



## Sonoco (NYSE: SON) Reports First Quarter Earnings Even With Last Year

April 21, 1999

HARTSVILLE, S.C., April 21 /PRNewswire/ -- Sonoco reported earnings per diluted share of \$.43 for the first quarter of 1999, even with the record \$.43 in the first quarter of 1998, it was announced today by Peter C. Browning, president and chief executive officer. Net income for the first quarter 1999 was \$43.9 million, versus \$46.5 million in the same quarter of 1998.

"First quarter 1999 earnings per share reflect the favorable impact from the sale of the Company's labels business in the United Kingdom; reduced interest expense from lower debt levels and interest rates; and the reduction in the number of outstanding shares resulting from \$169.1 million in stock repurchases during 1998, all consequences of our strategic initiatives implemented last year," said Browning. He noted that although earnings per share were even with last year's first quarter, operating profits were lower compared with the same period last year when margins expanded from a favorable price/cost relationship.

On a comparable basis, excluding divested businesses, sales for the 1999 first quarter were \$553.6 million, versus \$553.4 million in the first quarter of 1998 from ongoing operations. Reported sales for the 1999 first quarter were \$560.5 million, versus \$673.3 million in the first quarter of 1998.

Financial information by segment is presented on an as reported and comparative basis. The comparative information excludes the operating results from units divested in 1998 and 1999 and the one-time gain on the sale of the labels business in the United Kingdom in 1999.

### Segment Review

#### Consumer Packaging

The consumer packaging segment includes composite cans, plastic and fibre cartridges, high density film products, packaging services, folding cartons and flexible packaging.

First quarter sales for the consumer segment, on a comparable basis, were \$245.7 million, versus \$250.9 million in the same period last year. Operating profits for this segment were \$31.7 million, compared with \$30.6 million in the first quarter of 1998.

The modest first quarter sales decline in the consumer segment resulted primarily from the pass through of lower raw material costs. The increase in operating profits reflects improved productivity in the domestic composite can and high density film businesses and increased volume in the European and Latin American composite can operations and the flexible packaging business.

"Snack and concentrate volumes in our domestic composite cans business were somewhat weaker than the strong volumes reported in the first quarter of 1998. They were offset, however, by strong volume in nuts and foods and by volume gains in Europe and South America. We expect our domestic composite can business to improve steadily and post a solid gain for the year, in part reflecting two conversions of self-manufacturers in frozen concentrate during this year's first quarter and another expected later in the year, plus a new easy-open, consumer-preferred concentrate can just being introduced. In addition, several significant promotional campaigns are scheduled for snack food products, and we expect continued improvements in our European and Latin American markets," Browning said.

#### Industrial Packaging

The industrial packaging segment includes engineered carriers (tubes and cores); molded plugs and related products and services; molded and extruded plastics; paper manufacturing; recovered paper operations; protective packaging; reels for wire and cable packaging; adhesives; converting machinery; and forest products.

Comparable first quarter sales in the industrial packaging segment were \$307.9 million, versus \$302.6 million in the first quarter of last year. Operating profits in this segment were \$43.5 million, compared with \$49.3 million in the same period of 1998.

Sales in the industrial segment were favorably impacted by acquisitions and growth in our Asian and Latin American operations. Earnings for the segment were unfavorably affected by lower volumes in our domestic and European engineered carriers and paper operations.

In the global engineered carriers business, first quarter unit volume decreased approximately two percent from the same period last year. However, on a per billing day basis, volume was even with last year's first quarter, and productivity also improved during the quarter.

Selling prices for engineered carriers were unfavorable compared with last year's first quarter when prices reflected the pass through of the highest recovered paper costs during 1998. Unfavorable price comparisons in the 1999 first quarter, however, were offset by lower raw material (OCC) costs.

First quarter earnings for engineered carriers were adversely impacted by lower volumes, primarily reflecting weak textile markets suffering from Asian imports.

Sonoco's paper operations in the first quarter were affected negatively by lower sales volume to joint ventures and lower earnings in the Company's recovered paper operations.

"We are pleased with the progress in our Asian and Latin American engineered carriers businesses and anticipate further progress throughout the year," Browning stated.

"Our paper volume shortfall in the first quarter should improve in the second quarter as additional tonnage related to joint ventures is expected to begin coming on stream. We anticipate that our global paper mills will be running at capacity by the second half of the year," concluded Browning.

#### Corporate

During the first quarter, the Company continued to add complementary acquisitions to its existing business base. Sonoco acquired Wood Composite Technology, which makes a composite (wood and plastic) reel to serve the wire and cable markets, and is expected to generate sales of about \$10 million annually. Sonoco also acquired tube and core operations in Brazil and Taiwan from Conitex, a wholly owned subsidiary of Texpack, a joint venture partner.

Sonoco, founded in 1899, is a \$2.6 billion manufacturer of industrial and consumer packaging products with approximately 275 operations in 32 countries serving customers in some 85 nations.

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.

Following are more detailed financial results for the quarter, including: Consolidated Statements of Income, Consolidated Balance Sheets and Financial Segment Information.

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)  
(Dollars and shares in thousands except per share)

	THREE MONTHS ENDED	
	March 28, 1999	March 29, 1998
Sales	\$560,479	\$673,315
Cost of sales	425,902	518,058
Selling, general and administrative expenses	59,270	67,337
Gain on assets held for sale	(3,500)	--
Income before interest and taxes	78,807	87,920
Interest expense	12,470	14,356
Interest income	(1,038)	(808)
Income before income taxes	67,375	74,372
Provision for income taxes	24,591	29,005
Income before equity in earnings of affiliates/Minority interest in subsidiaries	42,784	45,367
Equity in earnings of affiliates/Minority interest in subsidiaries	1,163	1,128
Net income available to common shareholders	\$ 43,947	\$ 46,495
Average shares outstanding - diluted	102,816	106,955*
Earnings per share - diluted	\$.43	\$.43 *
Dividends per common share	\$.18	\$.164 *

\* Prior year figures have been restated to reflect the 10% stock dividend paid on June 10, 1998.

(Dollars in thousands)

	REPORTED RESULTS		COMPARATIVE RESULTS**	
	Three Months Ended		Three Months Ended	
	March 28, 1999	March 29, 1998	March 28, 1999	March 29, 1998
Net Sales				
Industrial				
Packaging	\$ 307,890	\$ 377,390	\$ 307,890	\$ 302,575
Consumer				
Packaging	252,589	295,925	245,676	250,859
Consolidated	\$ 560,479	\$ 673,315	\$ 553,566	\$ 553,434
Operating Profit				
Industrial				
Packaging	\$ 43,435	\$ 54,548	\$ 43,435	\$ 49,348
Consumer				
Packaging	31,872	33,372	31,744	30,644
Gain on assets held for sale	3,500	--	--	--
Interest, net	(11,432)	(13,548)	(11,432)	(13,548)
Consolidated	\$ 67,375	\$ 74,372	\$ 63,747	\$ 66,444

\*\* Excludes divested business units from net sales and operating profit in 1999 and 1998 and excludes the 1999 gain on assets held for sale.

CONSOLIDATED BALANCE SHEETS (Unaudited)  
(Dollars in thousands)

	March 28, 1999	Dec. 31, 1998
Assets		
Current Assets:		
Cash and cash equivalents	\$ 68,607	\$ 57,249
Trade receivables	317,515	297,672
Other receivables	23,210	54,475
Inventories	228,132	217,261
Prepaid expenses and deferred taxes	30,177	29,465
Net assets held for sale	--	5,294
	667,641	661,416
Property, plant and equipment, net	997,003	1,013,843
Cost in excess of fair value of assets purchased, net	175,012	170,361
Other assets	245,984	237,363
	\$2,085,640	\$2,082,983
Liabilities and Shareholders' Equity		
Current Liabilities:		
Payable to suppliers and others	\$ 326,904	\$ 323,685
Notes payable and current portion of long-term debt	98,387	96,806
Taxes on income	26,259	15,578
	451,550	436,069
Long-term debt	645,995	686,826
Postretirement benefits other than pensions	42,167	43,689
Deferred income taxes and other	120,933	94,807
Shareholders' equity	824,995	821,592
	\$2,085,640	\$2,082,983

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Company News On-Call: <http://www.prnewswire.com/comp/805487.html> or fax, 800-758-5804, ext. 805487

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