



Grow & Optimize



Sonoco Second Quarter 2016 Results

Investor Presentation

July 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 Q2 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

2nd Quarter: 2016 Vs. 2015

	2nd Quarter		Year To Date	
	2016	2015	2016	2015
Actual EPS	\$0.55	\$0.63	\$1.14	\$1.47
Addback for:				
Restructuring & Asset Impair, Net	0.17	0.07	0.24	0.10
Canton Disposition	-	-	-	(0.16)
Spanish Tax Reserve Adjustments	-	(0.03)	-	(0.03)
Reversal of Fox River Reserve	-	(0.01)	-	(0.20)
Acquisition / Divestiture Costs / Other	0.01	0.02	0.01	0.04
Base EPS	<u>\$0.73</u>	<u>\$0.68</u>	<u>\$1.38</u>	<u>\$1.22</u>

P&L Summary (Base)

2nd Quarter: 2016 Vs. 2015
(Dollars in thousands)

	2016	2015	Better / (Worse)	
			\$	%
Net sales	\$ 1,205,680	\$ 1,248,590	\$ (42,910)	-3.4%
Cost of sales	(963,667)	(1,008,274)	44,607	4.4%
Gross profit	242,013	240,316	1,697	0.7%
Selling, general and administrative expenses	(125,774)	(129,184)	3,410	2.6%
Income before interest and taxes (EBIT)	116,239	111,132	5,107	4.6%
Net interest	(13,544)	(13,601)	57	0.4%
Income before income taxes	102,695	97,531	5,164	5.3%
Provision for income taxes	(30,448)	(30,988)	540	1.7%
Income before equity in earnings of affiliates	72,247	66,543	5,704	8.6%
Equity in earnings of affiliates, net of tax	2,928	3,269	(341)	-10.4%
Net income	75,175	69,812	5,363	7.7%
Noncontrolling interests	(504)	(305)	(199)	-65.2%
Net income attributable to Sonoco	\$ 74,671	\$ 69,507	\$ 5,164	7.4%
EPS diluted	\$ 0.73	\$ 0.68	\$ 0.05	7.4%
Effective tax rate	29.6%	31.8%		



Sales Bridge

2nd Quarter: 2016 Vs. 2015
(Dollars in millions)

	<u>Q2-2016</u>	<u>YTD 2016</u>
2015 Sales	\$1,249	\$2,455
Volume / Mix	9	82
Price	(11)	(28)
Acq / Div	1	5
Exchange / Other	<u>(42)</u>	<u>(82)</u>
2016 Sales	<u>\$1,206</u>	<u>\$2,432</u>

Base EBIT Bridge

2nd Quarter: 2016 Vs. 2015
(Dollars in millions)

	<u>Q2-2016</u>	<u>YTD 2016</u>
2015 Base EBIT	\$111	\$203
Volume / Mix	(2)	16
Price / Mat'l, Energy, Frt Costs	6	19
Acq / Div	0	2
Productivity	0	8
Other	(2)	(26)
Pension	<u>3</u>	<u>6</u>
2016 Base EBIT	<u>\$116</u>	<u>\$228</u>

Segment Analysis

2nd Quarter: 2016 Vs. 2015
(Dollars in thousands)

	NET SALES			SEGMENT OPERATING PROFIT		
	<u>2016</u>	<u>2015</u>	<u>% Chg</u>	<u>2016</u>	<u>2015</u>	<u>% Chg</u>
Consumer Packaging	\$ 511,007	\$ 531,114	-3.8%	\$ 59,509	\$ 57,530	3.4%
Display & Packaging	130,874	141,604	-7.6%	5,030	1,035	100.0%
Paper & Ind Conv Prods	433,342	448,876	-3.5%	37,480	38,963	-3.8%
Protective Solutions	130,457	126,996	2.7%	14,220	13,604	4.5%
	<u>\$ 1,205,680</u>	<u>\$ 1,248,590</u>	<u>-3.4%</u>	<u>\$ 116,239</u>	<u>\$ 111,132</u>	<u>4.6%</u>

	<u>SEGMENT OPERATING PROFIT AS % OF SALES</u>	<u>MARGIN CHANGE</u>	
Consumer Packaging	11.6%	10.8%	0.8%
Display & Packaging	3.8%	0.7%	3.1%
Paper & Ind Conv Prods	8.6%	8.7%	-0.1%
Protective Solutions	10.9%	10.7%	0.2%
	<u>9.6%</u>	<u>8.9%</u>	<u>0.7%</u>

Base Earnings Guidance

	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Full Year
2015 Base EPS	\$0.54	\$0.68	\$0.65	\$0.64	\$2.51
2016 Base EPS	\$0.65	\$0.73			
2016 Base EPS Guidance	\$0.65	\$0.73	\$0.65 - \$0.70		\$2.68 - \$2.74

Cash Flow

2nd Quarter: 2016 Vs. 2015
(Dollars in thousands)

	2nd Quarter		Year To Date	
	2016	2015	2016	2015
Cash from operations (See Note A)	\$ 119,662	\$ 112,752	\$ 186,049	\$ 173,082
Purchase of property, plant and equipment	(43,089)	(45,759)	(98,774)	(86,713)
Proceeds from dispositions, net	(7,434)	298	(4,842)	31,006
Cash Dividends	(37,283)	(35,116)	(72,679)	(67,379)
"Free Cash Flow"	<u>\$ 31,856</u>	<u>\$ 32,175</u>	<u>\$ 9,754</u>	<u>\$ 49,996</u>
Cash used to acquire shares under announced buyback	<u>\$ (22,613)</u>	<u>\$ -</u>	<u>\$ (37,931)</u>	<u>\$ -</u>
Note A: Cash from operations includes pension and post retirement plan contributions of:	<u>\$ (3,605)</u>	<u>\$ (8,101)</u>	<u>\$ (35,647)</u>	<u>\$ (25,118)</u>

Balance Sheet

(Dollars in thousands)

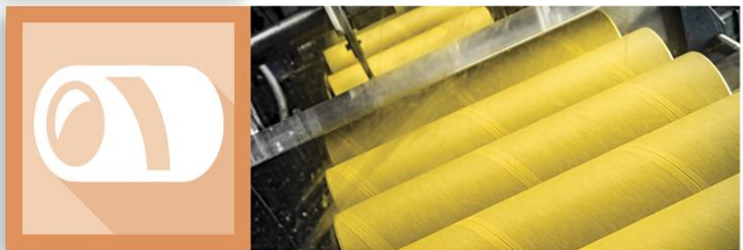
	<u>7/3/2016</u>	<u>4/3/2016</u>	<u>Change \$</u>
Cash and cash equivalents	\$107,748	\$152,338	(\$44,590)
Trade accounts receivable, net of allowances	\$669,085	\$679,528	(10,443)
Other receivables	\$46,427	\$38,049	8,378
Inventories	\$397,580	\$402,533	(4,953)
Prepaid expenses and deferred income taxes	50,913	48,037	2,876
Current Assets	\$1,271,753	\$1,320,485	(48,732)
Property, plant and equipment, net	1,109,013	1,121,818	(12,805)
Goodwill	1,151,556	1,154,955	(3,399)
Other intangible assets, net	229,702	239,897	(10,195)
Other assets	202,852	210,850	(7,998)
Total Assets	\$ 3,964,876	\$ 4,048,005	\$ (83,129)
Payable to suppliers and others	\$767,623	\$776,721	\$ (9,098)
Income taxes payable	5,344	22,413	(17,069)
Total debt	1,081,662	1,132,938	(51,276)
Pension and other postretirement benefits	412,572	412,968	(396)
Deferred income taxes and other	121,959	117,623	4,336
Total equity	1,575,716	1,585,342	(9,626)
Total Liabilities and Shareholders' Equity	\$ 3,964,876	\$ 4,048,005	\$ (83,129)
Net debt / Total capital	38.2%	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	\$ 2,431,956	\$ 2,454,642	\$ (22,686)	-0.9%
Cost of sales	(1,944,690)	(1,993,936)	49,246	2.5%
Gross profit	487,266	460,706	26,560	5.8%
Selling, general and administrative expenses	(259,556)	(257,226)	(2,330)	-0.9%
Income before interest and taxes (EBIT)	227,710	203,480	24,230	11.9%
Net interest	(27,331)	(26,822)	(509)	-1.9%
Income before income taxes	200,379	176,658	23,721	13.4%
Provision for income taxes	(62,669)	(56,288)	(6,381)	-11.3%
Income before equity in earnings of affiliates	137,710	120,370	17,340	14.4%
Equity in earnings of affiliates, net of tax	4,267	4,315	(48)	-1.1%
Net income	141,977	124,685	17,292	13.9%
Noncontrolling interests	(787)	(228)	(559)	-100.0%
Net income attributable to Sonoco	\$ 141,190	\$ 124,457	\$ 16,733	13.4%
EPS diluted	\$ 1.38	\$ 1.22	\$ 0.16	13.1%
Effective tax rate	31.3%	31.9%		

Segment Analysis

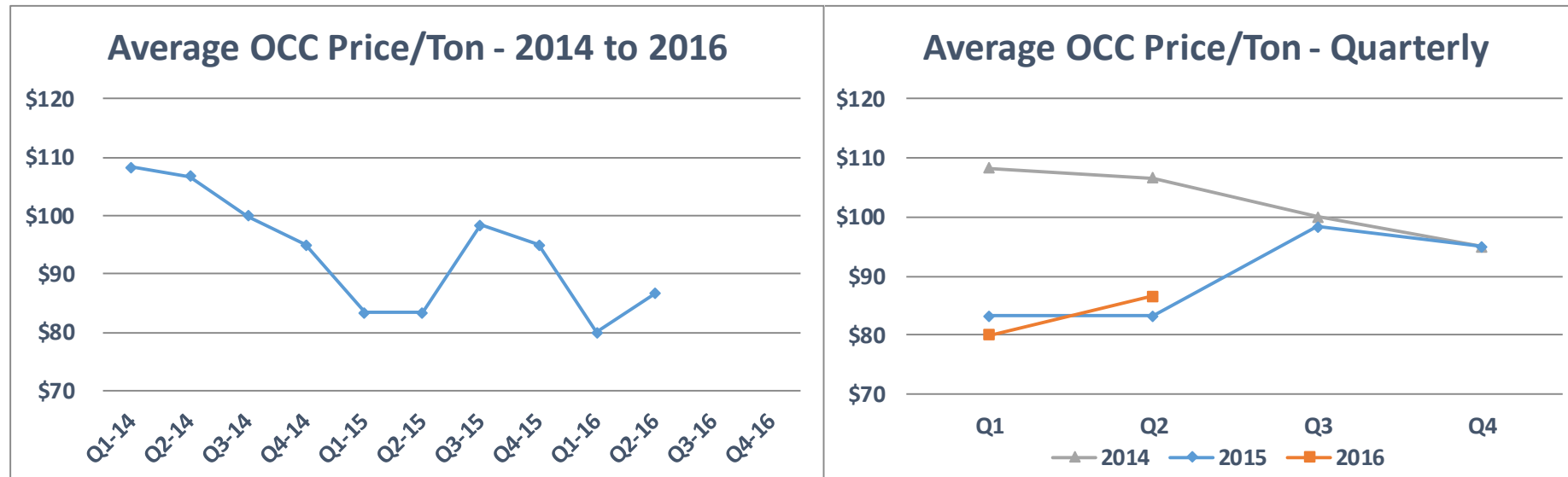
Year to date: 2016 Vs. 2015
(Dollars in thousands)

	NET SALES			SEGMENT OPERATING PROFIT		
	<u>2016</u>	<u>2015</u>	<u>% Chg</u>	<u>2016</u>	<u>2015</u>	<u>% Chg</u>
Consumer Packaging	\$ 1,038,345	\$ 1,050,991	-1.2%	\$ 122,374	\$ 111,558	9.7%
Display & Packaging	275,141	287,389	-4.3%	8,311	1,873	100.0%
Paper & Ind Conv Prods	856,416	871,187	-1.7%	70,779	66,760	6.0%
Protective Solutions	<u>262,054</u>	<u>245,075</u>	<u>6.9%</u>	<u>26,246</u>	<u>23,289</u>	<u>12.7%</u>
	<u>\$ 2,431,956</u>	<u>\$ 2,454,642</u>	<u>-0.9%</u>	<u>\$ 227,710</u>	<u>\$ 203,480</u>	<u>11.9%</u>

	<u>SEGMENT OPERATING PROFIT AS % OF SALES</u>	<u>MARGIN CHANGE</u>	
Consumer Packaging	11.8%	10.6%	1.2%
Display & Packaging	3.0%	0.7%	2.3%
Paper & Ind Conv Prods	8.3%	7.7%	0.6%
Protective Solutions	<u>10.0%</u>	<u>9.5%</u>	<u>0.5%</u>
	<u>9.4%</u>	<u>8.3%</u>	<u>1.1%</u>

OCC: Official Board Market

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							

