



Sonoco (NYSE) Reports Record Fourth Quarter and 12 Months Earnings; Fourth Quarter Produces Second Consecutive Double Digit EPS Increase

January 26, 2000

HARTSVILLE, S.C., Jan. 26 /PRNewswire/ -- Sonoco today reported record earnings per diluted share of \$.50 for the fourth quarter of 1999, compared with \$.44 in 1998, excluding one-time transactions*. This represents a 13.3% increase and the second consecutive quarter of double-digit earnings per share increases, it was announced by Peter C. Browning, president and chief executive officer. Including 1998's one-time transactions, reported earnings per diluted share for the prior year quarter were \$.31.

Sales for the fourth quarter of 1999 were \$754.5 million, up 21.1% over \$623.2 million in the same period last year, excluding sales from businesses divested in 1998. This year's fourth quarter sales included approximately \$50 million from 1999 acquisitions. Last year's fourth quarter included \$16.8 million in sales from divested units or operations contributed to joint ventures. Net income for 1999's fourth quarter was \$51.2 million, a 13% increase over \$45.3 million in the same period of 1998, excluding \$13.5 million of one-time transactions in the same quarter of 1998.

*One-time transactions in 1999 include the first quarter gain of \$3.5 million (pre and after-tax) from the sale of the Company's labels business in the United Kingdom. One-time transactions in 1998 include a net gain on divestiture of businesses totaling \$100.4 million pre-tax (\$41.6 million after-tax). \$15.0 million of this gain was for the sale of the intermediate bulk operation which occurred in the fourth quarter of 1998. One-time transactions during 1998 also included an extraordinary loss of \$11.8 million (net of a \$7.5 million income tax benefit) from the early extinguishment of debt, recorded in the second quarter, and one-time charges during the fourth quarter of \$41.3 million pre-tax (\$28.5 million after tax).

For the full year 1999, excluding one-time transactions in both years, the Company achieved record earnings per diluted share of \$1.79, compared with \$1.72 in 1998, a 4.5% increase. Including one-time transactions, the Company reported record earnings per diluted share of \$1.83, versus \$1.73 in 1998. On a comparable basis, excluding results from divested units (Harlands and Intermediate Bulk Containers) or those now part of unconsolidated joint ventures (Cone operations and corrugated medium), the Company had 1999 sales of \$2.54 billion, a 7.4% increase over \$2.36 billion in 1998. On a comparable basis, net income for 1999 was \$184.3 million, a 3.0% increase over \$178.9 million in 1998. Including one-time transactions, reported net income for 1999 was \$187.8 million, compared with \$180.2 million in 1998.

"Our fourth quarter results were extremely strong, reflecting significant increases in volume throughout our major businesses and continuing the exceptional third quarter productivity improvements. These factors helped offset a negative price/cost relationship for the fourth quarter. However, selling price realization continued to improve steadily throughout the quarter," said Browning. He noted that price increases for Europe, which started later than in North America, have not yet fully closed the price/cost gap, but did show significant improvement in the quarter.

"With healthy volume continuing in most of our businesses in January to date, coupled with ongoing productivity realization and pricing gains not yet fully realized, we believe the Company has good momentum going into the year 2000. In December, we publicly said that we anticipated an 8% to 10% improvement in earnings for the year 2000, assuming that the flexible acquisition from Graphic Packaging would be earnings neutral for the first 12 months. In light of our current momentum, including the successful integration to date of the flexible acquisition, we believe we are more likely to achieve earnings results at the higher end of our guidance," added Browning.

Segment Review

Consumer Packaging

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

Fourth quarter 1999 sales for the consumer segment were \$369.3 million, compared with \$284.5 million from ongoing operations in the same period last year, a 29.8% increase. Operating profit for this segment was \$41.7 million, a 4.7% increase over \$39.9 million in the fourth quarter of 1998.

Sales for the consumer segment for the year 1999 were \$1.2 billion, a 10.6% increase over \$1.1 billion from ongoing operations in 1998. Operating profit in this segment for 1999 was \$144.6 million, a 10.5% increase over \$130.9 million in 1998.

The increase in fourth quarter sales in the consumer segment resulted primarily from acquisitions and increased volume in composite cans, with unit volume growth up approximately 10% over last year's fourth quarter, excluding the unit volume impact of the acquisition of Crown Cork & Seal's composite can business. Sales were positively impacted by the Crown acquisition and the acquisition of the flexible packaging business of Graphic Packaging Corporation. The increase in operating profit primarily reflects improved volume in the Company's North American and European composite cans and increased productivity which more than offset a negative price/cost relationship in the Company's high density bag and film products. This business experienced approximately a 50% increase in resin prices during the last 12 months and was some \$6 million short in the fourth quarter of covering the resin price increase.

In the domestic composite can business, sales of cans for snacks, nuts, dough and caulk were up strongly, while sales volume declined in concentrate lines. The increase in dough sales reflects the acquisition from Crown Cork & Seal. European composite can sales increased significantly, resulting from new snack food products and growth of existing snack products. Composite can sales also increased in Mexico where a new plant opened in the second quarter of 1999 to serve the powdered infant formula market.

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).

Fourth quarter 1999 sales in the industrial packaging segment were \$385.2 million, a 13.7% increase over \$338.7 million from ongoing operations in the same period of 1998. Operating profit in this segment was \$51.3 million, a 15.2% increase over \$44.5 million, excluding one-time transactions, in the same period in 1998. The increase was due primarily to strong unit volume growth for engineered carriers in all regions of the world and productivity improvement.

Sales for the year 1999 in this segment were \$1.4 billion, a 4.8% increase over \$1.3 billion from ongoing operations in 1998. Operating profit for 1999 was \$188.7 million, a decrease from \$193.2 million in 1998. The year-over-year decrease resulted primarily from the lag time between OCC cost increases and recovery through selling price increases and low volume in the first quarter due to the direct and indirect adverse effects of the "Asian Flu." These factors put temporary pressure on operating margins in the segment.

Corporate

As previously reported, the Company stated its intention to buyback at least enough shares to prevent dilution related to stock options. Therefore, in December, the Company repurchased 590,000 shares of its common stock under previous authorization at an average price of \$21.75 per share. The Company intends to request an additional authorization from its Board of Directors that would enable it to continue this program.

Sonoco founded in 1899, is a \$2.5 billion manufacturer of industrial and consumer packaging products with over 270 operations in 32 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		TWELVE MONTHS ENDED	
	Dec. 31, 1999	Dec. 31, 1998	Dec. 31, 1999	Dec. 31, 1998
Sales	\$754,474	\$640,012	\$2,546,734	\$2,557,917
Cost of sales	585,002	492,873	1,953,605	1,968,200
Selling, general and administrative expenses	76,475	105,491	259,917	301,610
Gain on assets held for sale	--	(14,994)	(3,500)	(100,354)
Income before interest and taxes	92,997	56,642	336,712	388,461
Interest expense	(15,236)	(14,289)	(52,466)	(54,779)
Interest income	1,274	1,634	5,314	5,916
Income before income taxes	79,035	43,987	289,560	339,598
Provision for income taxes	29,877	14,242	108,585	153,989
Income before equity in earnings of affiliates/Minority interest in subsidiaries	49,158	29,745	180,975	185,609
Equity in earnings of affiliates/Minority				

interest in subsidiaries	2,069	2,076	6,830	6,387
Net income before extraordinary loss	51,227	31,821	187,805	191,996
Extraordinary loss	--	--	--	(11,753)
Net income	\$51,227	\$31,821	\$187,805	\$180,243
Average shares outstanding - diluted	102,559	102,829	102,780	104,275
Diluted earnings per share	\$.50	\$.31	\$1.83	\$1.73
Dividends per common share	\$.19	\$.18	\$.75	\$.704

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

	Dec. 31, 1999	Dec. 31, 1998
Assets		
Current Assets:		
Cash and cash equivalents	\$36,510	\$57,249
Receivables	373,441	352,147
Inventories	248,364	217,261
Prepaid expenses and deferred taxes	62,475	29,465
Net assets held for sale	--	5,294
	720,790	661,416
Property, plant and equipment, net	1,033,472	1,013,843
Cost in excess of fair value of assets purchased, net	254,580	170,361
Other assets	286,853	237,363
	\$2,295,695	\$2,082,983
Liabilities and Shareholders' Equity		
Current Liabilities:		
Payable to suppliers and others	\$330,709	\$ 323,685
Notes payable and current portion of long-term debt	76,576	96,806
Taxes on income	--	15,578
407,285	436,069	
Long-term debt	827,561	686,826
Postretirement benefits other than pensions	36,278	43,689
Deferred income taxes and other	123,351	94,807
Shareholders' equity	901,220	821,592
	\$2,295,695	\$2,082,983

Actual Results

FINANCIAL SEGMENT INFORMATION (Unaudited)
(Dollars in thousands)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	Dec. 31, 1999	Dec. 31, 1998	Dec. 31, 1999	Dec. 31, 1998
Net Sales				
Industrial Packaging	\$ 385,198	\$338,701	\$1,371,925	\$1,309,091
Consumer Packaging	369,276	284,462	1,166,136	1,054,673

Other**	---	16,849	8,673	194,153
Consolidated	\$ 754,474	\$ 640,012	\$2,546,734	\$2,557,917
Operating Profit				
Industrial Packaging	\$ 51,253	\$7,266	\$188,704	\$161,269
Consumer Packaging	41,744	34,382	144,508	126,838
	92,997	41,648	333,212	288,107
Net gain on assets held for sale	---	14,994	3,500	100,354
Interest, net	(13,962)	(12,655)	(47,152)	(48,863)
Consolidated	\$79,035	\$43,987	\$289,560	\$ 339,598

Comparative Results*

FINANCIAL SEGMENT INFORMATION (Unaudited)
(Dollars in thousands)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	Dec. 31, 1999	Dec. 31, 1998	Dec. 31, 1999	Dec. 31, 1998
Net Sales				
Industrial Packaging	\$ 385,198	\$338,701	\$1,371,925	\$1,309,091
Consumer Packaging	369,276	284,462	1,166,136	1,054,673
Net Sales from ongoing businesses	754,474	623,163	2,538,061	2,363,764
Other**	---	16,849	8,673	194,153
Consolidated	\$ 754,474	\$ 640,012	\$2,546,734	\$2,557,917
Operating Profit				
Industrial Packaging	\$51,253	\$44,473	\$188,704	\$193,156
Consumer Packaging	41,744	39,887	144,625	130,850
Operating profit from ongoing businesses	92,997	84,360	333,329	324,006
Other**	---	(1,375)	(117)	5,438
Interest, net	(13,962)	(12,655)	(47,152)	(48,863)
Profit before gain on sale	79,035	70,330	286,060	280,581
Net gain on assets held for sale	---	14,994	3,500	100,354
Consolidated	\$79,035	\$ 85,324	\$289,560	\$ 380,935

* Industrial Packaging's 1998 results exclude one-time pre-tax charges of (\$37,481). Consumer Packaging's 1998 results exclude one-time pre-tax charges of (\$3,856).

** Includes net sales and operating profits of divested businesses and entities previously consolidated which have been contributed to joint ventures and are no longer included in Sonoco's operating profits from ongoing operations. Sonoco's share of joint venture profits is reflected in Equity in Earnings of Affiliates on the Consolidated Statements of Operations.

SOURCE Sonoco

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

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

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