



## Sonoco (NYSE: SON) Reports Record First Quarter Earnings

April 19, 2000

HARTSVILLE, S.C., April 19 /PRNewswire/ -- Sonoco (NYSE: SON) today reported record earnings per diluted share of \$.45 for the first quarter of 2000, compared with \$.39 in 1999 (excluding one-time transactions), representing a 13.2% increase, it was announced by Peter C. Browning, president and chief executive officer. Including 1999's one-time transactions, reported earnings per diluted share for the prior year's first quarter were \$.43.

Sales for the first quarter of 2000 were \$676.3 million, up 20.7% over \$560.5 million in the same period last year. This year's first quarter sales included six more calendar days (4 to 6 more billing days, depending on the specific business) than last year's first quarter. Volume, which increased in most businesses, coupled with acquisitions made during 1999, increased sales \$82 million. In addition, sales benefited from price increases of approximately \$41 million. The first quarter of 1999 included \$6.9 million in sales from divested units. Net income for the first quarter of 2000 was \$45 million, an 11.3% increase over \$40.4 million in the same period of 1999, excluding a \$3.5 million non-recurring gain in the same quarter of 1999.

"Our first quarter results were particularly strong in the face of increased material costs, including two \$10 per ton increases in old corrugated containers (OCC) in the first quarter, bringing the total increases in OCC to \$55 per ton since March 1999. In April, OCC increased again by \$10 per ton. Also, resin costs increased by 56% since the first quarter of last year," said Browning. He said that these costs were more than offset, however, by continued volume growth throughout the company's businesses, strong productivity improvement, a decreased tax rate, strong pension fund returns and stock repurchases.

Browning noted that the company had announced price increases for its converted products in North America of 6-9%, effective May 1, 2000, and in Europe of 8-12%, effective May 15, 2000. He said the North American increase will not fully close the price/cost gap from the March and April OCC increases before late in the second quarter. He also said that the company's high density film business announced a 7.5% price increase effective April 10, 2000. "Because of the normal delay in price/cost recovery, we now expect our second quarter to be lower than previously forecasted, with the third and fourth quarters somewhat stronger than forecasted," added Browning.

"Although sales were up 27% for the consumer segment, earnings were negatively impacted by rapidly increasing resin costs. In addition, composite can volume was affected when customers utilized excess inventories partially created by Y2K planning. These volumes are already improving and are expected to continue to do so," said Browning.

"With healthy volume continuing in most of our businesses, ongoing productivity improvement and pricing gains not yet fully realized, we continue to expect the company's earnings per share growth for the year 2000 to be approximately 10%," concluded Browning.

### Segment Review

#### Consumer Packaging

The consumer packaging segment includes composite cans; flexible packaging (printed flexibles, high density bag and film products, and container seals); and packaging services and speciality products (E-marketplace services, graphics management, folding cartons, and paper glass covers and coasters).

First quarter 2000 sales for the consumer segment were \$312.9 million, compared with \$245.7 million from ongoing operations in the same period last year, a 27.4% increase. Operating profit for this segment was \$31.2 million, a 1.6% decrease from \$31.7 million in the first quarter of 1999.

The increase in first quarter sales in the consumer segment resulted primarily from acquisitions, more billing days and higher selling prices, compared with the same period in 1999. Sales reflect the third quarter 1999 acquisitions of the flexible packaging business of Graphic Packaging Corporation and Crown, Cork and Seal's composite can business. The decrease in operating profit primarily reflects the negative impact of unrecovered resin price increases in the high density bag and film business, which experienced a 56% increase in resin costs during the past 12 months and was approximately \$4 million short in the first quarter of covering these increases. Operating profits for the segment were also negatively impacted by temporary excess inventories of composite cans experienced by several snack and food customers, some of which was Y2K related. Volumes in each case have returned to expected levels in April and are expected to be on track for this year. Composite can volumes increased during the first quarter for nuts and frozen concentrate.

#### Industrial Packaging

The Industrial Packaging segment includes engineered carriers/paper (paper and plastic tubes and cores, paper manufacturing and recovered paper operations) and protective packaging (designed interior packaging and protective reels).

First quarter 2000 sales in the industrial packaging segment were \$363.4 million, an 18% increase over \$307.9 million in the same period of 1999. Operating profit in this segment was \$53 million, a 22% increase over \$43.4 million in the same period of 1999. The increase in sales and profit resulted primarily from increased volume in paper and plastic tubes and cores, compared with the first quarter of 1999, which incurred direct and indirect adverse effects of the Asian economy, increased calendar days and the impact of previously announced price increases in response to rising general operating and raw material costs. Profits also benefited from improved productivity.

#### Corporate

Net interest expense increased \$3.3 million quarter over quarter due to higher average interest rates, coupled with higher debt balances from funding acquisitions and stock repurchases.

Under its previously announced plan to buyback at least enough shares of common stock to prevent dilution related to stock options, the company repurchased approximately 2.5 million shares during the first quarter of 2000 at an average price of \$18.74. Sonoco previously repurchased approximately 0.6 million shares in December 1999 at an average price of \$21.80 per share.

Sonoco, founded in 1899, is a \$2.5 billion manufacturer of industrial and consumer packaging products and provider of packaging services, with 285 operations in 33 countries serving customers in some 85 nations.

#### Cautionary statements

Statements included herein 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. Such forward-looking statements are based on current expectations, estimates and projections about the company's industry, management's beliefs and certain assumptions made by management. Such information includes, without limitation, discussions as to estimates, expectations, beliefs, plans, strategies and objectives concerning the company's future financial and operating performance.

These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed or forecasted in such forward-looking statements. Such risks and uncertainties include, without limitation: availability and pricing of raw materials; success of new product development and introduction; ability to maintain or increase productivity levels; international, national and local economic and market conditions; ability to maintain market share; pricing pressures and demand for products; continued strength of the company's paperboard-based tube, core and composite can operations; and currency stability and the rate of growth in foreign markets. Additional information concerning some of the factors that could cause materially different results is included in the company's reports on Forms 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission. Such reports are available from the Securities and Exchange Commission's public reference facilities and its Internet website or from the company's investor relations department.

#### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited) (Dollars and shares in thousands except per share)

	THREE MONTHS ENDED	
	April 2, 2000	March 28, 1999
Sales	\$676,299	\$560,479
Cost of sales	524,638	425,902
Selling, general and administrative expenses	67,426	59,270
Gain on assets held for sale		(3,500)
Income before interest and taxes	84,235	78,807
Interest expense	15,519	12,470
Interest income	(763)	(1,038)
Income before income taxes	69,479	67,375
Provision for income taxes	26,422	24,591
Income before equity in earnings of affiliates/ Minority interest in subsidiaries	43,057	42,784
Equity in earnings of affiliates/Minority interest in subsidiaries	1,960	1,163
Net income	\$45,017	\$43,947
Average shares outstanding - diluted	101,084	102,816
Diluted earnings per share	\$ .45	\$ .43
Dividends per common share	\$ .19	\$ .18

#### CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (Dollars in thousands)

	April 2, 2000	Dec. 31, 1999
Assets		
Current Assets:		
Cash and cash equivalents	\$40,266	\$36,515
Receivables	383,043	375,692
Inventories	267,070	248,364
Prepaid expenses and deferred taxes	58,553	62,510

	748,932	723,081
Property, plant and equipment, net	1,009,082	1,032,503
Cost in excess of fair value of assets purchased, net	250,305	254,580
Other assets	284,645	286,856
	\$2,292,964	\$2,297,020
Liabilities and Shareholders' Equity		
Current Liabilities:		
Payable to suppliers and others	\$341,600	\$332,034
Notes payable and current portion of long-term debt	61,553	84,597
Taxes on income	16,050	
	419,203	416,631
Long-term debt	843,346	819,540
Postretirement benefits other than pensions	34,423	36,278
Deferred income taxes and other	129,683	123,351
Shareholders' equity	866,309	901,220
	\$2,292,964	\$2,297,020

FINANCIAL SEGMENT INFORMATION (Unaudited)  
(Dollars in thousands)

	THREE MONTHS ENDED	
	April 2, 2000	March 28, 1999
Net Sales		
Industrial Packaging	\$363,362	\$307,890
Consumer Packaging	312,937	245,676
Other*		6,913
Consolidated	\$676,299	\$560,479
Operating Profit		
Industrial Packaging	\$ 52,999	\$ 43,435
Consumer Packaging	31,236	31,744
Other*		128
Net gain on sales of divested assets		3,500
Interest, net	(14,756)	(11,432)
Consolidated	\$69,479	\$67,375

\* Includes net sales and operating profits of divested businesses.

SOURCE Sonoco

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Web site: <http://www.sonoco.com>

CONTACT: Allan V. Cecil, Vice President of Sonoco, 843-383-7524, or [allan.cecil@sonoco.com](mailto:allan.cecil@sonoco.com)

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