



Grow & Optimize



Sonoco 3rd Quarter 2016 Results

Investor Presentation
October 2016

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 under Investor Relations, Webcasts & Presentations, Non-GAAP Reconciliations for Q3 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.

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



EPS Summary

3rd Quarter: 2016 Vs. 2015

	3rd Quarter		Year To Date	
	2016	2015	2016	2015
Actual EPS	\$0.64	\$0.43	\$1.78	\$1.90
Addback for:				
Restructuring & Asset Impair, Net	0.07	0.18	0.30	0.29
Canton Disposition	—	—	—	(0.16)
Tax Reserve Adjustments	—	—	—	(0.03)
Reversal of Fox River Reserve	—	—	—	(0.21)
Irapuato Costs	—	0.05	—	0.05
Acquisition / Divestiture Costs / Other	0.01	(0.01)	0.03	0.03
Base EPS	\$0.72	\$0.65	\$2.11	\$1.87

P&L Summary (Base)

3rd Quarter: 2016 Vs. 2015

(Dollars in thousands)

	2016	2015	Better / (Worse)	
			\$	%
Net sales	\$ 1,208,724	\$ 1,242,592	\$ (33,868)	(2.7)%
Cost of sales	(973,351)	(1,013,219)	39,868	3.9%
Gross profit	235,373	229,373	6,000	2.6%
Selling, general and administrative expenses	(120,640)	(123,483)	2,843	2.3%
Income before interest and taxes (EBIT)	114,733	105,890	8,843	8.4%
Net interest	(12,437)	(13,687)	1,250	9.1%
Income before income taxes	102,296	92,203	10,093	10.9%
Provision for income taxes	(31,358)	(28,367)	(2,991)	(10.5)%
Income before equity in earnings of affiliates	70,938	63,836	7,102	11.1%
Equity in earnings of affiliates, net of tax	3,190	2,976	214	7.2%
Net income	74,128	66,812	7,316	11.0%
Noncontrolling interests	(617)	(86)	(531)	(100.0)%
Net income attributable to Sonoco	\$ 73,511	\$ 66,726	\$ 6,785	10.2%
EPS diluted	\$ 0.72	\$ 0.65	\$ 0.07	10.8%
Effective tax rate	30.7%	30.8%		



Sales Bridge

3rd Quarter: 2016 Vs. 2015
(Dollars in millions)

	<u>Q3-2016</u>	<u>YTD 2016</u>
2015 Sales	\$1,243	\$3,697
Volume / Mix	(0)	77
Price	(4)	(32)
Acq / Div	(6)	(0)
Exchange / Other	<u>(24)</u>	<u>(101)</u>
2016 Sales	<u>\$1,209</u>	<u>\$3,641</u>

Base EBIT Bridge

3rd Quarter: 2016 Vs. 2015
(Dollars in millions)

	<u>Q3-2016</u>	<u>YTD 2016</u>
2015 Base EBIT	\$106	\$309
Volume / Mix	(0)	15
Price / Mat'l, Energy, Frt Costs	4	23
Acq / Div	1	3
Productivity	4	12
Other	(3)	(29)
Pension	<u>3</u>	<u>9</u>
2016 Base EBIT	<u>\$115</u>	<u>\$342</u>



Segment Analysis

3rd Quarter: 2016 Vs. 2015

(Dollars in thousands)

	NET SALES			BASE EBIT		
	2016	2015	% Chg	2016	2015	% Chg
Consumer Packaging	\$ 519,729	\$ 521,499	(0.3)%	\$ 63,761	\$ 55,282	15.3%
Display & Packaging	132,016	162,945	(19.0)%	5,153	5,405	(4.7)%
Paper & Ind Conv Prods	424,615	427,753	(0.7)%	33,239	32,292	2.9%
Protective Solutions	132,364	130,395	1.5%	12,580	12,911	(2.6)%
	<u>\$ 1,208,724</u>	<u>\$ 1,242,592</u>	<u>(2.7)%</u>	<u>\$ 114,733</u>	<u>\$ 105,890</u>	<u>8.4%</u>

	EBIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	12.3%	10.6%	1.7%
Display & Packaging	3.9%	3.3%	0.6%
Paper & Ind Conv Prods	7.8%	7.5%	0.3%
Protective Solutions	9.5%	9.9%	(0.4)%
	<u>9.5%</u>	<u>8.5%</u>	<u>1.0%</u>



Base Earnings Guidance

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2015 Base EPS	\$0.54	\$0.68	\$0.65	\$0.64	\$2.51
2016 Base EPS	\$0.65	\$0.73	\$0.72		
2016 Guidance	\$0.65	\$0.73	\$0.72	\$0.60 - \$0.65	\$2.70 - \$2.75

Cash Flow

3rd Quarter: 2016 Vs. 2015
(Dollars in thousands)

	3rd Quarter		Year To Date	
	2016	2015	2016	2015
Cash from operations (See Note A)	\$ 162,628	\$ 145,058	\$ 348,677	\$ 318,140
Purchase of property, plant and equipment	(43,299)	(54,155)	(142,073)	(140,869)
Proceeds from dispositions, net	2,971	304	(1,871)	31,310
Cash Dividends	(37,142)	(35,323)	(109,821)	(102,702)
"Free Cash Flow"	\$ 85,158	\$ 55,884	\$ 94,912	\$ 105,879
Cash used to acquire shares under announced buyback	(21,012)	—	(58,943)	—
 Note A: Cash from operations includes pension and and post retirement plan contributions of:	\$ (4,299)	\$ (4,298)	\$ (39,946)	\$ (29,416)

Balance Sheet

(Dollars in thousands)

	10/2/2016	7/3/2016	Change \$
Cash and cash equivalents	\$ 159,321	\$ 107,748	\$ 51,573
Trade accounts receivable, net of allowances	669,200	669,085	115
Other receivables	48,995	46,427	2,568
Inventories	376,317	397,580	(21,263)
Prepaid expenses and deferred income taxes	43,090	50,913	(7,823)
Assets held for sale	183,284	—	183,284
Current Assets	<u>\$ 1,480,207</u>	<u>\$ 1,271,753</u>	<u>\$ 208,454</u>
Property, plant and equipment, net	\$ 1,068,432	\$ 1,109,013	\$ (40,581)
Goodwill	1,076,493	1,151,556	(75,063)
Other intangible assets, net	217,771	229,702	(11,931)
Other assets	201,646	202,852	(1,206)
Total Assets	<u>\$ 4,044,549</u>	<u>\$ 3,964,876</u>	<u>\$ 79,673</u>
Payable to suppliers and others	792,734	767,623	25,111
Income taxes payable	12,050	5,344	6,706
Liabilities held for sale	20,126	—	20,126
Total debt	1,091,125	1,081,662	9,463
Pension and other postretirement benefits	409,464	412,572	(3,108)
Deferred income taxes and other	129,413	121,959	7,454
Total equity	<u>1,589,637</u>	<u>1,575,716</u>	<u>13,921</u>
Total Liabilities and Shareholders' Equity	<u>\$ 4,044,549</u>	<u>\$ 3,964,876</u>	<u>\$ 79,673</u>
Net debt / Total capital	37.0%	38.2%	

Net debt = Total debt minus cash and cash equivalents

Total capital = Net debt plus total equity



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Appendix

P&L Summary (Base)

Year to date: 2016 Vs. 2015

(Dollars in thousands)

	2016	2015	Better / (Worse)	
			\$	%
Net sales	\$ 3,640,680	\$ 3,697,234	\$ (56,554)	(1.5)%
Cost of sales	(2,918,041)	(3,007,155)	89,114	3.0%
Gross profit	722,639	690,079	32,560	4.7%
Selling, general and administrative expenses	(380,196)	(380,709)	513	0.1%
Income before interest and taxes (EBIT)	342,443	309,370	33,073	10.7%
Net interest	(39,768)	(40,509)	741	1.8%
Income before income taxes	302,675	268,861	33,814	12.6%
Provision for income taxes	(94,027)	(84,655)	(9,372)	(11.1)%
Income before equity in earnings of affiliates	208,648	184,206	24,442	13.3%
Equity in earnings of affiliates, net of tax	7,457	7,291	166	2.3%
Net income	216,105	191,497	24,608	12.9%
Noncontrolling interests	(1,403)	(314)	(1,089)	(100.0)%
Net income attributable to Sonoco	\$ 214,702	\$ 191,183	\$ 23,519	12.3%
EPS diluted	\$ 2.11	\$ 1.87	\$ 0.24	12.8%
Effective tax rate	31.1%	31.5%		



Segment Analysis

Year to date: 2016 Vs. 2015

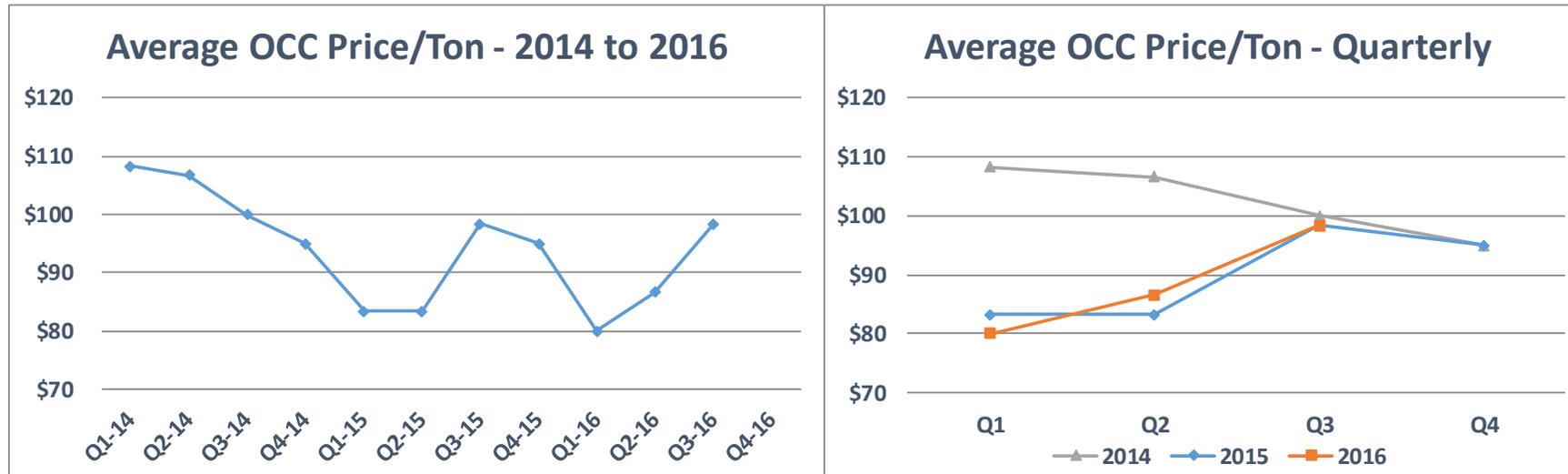
(Dollars in thousands)

	NET SALES			SEGMENT OPERATING PROFIT		
	2016	2015	% Chg	2016	2015	% Chg
Consumer Packaging	\$ 1,558,074	\$ 1,572,490	(0.9)%	\$ 186,135	\$ 166,840	11.6%
Display & Packaging	407,157	450,334	(9.6)%	13,464	7,278	85.0%
Paper & Ind Conv Prods	1,281,031	1,298,940	(1.4)%	104,018	99,052	5.0%
Protective Solutions	394,418	375,470	5.0%	38,826	36,200	7.3%
	<u>\$ 3,640,680</u>	<u>\$ 3,697,234</u>	<u>(1.5)%</u>	<u>\$ 342,443</u>	<u>\$ 309,370</u>	<u>10.7%</u>

	SEGMENT OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	11.9%	10.6%	1.3%
Display & Packaging	3.3%	1.6%	1.7%
Paper & Ind Conv Prods	8.1%	7.6%	0.5%
Protective Solutions	9.8%	9.6%	0.2%
	<u>9.4%</u>	<u>8.4%</u>	<u>1.0%</u>

OCC: Official Board Market

3rd Quarter: 2016 Vs. 2015 Vs. 2014
(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
2014	100	100	125	108	110	105	105	107	105	100	95	100	95	95	95	95
2015	90	80	80	83	80	80	90	83	95	100	100	98	100	95	90	95
2016	80	80	80	80	80	85	95	87	100	110	110	98	110			

