

Sonoco Products Company
Reconciliation of Non-GAAP Financial Measures

In accordance with the SEC's Regulation G, the following provides definitions of the non-GAAP financial measures used by the company, together with the most directly comparable financial measures calculated in accordance with GAAP, and a reconciliation of the differences between the non-GAAP financial measures disclosed and the most directly comparable financial measures calculated in accordance with GAAP.

Definition and Reconciliation of Non-GAAP Financial Measures

The Company's results determined in accordance with U.S. generally accepted accounting principles (GAAP) are referred to as "as reported" or "GAAP" results. Some of the information presented in this press release reflects the Company's "as reported" or "GAAP" results adjusted to exclude amounts related to restructuring initiatives, asset impairment charges, environmental charges, acquisition costs, excess insurance recoveries, losses from the early extinguishment of debt, and certain other items, if any, the exclusion of which management believes improves comparability and analysis of the ongoing operating performance of the business. These adjustments result in the non-GAAP financial measures referred to in earnings presentations as "Base Earnings" and "Base Earnings per Diluted Share."

These non-GAAP measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Sonoco continues to provide all information required by GAAP, but it believes that evaluating its ongoing operating results may not be as useful if an investor or other user is limited to reviewing only GAAP financial measures. Sonoco uses these non-GAAP financial measures for internal planning and forecasting purposes, to evaluate its ongoing operations, and to evaluate the ultimate performance of each business unit against budget all the way up through the evaluation of the Chief Executive Officer's performance by the Board of Directors. In addition, these same non-GAAP measures are used in determining incentive compensation for the entire management team and in providing earnings guidance to the investing community.

Sonoco management does not, nor does it suggest that investors should, consider these non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Sonoco presents these non-GAAP financial measures to provide users information to evaluate Sonoco's operating results in a manner similar to how management evaluates business performance. Material limitations associated with the use of such measures are that they do not reflect all period costs included in operating expenses and may not reflect financial results that are comparable to financial results of other companies that present similar costs differently. Furthermore, the calculations of these non-GAAP measures are based on subjective determinations of management regarding the nature and classification of events and circumstances that the investor may find material and view differently.

To compensate for these limitations, management believes that it is useful in understanding and analyzing the results of the business to review both GAAP information which includes all of the items impacting financial results and the non-GAAP measures that exclude certain elements, as described above. Whenever Sonoco uses a non-GAAP financial measure, except with respect to guidance, it provides a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Whenever reviewing a non-GAAP financial measure, investors are encouraged to fully review and consider the related reconciliation as detailed below. Third-quarter and full-year 2016 GAAP guidance are not provided in this release due to the likely occurrence of one or more of the following, the timing and magnitude of which we are unable to reliably forecast: possible gains or losses on the sale of businesses or other assets, restructuring costs and restructuring-related impairment charges, acquisition related costs, and the income tax effects of these items and/or other income tax-related events. These items could have a significant impact on the Company's future GAAP financial results.

The following tables reconcile the Company's non-GAAP financial measures to their most directly comparable GAAP financial measures in the Company's Condensed Consolidated Statements of Income for each of the periods presented.

Reconciliation of GAAP to Non-GAAP Financial Measures*For the three months ended July 3, 2016**Dollars and shares in thousands, except per share data*

	Non-GAAP Adjustments			Base
	GAAP	Restructuring/ Asset Impairment Charges ⁽¹⁾	Other Adjustments ⁽²⁾	
Income before interest and income taxes	\$92,124	\$23,278	\$837	\$116,239
Interest expense, net	13,544	-	-	13,544
Income before income taxes	78,580	23,278	837	102,695
Provision for income taxes	24,790	5,425	233	30,448
Income before equity in earnings of affiliates	53,790	17,853	604	72,247
Equity in earnings of affiliates, net of tax	2,928	-	-	2,928
Net income	56,718	17,853	604	75,175
Net (income) attributable to noncontrolling interests	(466)	(38)	-	(504)
Net income attributable to Sonoco	\$56,252	\$17,815	\$604	\$74,671
Per diluted common share	\$0.55	\$0.17	\$0.01	\$0.73
Effective tax rate	31.5%			29.6%

Reconciliation of GAAP to Non-GAAP Financial Measures*For the three months ended June 28, 2015**Dollars and shares in thousands, except per share data*

	Non-GAAP Adjustments			Base
	GAAP	Restructuring/ Asset Impairment Charges ⁽¹⁾	Other Adjustments ⁽³⁾	
Income before interest and income taxes	\$98,984	\$10,445	\$1,703	\$111,132
Interest expense, net	13,601	-	-	13,601
Income before income taxes	85,383	10,445	1,703	97,531
Provision for income taxes	24,023	3,683	3,282	30,988
Income before equity in earnings of affiliates	61,360	6,762	(1,579)	66,543
Equity in earnings of affiliates, net of tax	3,269	-	-	3,269
Net income	64,629	6,762	(1,579)	69,812
Net (income) attributable to noncontrolling interests	(250)	(55)	-	(305)
Net income attributable to Sonoco	\$64,379	\$6,707	\$(1,579)	\$69,507
Per diluted common share	\$0.63	\$0.07	\$(0.02)	\$0.68
Effective tax rate	28.1%			31.8%

Reconciliation of GAAP to Non-GAAP Financial Measures*For the six months ended July 3, 2016**Dollars and shares in thousands, except per share data*

	GAAP	Non-GAAP Adjustments		Base
		Restructuring/ Asset Impairment Charges ⁽¹⁾	Other Adjustments ⁽²⁾	
Income before interest and income taxes	193,956	32,506	1,248	227,710
Interest expense, net	27,331	-	-	27,331
Income before income taxes	166,625	32,506	1,248	200,379
Provision for income taxes	53,984	8,345	340	62,669
Income before equity in earnings of affiliates	112,641	24,161	908	137,710
Equity in earnings of affiliates, net of tax	4,267	-	-	4,267
Net income	116,908	24,161	908	141,977
Net (income) attributable to noncontrolling interests	(742)	(45)	-	(787)
Net income attributable to Sonoco	\$116,166	\$24,116	\$908	\$141,190
Per diluted common share	\$1.14	\$0.24	\$0.01	\$1.38
Effective tax rate	32.4%			31.3%

Reconciliation of GAAP to Non-GAAP Financial Measures*For the six months ended June 28, 2015**Dollars and shares in thousands, except per share data*

	GAAP	Non-GAAP Adjustments		Base
		Restructuring/ Asset Impairment Charges ^(1,4)	Other Adjustments ⁽⁵⁾	
Income before interest and income taxes	223,068	10,086	(29,674)	203,480
Interest expense, net	26,822	-	-	26,822
Income before income taxes	196,246	10,086	(29,674)	176,658
Provision for income taxes	50,244	15,276	(9,232)	56,288
Income before equity in earnings of affiliates	146,002	(5,190)	(20,442)	120,370
Equity in earnings of affiliates, net of tax	4,315	-	-	4,315
Net income	150,317	(5,190)	(20,442)	124,685
Net (income) attributable to noncontrolling interests	(158)	(70)	-	(228)
Net income attributable to Sonoco	\$150,159	\$(5,260)	\$(20,442)	\$124,457
Per diluted common share	\$1.47	\$(0.05)	\$(0.20)	\$1.22
Effective tax rate	25.6%			31.9%

- (1) Restructuring/Asset impairment charges are a recurring item as Sonoco's restructuring programs usually require several years to fully implement and the Company is continually seeking to take actions that could enhance its efficiency. Although recurring, these charges are subject to significant fluctuations from period to period due to the varying levels of restructuring activity and the inherent imprecision in the estimates used to recognize the impairment of assets and the wide variety of costs and taxes associated with severance and termination benefits in the countries in which the restructuring actions occur.
- (2) Consists primarily of costs related to acquisitions and potential acquisitions.
- (3) Consists primarily of acquisition-related costs and an income tax gain from the release of a valuation allowance against tax loss carryforwards in Spain.
- (4) Includes disposal and income tax gains related to the sale of two of the Company's metal end and closures plants.
- (5) Consists of acquisition-related costs; a gain from the release of reserves related to the partial settlement of the Fox River environmental claims, and an income tax gain from the release of a valuation allowance against tax loss carryforwards in Spain.

FREE CASH FLOW*	Three Months Ended		Six Months Ended	
	July 3, 2016	June 28, 2015	July 3, 2016	June 28, 2015
Net cash provided by operating activities	\$119,662	\$112,752	\$186,049	\$173,082
Purchase of property, plant and equipment	(43,089)	(45,759)	(98,774)	(86,713)
Proceeds from the sale of assets	1,002	298	3,594	31,006
Cost of disposition of assets	(8,436)	-	(8,436)	-
Purchase of property, plant and equipment, net	(50,523)	(45,461)	(103,616)	(55,707)
Cash dividends	(37,283)	(35,116)	(72,679)	(67,379)
Free Cash Flow	31,856	32,175	9,754	49,996

FREE CASH FLOW*	Twelve Months Ended	
	Estimated December 31, 2016	Actual December 31, 2015
Net cash provided by operating activities	\$490,000	\$452,930
Purchase of property, plant and equipment	\$198,000	\$188,873
Proceeds from the sale of assets	3,594	29,108
Cost of disposition of assets	(8,436)	-
Purchase of property, plant and equipment, net	202,842	159,765
Cash dividends	147,000	138,032
Free Cash Flow	\$140,158	\$155,133

* Free Cash Flow is a non-GAAP measure that does not imply the amount of residual cash flow available for discretionary expenditures, as it excludes mandatory debt service requirements and other non-discretionary expenditures.