvements through Q2 and Q3 and then a seasonal Q4
- Stable operational performance (essentially flat y/y on Base EBITDA) with improving translation of earnings to cash
- Significantly improved Free Cash Flow ~\$600M in 2023
- Further portfolio rationalization for improved stability and profitability; remain focused on incremental \$180M annualized Base EBITDA benefits by 2026
- Continued focus on increasing Return on Invested Capital through core organic and accretive acquisition investments

Never more positive about the long-term outlook for Sonoco



EPS Summary 2022 Vs. 2021

	4th Quarter		Year To Date	
	2022	2021	2022	2021
GAAP EPS	\$ 0.98	\$ 0.66	\$ 4.72	\$ (0.86)
Addback for:				
Acquisition related costs, net	0.06	0.05	0.53	0.14
LIFO Reserve change	0.03	—	0.22	—
Acquisition Intangibles Amortization expense	0.15	0.09	0.62	0.37
Restructuring, net	0.09	0.03	0.46	0.09
Non-Operating Pension costs	0.02	0.06	0.05	4.24
Other Items	(0.06)	0.10	(0.12)	(0.05)
Base EPS	\$ 1.27	\$ 0.99	\$ 6.48	\$ 3.93

P&L Summary (Base) 4th Quarter: 2022 Vs. 2021

(Dollars in millions)

	2022	2021	Better / (Worse)	
			\$	%
Net sales	\$ 1,676	\$ 1,439	\$ 237	16.5 %
Gross profit	317	264	53	20.1 %
SG&A Expenses, net of Other Income	(133)	(127)	(6)	(4.7)%
Operating profit	\$ 184	\$ 137	\$ 47	34.3 %
Net interest	(29)	(12)	(17)	(141.7)%
Income before income taxes	\$ 155	\$ 125	\$ 30	24.0 %
Provision for income taxes	33	30	(3)	(10.0)%
Net Income, after tax	\$ 122	\$ 95	\$ 27	28.4 %
Equity in Affiliates and Minority Interest	4	3	1	33.3 %
Net income attributable to Sonoco	\$ 126	\$ 98	\$ 28	28.6 %
EBITDA	\$ 241	\$ 184	57	31.0 %
Gross profit %	18.9 %	18.3 %		
SG&A, net of Other Income %	8.0 %	8.8 %		
Operating profit %	11.0 %	9.5 %		
EBITDA%	14.4 %	12.8 %		
Effective tax rate	21.3 %	23.8 %		

P&L Summary (Base) 4th Quarter Year to date: 2022 Vs. 2021

(Dollars in millions)

	2022	2021	Better / (Worse)	
			\$	%
Net sales	\$ 7,251	\$ 5,590	\$ 1,661	29.7 %
Gross profit	1,501	1,062	439	41.3 %
SG&A Expenses, net of Other Income	(581)	(497)	(84)	16.9 %
Operating Profit	\$ 920	\$ 565	\$ 355	62.8 %
Net interest	(97)	(61)	(36)	(59.0)%
Income before income taxes	\$ 823	\$ 504	\$ 319	63.3 %
Provision for income taxes	197	119	(78)	(65.5)%
Net Income, after tax	\$ 626	\$ 385	\$ 241	62.6 %
Equity Affiliates and Minority Interest	14	9	5	55.6 %
Net income attributable to Sonoco	\$ 640	\$ 394	\$ 246	62.4 %
EBITDA	\$ 1,148	\$ 760	\$ 388	51.1 %
Gross Profit %	20.7 %	19.0 %		
SG&A, Net of Other Income %	8.0 %	8.9 %		
Operating profit %	12.7 %	10.1 %		
EBITDA %	15.8 %	13.6 %		
Effective tax rate	23.9 %	23.6 %		

Balance Sheet

(Dollars in millions)

	12/31/2022	12/31/2021	Change \$
Cash and cash equivalents	\$ 227	\$ 171	\$ 56
Trade accounts receivable, net of allowances	863	756	107
Other receivables	99	96	3
Inventories	1,102	562	540
Prepaid expenses	106	74	32
Current Assets	\$ 2,398	\$ 1,659	\$ 739
Property, plant and equipment, net	1,710	1,297	413
Goodwill	1,675	1,325	350
Other intangible assets, net	742	278	464
Long-term Deferred Income Taxes	30	26	4
Right of Use Asset - Operating leases	297	268	29
Other assets	238	220	18
Total Assets	\$ 7,090	\$ 5,073	\$ 2,017
Payable to suppliers and others	1,255	1,103	152
Income taxes payable	17	12	5
Total debt	3,260	1,647	1,613
Pension and other postretirement benefits	120	158	(38)
Noncurrent operating lease liabilities	251	234	17
Deferred income taxes and other	114	70	44
Total equity	2,073	1,850	223
Total Liabilities and Shareholders' Equity	\$ 7,090	\$ 5,073	\$ 2,017
Net debt / Total capital	59.4 %	44.4 %	
<p>Net debt = Total debt minus cash and cash equivalents Total capital = Net debt plus total equity</p>			

NOTE: Due to rounding individual items may not sum down

2022 includes preliminary purchase price accounting estimates related to Sonoco Metal Packaging acquisition that are subject to change



2023 Modeling Information

\$ Million (Unless Noted Otherwise)	2023 Model Inputs
Base Operating Margin	11 - 12%
Depreciation & Amortization	~\$260 million
Effective Tax Rate	~25%
Net Interest Expense	~\$115 million
Weighted Average Shares (in millions)	98,900

- Expect capital expenses to be ~\$350M in 2023
- Assumes US dollar to be weaker on average in 2023
- Depreciation (Amortization is non-base) increasing ~\$33 million over 2022 as capital projects come online
- Full year of Metal Packaging related debt and higher interest rates on floating rate debt drive higher interest expense

Note: Slide contains supporting reference information for guidance