



Sonoco Outlines Plans for Sustainable Growth at Annual New York Meeting With Financial Community

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NEW YORK, Dec. 10 /PRNewswire/ -- Sonoco (NYSE: SON) outlined plans for generating sustainable earnings growth with returns on capital and equity among the highest levels in industry at the Company's annual analysts and money managers meeting held here today.

The Company said it expects to meet current market expectations of \$.49 per share for this year's fourth quarter and \$1.78 per share for the year 1999, the 38th record year out of the last 41, excluding one-time transactions.

Commenting on the year 2000, Sonoco said it expects earnings per share to increase between 8 to 10 percent, comprised of internal growth and the benefit of acquisitions. Sales in 2000 are expected to increase 12 to 14 percent, including volume growth in base businesses plus acquisitions and prices. The Company acquired in September the flexible packaging business of Graphic Packaging, which is expected to double the Company's annualized sales in the flexible packaging sector from \$125 million to more than \$250 million. "We said in September that we expect the acquisition to be earnings neutral for the first year. Therefore, the range in our earnings estimate reflects the variable of when and to what extent the acquisition might become accretive earlier than expected," stated Browning. "We are very pleased with the progress of integration to date," he added.

Browning noted that Sonoco expects increased free cash flow of some \$125 to \$150 million in 2000 as capital expenditures are expected to decrease to an estimated \$130 to \$140 million. "We believe this capital expenditure level is quite adequate to fund our existing businesses for the foreseeable future, thus making these strong cash flows available for complementary acquisitions, stock buybacks or debt reduction," stated Browning. He said that the Company has developed and prioritized a number of potential global acquisitions to complement its existing businesses. He also said that in addition to its two largest businesses, engineered carriers and composite cans where it is the global market leader in each, the Company has identified its flexible packaging, designed interior packaging and special products and services businesses as growth vehicles. "Our significant investment over recent years in information technology well positions us to benefit from emerging e-business to business opportunities," added Browning.

"Our objective going forward is to average annual earnings growth of approximately 10 percent over each economic cycle," said Peter C. Browning, president and chief executive officer. "These earnings are expected to be achieved by successfully executing four drivers: top line growth, internal and from acquisitions; productivity or "managing the guts" of the business equating to 2 to 3 percent of total costs, or about \$40 to \$60 million annually; from increased capital effectiveness or, in other words, maximizing cash and optimizing its use; plus continued emphasis on people, culture and values," said Browning.

"We believe that our four growth drivers will result in sustainable EPS growth with returns on capital and equity in the top quartile of the industrial sector. This should result in market price appreciation plus dividends (Sonoco has paid consecutive dividends since 1925, with an average annual increase of 11.1% over the last 40 years) that should provide annual total shareholder return in excess of 10 percent," Browning said.

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.

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