

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC

20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended September 28, 1997

Commission File No. 1-11261

SONOCO PRODUCTS COMPANY

Incorporated under the laws
of South Carolina

I.R.S. Employer Identification
No. 57-0248420

Post Office Box 160

Hartsville, South Carolina 29551-0160

Telephone: 803-383-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

| | | |
|-----|-------------------------------------|-----|
| Yes | <input checked="" type="checkbox"/> | No |
| --- | | --- |

Indicate the number of shares outstanding of each of the issuer's classes of common stock at November 2, 1997:

Common stock, no par value: 95,727,099

SONOCO PRODUCTS COMPANY

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SIGNATURE

SONOCO PRODUCTS COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars and shares in thousands)

| | September 28, 1997 (unaudited) ----- | December 31, 1996 * ----- |
|--|---|---------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 57,114 | \$ 71,260 |
| Trade accounts receivable, net of allowances | 354,201 | 329,963 |
| Other receivables | 24,534 | 38,240 |
| Inventories: | | |
| Finished and in process | 123,423 | 123,224 |
| Materials and supplies | 122,365 | 137,236 |
| Prepaid expenses | 20,737 | 26,121 |
| Deferred income taxes | 10,788 | 11,605 |
| | ----- | ----- |
| | 713,162 | 737,649 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 1,042,220 | 995,415 |
| COST IN EXCESS OF FAIR VALUE OF ASSETS PURCHASED, NET | 431,353 | 455,567 |
| OTHER ASSETS | 222,975 | 198,909 |
| | ----- | ----- |
| Total assets | \$ 2,409,710 | \$ 2,387,540 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Payable to suppliers | \$ 192,616 | \$ 205,741 |
| Accrued expenses and other | 155,408 | 111,804 |
| Accrued wages and other compensation | 20,277 | 29,428 |
| Notes payable and current portion of long-term debt | 100,886 | 102,062 |
| Taxes on income | 30,173 | 26,081 |
| | ----- | ----- |
| | 499,360 | 475,116 |
| LONG-TERM DEBT | 705,671 | 791,026 |
| POSTRETIREMENT BENEFITS OTHER THAN PENSIONS | 104,453 | 107,265 |
| DEFERRED INCOME TAXES AND OTHER | 108,506 | 93,520 |
| SHAREHOLDERS' EQUITY | | |
| Serial preferred stock, no par value | | |
| Authorized 30,000 shares | | |
| 0 and 2,395 shares issued and outstanding at September 28, 1997 and December 31, 1996, respectively | -- | 119,756 |
| Common stock, no par value | | |
| Authorized 150,000 shares | | |
| 95,684 and 89,864 shares issued and outstanding at September 28, 1997 and December 31, 1996, respectively | 7,175 | 7,175 |
| Capital in excess of stated value | 187,103 | 50,378 |
| Translation of foreign currencies | (81,140) | (56,572) |
| Retained earnings | 878,582 | 799,876 |
| | ----- | ----- |
| Total shareholders' equity | 991,720 | 920,613 |
| | ----- | ----- |
| Total liabilities and shareholders' equity | \$ 2,409,710 | \$ 2,387,540 |
| | ===== | ===== |

*The year-end consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles.

See accompanying Notes to Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONSOLIDATED STATEMENTS OF INCOME (unaudited)
(Dollars and shares in thousands except per share)

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 28, 1997 | September 29, 1996 | September 28, 1997 | September 29, 1996 |
| Net sales | \$ 709,588 | \$ 703,422 | \$ 2,111,403 | \$ 2,062,508 |
| Cost of sales | 556,181 | 545,476 | 1,639,879 | 1,580,572 |
| Selling, general and administrative expenses | 72,983 | 78,838 | 220,518 | 230,806 |
| Interest expense | 13,982 | 14,428 | 42,420 | 39,620 |
| Interest income | (1,308) | (1,630) | (3,337) | (4,542) |
| Income from operations before income taxes | 67,750 | 66,310 | 211,923 | 216,052 |
| Taxes on income | 26,070 | 26,127 | 81,865 | 85,125 |
| Income from operations before equity in earnings of affiliates/Minority interest in subsidiaries | 41,680 | 40,183 | 130,058 | 130,927 |
| Equity in earnings of affiliates/Minority interest in subsidiaries | 215 | (275) | (886) | (1,016) |
| Net income | 41,895 | 39,908 | 129,172 | 129,911 |
| Preferred dividends | (648) | (1,835) | (3,061) | (5,717) |
| Net income available to common shareholders | \$ 41,247 | \$ 38,073 | \$ 126,111 | \$ 124,194 |
| Average common shares outstanding: | | | | |
| Assuming no dilution | 91,082 | 90,960 | 90,433 | 90,960 |
| Assuming full dilution | 98,352 | 99,328 | 97,562 | 99,328 |
| Earnings per common share: | | | | |
| Assuming no dilution | \$.45 | \$.42 | \$ 1.39 | \$ 1.37 |
| Assuming full dilution | \$.42 | \$.41 | \$ 1.32 | \$ 1.31 |
| Dividends per common share | \$.18 | \$.165 | \$.525 | \$.48 |

See accompanying Notes to Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(Dollars in thousands)

| | Nine Months Ended | |
|---|-----------------------|-----------------------|
| | September 28, 1997 | September 29, 1996 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 129,172 | \$ 129,911 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 112,729 | 105,781 |
| Equity in earnings of affiliates/Minority interest in subsidiaries | 886 | 1,016 |
| Deferred taxes | 5,329 | (307) |
| Loss on disposition of assets | 4,460 | 1,743 |
| Changes in assets and liabilities, net of effects from acquisitions, dispositions and foreign currency adjustments: | | |
| Accounts receivable | (18,850) | (56,573) |
| Inventories | 4,995 | (12,847) |
| Prepaid expenses | 5,694 | 1,797 |
| Payables and taxes | (5,300) | 38,238 |
| Other assets and liabilities | (13,571) | 2,307 |
| Net cash provided by operating activities | 225,544 | 211,066 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (162,176) | (156,560) |
| Cost of acquisitions, exclusive of cash | (17,647) | (73,512) |
| Others, net | (5,591) | (79,608) |
| Proceeds from the sale of assets | 70,872 | 2,327 |
| Net cash used by investing activities | (114,542) | (307,353) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of debt | 52,371 | 67,867 |
| Principal repayment of debt | (50,143) | (33,319) |
| Net (decrease) increase in commercial paper borrowings | (91,891) | 195,000 |
| Cash dividends | (50,466) | (49,373) |
| Common and preferred shares acquired | (137) | (78,914) |
| Common shares issued | 15,677 | 16,449 |
| Net cash (used) provided by financing activities | (124,589) | 117,710 |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH | (559) | (147) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (14,146) | 21,276 |
| Cash and cash equivalents at beginning of period | 71,260 | 61,624 |
| Cash and cash equivalents at end of period | \$ 57,114 ===== | \$ 82,900 ===== |

See accompanying Notes to Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited), continued
(Dollars in thousands)

SUPPLEMENTAL CASH FLOW DISCLOSURES:

| | Nine Months Ended | |
|-------------------|-----------------------|-----------------------|
| | September 28, 1997 | September 29, 1996 |
| Interest paid | \$34,988 | \$30,971 |
| Income taxes paid | \$72,276 | \$96,383 |

Non-Cash Transaction

As of September 28, 1997, the Company converted all but 20 shares of its 2,394,125 outstanding shares of \$2.25 Series A Cumulative Convertible Preferred Stock to common shares at a rate of 2.074 common shares per share of preferred stock. Those shares not converted were redeemed at a rate of \$51.938 per preferred share.

See accompanying Notes to Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1: BASIS OF INTERIM PRESENTATION

In the opinion of the Company, the accompanying unaudited consolidated statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and results of operations for the interim periods reported hereon. Operating results for the nine months ended September 28, 1997, are not necessarily indicative of the results that may be expected for the year ending December 31, 1997. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's annual report for the fiscal year ended December 31, 1996.

NOTE 2: DIVIDEND DECLARATIONS

On October 15, 1997, the Board of Directors declared a regular quarterly dividend of \$.18 per share of common stock. This 290th consecutive dividend will be payable December 10, 1997 to shareholders of record as of November 21, 1997.

NOTE 3: ACQUISITIONS/DISPOSITIONS

During the first quarter of 1997, the Company completed the sale of its screen print operations acquired in the 1993 acquisition of Engraph, Inc. This division was sold because it did not fit with the Company's overall focus on the packaging industry.

During the second quarter of 1997, the Company announced the formation of joint ventures in Brazil and Chile. The Brazilian joint venture, Sonoco For-Plas, is owned 51% by the Company and is a major supplier of "peel off" metal ends and plastic components such as overcaps for cans. The Company also formed a joint venture, owned 51% by the Company, with Conotex of Santiago, Chile, for the manufacture of composite cans, tubes, and cores.

During the third quarter of 1997, the Company and Rock-Tenn Company completed the formation of a joint venture that combines both companies' fibre partition businesses into a separate company called RTS Packaging. RTS Packaging is owned 65% by the Rock-Tenn Company and 35% by the Company. The Company also purchased Industrial Machine Company of St. Louis, Missouri, which produces equipment and tooling, primarily for the Paper Converting and Food Processing industries.

NOTE 4: PREFERRED STOCK CONVERSION

As of September 28, 1997, the Company converted all but 20 shares of its 2,394,125 outstanding shares of \$2.25 Series A Cumulative Convertible Preferred Stock to common shares at a rate of 2.074 common shares per share of preferred stock. Those shares not converted were redeemed at a rate of \$51.938 per preferred share.

SONOCO PRODUCTS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
(unaudited)

NOTE 5: FINANCIAL SEGMENT INFORMATION

The Financial Segment Information provided below should be read in conjunction with the Management's Discussion and Analysis immediately following the Notes to Consolidated Financial Statements.

FINANCIAL SEGMENT INFORMATION (UNAUDITED)
(DOLLARS IN THOUSANDS)

| | Three Months Ended | | Nine Months Ended | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 28, 1997 | September 29, 1996 | September 28, 1997 | September 29, 1996 |
| Total Revenue | | | | |
| Industrial Packaging | \$ 406,848 | \$ 401,738 | \$ 1,209,629 | \$ 1,188,333 |
| Consumer Packaging | 313,642 | 311,643 | 932,711 | 905,517 |
| | ----- | ----- | ----- | ----- |
| Consolidated | \$ 720,490 | \$ 713,381 | \$ 2,142,340 | \$ 2,093,850 |
| | ===== | ===== | ===== | ===== |
| Sales to Unaffiliated Customers | | | | |
| Industrial Packaging | \$ 395,975 | \$ 391,839 | \$ 1,178,786 | \$ 1,157,957 |
| Consumer Packaging | 313,613 | 311,583 | 932,617 | 904,551 |
| | ----- | ----- | ----- | ----- |
| Consolidated | \$ 709,588 | \$ 703,422 | \$ 2,111,403 | \$ 2,062,508 |
| | ===== | ===== | ===== | ===== |
| Operating Profit | | | | |
| Industrial Packaging | \$ 50,480 | \$ 50,317 | \$ 160,683 | \$ 157,828 |
| Consumer Packaging | 29,944 | 28,791 | 90,323 | 93,302 |
| Interest, net | (12,674) | (12,798) | (39,083) | (35,078) |
| | ----- | ----- | ----- | ----- |
| Consolidated | \$ 67,750 | \$ 66,310 | \$ 211,923 | \$ 216,052 |
| | ===== | ===== | ===== | ===== |

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(UNAUDITED)

Statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations that are not historical in nature, are intended to be, and are hereby identified as "forward looking statements" for purposes of the safe harbor provided by section 21E of the Securities Exchange Act of 1934, as amended. The Company cautions readers that forward looking statements, including without limitation those relating to the Company's future business prospects, revenues, working capital, liquidity, capital needs, interest costs, and income, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward looking statements.

THIRD QUARTER 1997 COMPARED WITH THIRD QUARTER 1996

RESULTS OF OPERATIONS

Consolidated net sales for the third quarter of 1997 were \$709.6 million, compared with \$703.4 million in the third quarter of 1996. Net income available to common shareholders for the third quarter was \$41.2 million, compared with \$38.1 million in the third quarter of 1996. Fully diluted earnings per share for the third quarter of 1997 increased to \$.42 from \$.41 for the same quarter in 1996. While the Company continued to experience strong unit volume in most of its businesses, third quarter earnings per share were negatively impacted by cost increases for old corrugated containers (OCC), the Company's major raw material. Price increases for converted paper products were implemented to recover these costs; however, these price increases did not take effect until late in the third quarter. Consequently, the unrecovered cost increases depressed earnings for the quarter by about \$.05 per share, when compared to the third quarter of 1996. The decline of raw material prices late in the third quarter, combined with the converted products price increases, should eliminate a similar negative impact on year-to-year results in the fourth quarter. The Company expects earnings improvement in the fourth quarter, reflecting increased volume and improved productivity, which should result in another record year.

INDUSTRIAL PACKAGING SEGMENT

The industrial packaging segment includes tubes; cores; cones; roll wrap; molded plugs and related products and services; fibre drums; plastic drums; intermediate bulk containers; injection molded and extruded plastics; paper manufacturing and recovered paper collections; fibre partitions; molded pulp; corner posts; reels for wire and cable packaging; adhesives; converting machinery; and forest products.

Trade sales for the industrial packaging segment increased to \$396.0 million, compared with \$391.8 million in the third quarter of 1996. Operating profit for this segment was \$50.5 million, compared with 1996's third quarter results of \$50.3 million.

The Company's paper operations ran at near-record levels to support internal paper requirements. Unit volume growth in the Company's tube and core operations increased when compared with the same quarter last year. In addition to strong volume, these operations continued to benefit from several initiatives undertaken in the past two years, including the consolidation of several tube and core plants in the United States and Europe. However, the positive effects of volume growth and productivity on earnings were partially offset by lower selling prices and higher materials costs. Industrial converted products prices in North America were increased on the first of September in response to the higher OCC prices. Historically, full implementation of price increases lags behind the increased recovered paper costs.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

THIRD QUARTER 1997 COMPARED WITH THIRD QUARTER 1996, CONTINUED

RESULTS OF OPERATIONS, CONTINUED

Volume was up slightly in the molded and extruded plastics business during the third quarter due to continued demand for the Company's new plastic heating trays for the fast food industry and volume increases in both the filtration and wire markets.

Volume increased in the Company's plastic drum and intermediate bulk container operations but was down slightly in fibre drums. Lower selling prices affected all three segments of the industrial container operations.

CONSUMER PACKAGING SEGMENT

The consumer packaging segment includes composite cans; fibre and plastic caulk cartridges; capseals; flexible packaging; pressure-sensitive labels; label application machinery; paperboard cartons; sleeves; blister packs; coasters and glass covers; and high density film products.

Trade sales for the consumer packaging segment increased slightly to \$313.6 million for the third quarter of 1997, compared with 1996's third quarter sales of \$311.6 million. Third quarter operating profits were \$29.9 million, an increase of 3.8% from \$28.8 million in 1996.

The global composite can operations continued their strong performance in markets around the world, led by sales increases in packaging for the snack food, nuts, and adhesives and sealants markets. Sales gains were recognized for the new operations in Brazil and Chile and the Company's plant in Londerzeel, Belgium, which began operations late in the third quarter of 1996.

The flexible packaging group experienced volume increases over the third quarter of 1996 and continued to show strong improvements in productivity and scrap reduction. Volume growth is expected to continue throughout the rest of 1997.

While volume increased slightly in the label business over the third quarter of 1996, selling prices were down from the same quarter of last year. This business is expected to improve gradually throughout 1998.

Profits in the high density film products business were negatively impacted by higher resin cost and competitive pricing pressures. However, resin prices have recently declined slightly, and further decreases are anticipated.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

SEPTEMBER 1997 YEAR-TO-DATE COMPARED WITH SEPTEMBER 1996 YEAR-TO-DATE

RESULTS OF OPERATIONS, CONTINUED

Consolidated net sales for the first nine months of 1997 were \$2.11 billion, compared with \$2.06 billion in the first nine months of 1996. Net income available to common shareholders for the first nine months of this year was \$126.1 million, compared with \$124.2 million in the same period last year. Fully diluted earnings per share for the first three quarters of 1997 increased to \$1.32, higher than the record earnings of \$1.31 for the first nine months of 1996.

During the first nine months of 1997, the Company continued to have strong performances from its major businesses, the integrated global tube and core operations and the global composite can business. Both of these businesses experienced volume and productivity increases and continued to grow by adding market share and penetrating new markets. These increases were substantially offset by the following: lower selling prices on linerboard and corrugating medium; a surge in the cost of OCC in the third quarter; increased resin costs in the high density film products division; and pricing pressures in the label operations.

Overall, the Company had volume gains in most operations around the world and showed good growth in its businesses. The Company has benefitted from productivity and cost-reduction initiatives that were implemented beginning in 1996. The Company expects to see improved growth rates in the fourth quarter that should provide the necessary momentum to produce 1998 earnings growth in line with historical rates of 10% to 15%.

INDUSTRIAL PACKAGING SEGMENT

Trade sales for the industrial packaging segment for the first nine months of 1997 increased 1.8% to \$1.18 billion, compared with \$1.16 billion for the first nine months of 1996. Operating profit for this segment for the first three quarters of 1997 was \$160.7 million, a 1.8% increase over 1996's first three quarters results of \$157.8 million.

In the paper operations, decreased selling prices for corrugating medium, which is sold to Georgia Pacific, and linerboard, which is produced at a mill in Canada, impacted profits through the end of the first three quarters of 1997 compared with the first three quarters of 1996.

The Company's volume increases in its global tube and core operations were achieved in nearly every major product line. However, these increases were partially offset by a decline in selling prices during the period. The 1996 reorganization of this business, which closed seven tube and core plants while expanding twenty others, has continued to provide benefit through 1997.

Sales and profits were down slightly in the overall industrial container business, driven by lower selling prices. However, the intermediate bulk container operations were able to overcome this impact on earnings through strong volume. The injection molded and extruded plastics operations showed solid increases during the nine months of 1997, led by increased volume in the textile and filtration businesses and new product sales in the food industry. The protective packaging and reels operations continued to have volume and profit gains throughout the nine months.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

SEPTEMBER 1997 YEAR-TO-DATE COMPARED WITH SEPTEMBER 1996 YEAR-TO-DATE, CONTINUED

RESULTS OF OPERATIONS, CONTINUED

CONSUMER PACKAGING SEGMENT

Trade sales for the consumer packaging segment during the first nine months of 1997 were \$932.6 million, a 3.1% increase over \$904.6 in the first nine months of 1996. Operating profits in this segment were \$90.3 million for the first three quarters of 1997, compared with \$93.3 million in the first three quarters of last year.

Business remained strong in the composite can operations throughout the first half of 1997, with volume gains in nearly every major product line. This business continues to grow by adding new products and by working with customers as they move into new international markets with products packaged in composite cans.

The label business experienced a significant increase in volume and productivity when compared to the first nine months of the prior year; however, this increase did not fully offset the earnings effect of lower selling prices, initiated in response to competitive pricing pressures within the industry.

Sales and profits for the flexible packaging group continued to improve throughout the first nine months of 1997, compared with 1996, due to increased sales volume and significant productivity improvements.

Profits in the consumer packaging segment for the nine months were impacted negatively by increased resin costs in the high density film products business. Resin cost has recently declined slightly, and further decreases are anticipated.

CORPORATE

General corporate expenses have been allocated as operating costs to each of the segments. Interest expense increased in the first three quarters of 1997 over 1996 due to higher debt resulting from the 1996 share repurchase program, capital spending, and acquisitions.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remained strong through the first nine months of 1997. The debt to capital percentage, after adjusting debt levels for excess cash related to the issuance of restricted purpose bonds, decreased to 42.9% at September 28, 1997, from 47.2% at December 31, 1996. Debt decreased from year end due to the proceeds from the sale of the screen print operations in March 1997.

Working capital decreased \$48.7 million to \$213.8 million during the first nine months of 1997. This decline was driven by a decrease in cash, a decrease in inventories (partially attributable to the sale of the screen print operations), and an increase in accrued expenses and other liabilities.

The Company expects internally generated cash flows along with borrowings available under its commercial paper and other existing credit facilities to be sufficient to meet operating and normal capital expenditure requirements.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

SEPTEMBER 1997 YEAR-TO-DATE COMPARED WITH SEPTEMBER 1996 YEAR-TO-DATE, CONTINUED

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES, CONTINUED

In February 1997, the Financial Accounting Standards Board issued Financial Accounting Standard No. 128 "Earnings per Share" (FAS 128). This standard is effective for financial statements issued for periods ending after December 15, 1997, and will be implemented in the Company's financial statements for the year ended December 31, 1997. The Company does not expect FAS 128 to have a material impact on earnings per share.

SONOCO PRODUCTS COMPANY

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

Item 2. Changes in Securities

As of September 28, 1997, the Company converted all but 20 shares of its 2,394,125 outstanding shares of \$2.25 Series A Cumulative Convertible Preferred Stock to common shares at a rate of 2.074 common shares per share of preferred stock. Those shares not converted were redeemed at a rate of \$51.938 per preferred share.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit (11) - Computation of Earnings per Share
Exhibit (27) - Financial Data Schedule (for SEC use only)
- (b) The Company filed a Current Report on Form 8-K on August 29, 1997, announcing the redemption on September 28, 1997 of all of its outstanding shares of \$2.25 Series A Cumulative Convertible Preferred Stock.

SONOCO PRODUCTS COMPANY

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SONOCO PRODUCTS COMPANY

(Registrant)

Date: November 10, 1997

By: /s/ F. T. Hill, Jr.

F. T. Hill, Jr.
Vice President and
Chief Financial Officer

SONOCO PRODUCTS COMPANY

EXHIBIT INDEX

| Exhibit Number ----- | Description ----- |
|----------------------------|--|
| 11 | Computation of Earnings Per Share |
| 27 | Financial Data Schedule (for SEC use only) |

EXHIBIT (11)

SONOCO PRODUCTS COMPANY
COMPUTATION OF EARNINGS PER SHARE (UNAUDITED)
(Dollars in thousands, except per share)

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 28, 1997 | September 29, 1996 | September 28, 1997 | September 29, 1996 |
| Primary earnings | | | | |
| Net income available to common shareholders | \$ 41,247 ===== | \$ 38,073 ===== | \$ 126,111 ===== | \$ 124,194 ===== |
| Weighted average number of common shares outstanding | 91,081,791 | 90,959,645 | 90,433,177 | 90,959,645 |
| Assuming exercise of options reduced by the number of shares which could have been purchased (at average price) with proceeds from exercise of such options | 2,569,350 ----- | 2,072,276 ----- | 2,108,291 ----- | 2,072,276 ----- |
| Weighted average number of shares outstanding as adjusted | 93,651,141 ===== | 93,031,921 ===== | 92,541,468 ===== | 93,031,921 ===== |
| Primary earnings per common share | \$ 0.44 ===== | \$ 0.41 ===== | \$ 1.36 ===== | \$ 1.33 ===== |
| Assuming full dilution | | | | |
| Net income available to common shareholders | \$ 41,247 | \$ 38,073 | \$ 126,111 | \$ 124,194 |
| Elimination of preferred dividends | 648 ----- | 1,835 ----- | 3,061 ----- | 5,717 ----- |
| Fully diluted net income | \$ 41,895 ===== | \$ 39,908 ===== | \$ 129,172 ===== | \$ 129,911 ===== |
| Weighted average number of common shares outstanding | 91,081,791 | 90,959,645 | 90,433,177 | 90,959,645 |
| Assuming exercise of options reduced by the number of shares which could have been purchased (at the higher of the end-of-period price or the average) with proceeds from exercise of such options | 2,790,259 | 2,072,276 | 2,326,254 | 2,072,276 |
| Assuming conversion of preferred stock | 4,480,194 ----- | 6,296,499 ----- | 4,802,596 ----- | 6,296,499 ----- |
| Weighted average number of shares outstanding as adjusted | 98,352,244 ===== | 99,328,420 ===== | 97,562,027 ===== | 99,328,420 ===== |
| Earnings per common share assuming full dilution | \$ 0.42 ===== | \$ 0.41 ===== | \$ 1.32 ===== | \$ 1.31 ===== |

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF SONOCO PRODUCTS FOR THE NINE MONTHS ENDED SEPTEMBER 28, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

| | |
|-----------|-------------|
| 9-MOS | |
| | DEC-31-1997 |
| | JAN-01-1997 |
| | SEP-28-1997 |
| | 30,398 |
| | 26,716 |
| | 354,201 |
| | 5,638 |
| | 245,788 |
| | 713,162 |
| | 1,042,220 |
| | 918,231 |
| | 2,409,710 |
| 499,360 | |
| | 705,671 |
| 0 | |
| | 0 |
| | 7,175 |
| | 878,582 |
| 2,409,710 | |
| | 2,111,403 |
| 2,111,403 | |
| | 1,639,879 |
| | 1,639,879 |
| | 0 |
| | 8,472 |
| 42,420 | |
| | 211,923 |
| | 81,865 |
| 126,111 | |
| | 0 |
| | 0 |
| | 0 |
| | 126,111 |
| | 1.39 |
| | 1.32 |