



Sonoco Completes Purchase of U.S. Paper Mills Corp.

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HARTSVILLE, S.C., Aug. 24 /PRNewswire/ -- Sonoco (NYSE: SON), the global packaging company, has completed its previously announced all-cash purchase of privately held U.S. Paper Mills Corp., DePere, Wisconsin, it was announced today by Harris E. DeLoach, Jr., president and chief executive officer. The purchase price was not revealed.

(Photo: <http://www.newscom.com/cgi-bin/prnh/19991006/SNCLOGO>)

The purchase of U.S. Paper Mills, which had 2000 sales of approximately \$70 million, is expected to be slightly accretive to earnings in the first year.

U.S. Paper Mills' principal businesses are the production and sale of lightweight paperboard for conversion into cores, composite cans and tubes, and the production of paper tissue and towel cores. U.S. Paper Mills is the North American market leader in the production of lightweight tissue and towel coreboard.

Sonoco currently purchases from U.S. Paper less than five percent of its paperboard requirements for conversion into composite cans. U.S. Paper has mills at De Pere, Wisconsin, which has a 40,000-ton Fourdrinier machine, and at Menasha, Wisconsin, which has a 9-cylinder machine and a Fourdrinier with a combined 130,000-ton capacity. In addition, U.S. Paper has core and tube converting facilities at De Pere, Wisconsin; Oakdale, Minnesota; and Jacksonville, Illinois.

This acquisition will bring Sonoco's total number of paper mills globally to 30, with 42 paper machines and a total global capacity of approximately 1.75 million tons. Almost all of Sonoco's converted paper products are made with paperboard produced from recovered paper of which the Company collects approximately 2-million tons annually on a global basis.

"The acquisition of U.S. Paper Mills Corp. will provide us with additional lightweight paperboard capacity for outer plies for tubes, composite cans and will increase our participation in the less cyclical consumer-driven tissue and towel cores and coreboard markets. This acquisition will allow us to further reduce paperboard costs by increasing our supply of lightweight paperboard capacity, thus adding flexibility to how we manage our overall mill system to ensure maximum productivity now and for future converting growth opportunities," said DeLoach.

"The U.S. Paper purchase is another step in our growth strategy of seeking non-dilutive acquisition opportunities in our core businesses and further protects and enhances our strong cash flow generating capability in our market leading integrated paper-based engineered carriers and composite can businesses. We expect to generate free cash flow of approximately \$750 million over the next five years. The Company's cash flow will be used to fuel our higher growth rate businesses, such as flexibles, protective packaging and packaging services; to further strengthen our strong cash flow generating integrated paper-based businesses, such as engineered carriers and composite cans; to reduce debt or repurchase stock; and for paying dividends, which we have done since 1925," stated DeLoach.

Sonoco, founded in 1899, is a \$2.7 billion manufacturer of industrial and consumer packaging products and provider of packaging services, with approximately 295 operations in 33 countries serving customers in 85 nations. For more information regarding the Company, visit our website at www.sonoco.com.

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.

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