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# Second Quarter 2021 Financial Results

July 22, 2021





# Forward-Looking Statements / Non-GAAP Financial Measures

Today's presentation contains a number of forward-looking statements based on current expectations, estimates and projections. These statements are not guarantees of future performance and are subject to certain risks and uncertainties. Therefore, actual results may differ materially.

Information about the Company's use of non-GAAP financial measures, why management believes presentation of non-GAAP financial measures provides useful information to investors about the Company's financial condition and results of operations, and the purposes for which management uses non-GAAP financial measures is included in the Company's Annual Report and on the Company's website at [sonoco.com](http://sonoco.com) under Investor Relations, Webcasts & Presentations, Non-GAAP Reconciliations for Q2 2021 and Q3 and Full-Year 2021 Outlook.

Pursuant to the requirements of Regulation G, the Company has provided definitions of the non-GAAP measures discussed during this presentation as well as reconciliations of those measures to the most closely related GAAP measure on its website at [sonoco.com](http://sonoco.com).

This presentation does not constitute the solicitation of the purchase or sale of any securities.



# EPS Summary

2<sup>nd</sup> Quarter: 2021 Vs. 2020

	2 <sup>nd</sup> Quarter				YTD			
	2021		2020		2021		2020	
GAAP EPS	\$	(3.34)	\$	0.55	\$	(2.60)	\$	1.34
Addback for:								
US Inactive Pension Plan Settlement	\$	4.04	\$	—	\$	4.04	\$	—
Loss on Early Extinguishment of Debt	\$	0.15	\$	—	\$	0.15	\$	—
Non-Operating Pension Costs	\$	0.06	\$	0.05	\$	0.11	\$	0.11
Restructuring & Asset Impairment, Net	\$	(0.02)	\$	0.16	\$	0.12	\$	0.27
All Other	\$	(0.05)	\$	0.03	\$	(0.08)	\$	0.01
Base EPS*	\$	0.84	\$	0.79	\$	1.74	\$	1.73
Sonoco Guidance	\$	0.82 to 0.88	\$		\$	3.50 to 3.60	\$	

\*Due to rounding individual items may not sum down



# P&L Summary (Base)

2<sup>nd</sup> Quarter: 2021 Vs. 2020

Dollars in millions

	2021	2020	Better / (Worse)	
			Vs Prior Year	%
Net sales	\$ 1,383	\$ 1,245	\$ 138	11.0%
Gross profit	263	248	15	5.9%
SG&A expenses, net of Other Income	(134)	(121)	(13)	(10.4)%
Operating profit	\$ 129	\$ 127	\$ 2	1.6%
Net interest	(17)	(19)	2	9.2%
Provision for income taxes	\$ (30)	\$ (29)	\$ (1)	(2.7)%
Net income, after tax	\$ 82	\$ 79	\$ 3	3.8%
Equity in affiliates and Minority interest	2	1	1	100%
Net income attributable to Sonoco	\$ 85	\$ 80	\$ 5	5.6%
EBITDA	\$ 190	\$ 188	\$ 2	1%
Gross profit %	19.0%	19.9 %		
SG&A %	9.7%	9.7 %		
Operating profit %	9.3%	10.2 %		
EBITDA%	13.7%	15.1 %		
Effective tax rate	26.4%	26.6 %		

NOTE: Totals and percentages are based on unrounded amounts



# Sales Bridge

2<sup>nd</sup> Quarter: 2021 Vs. 2020

(Dollars in millions)



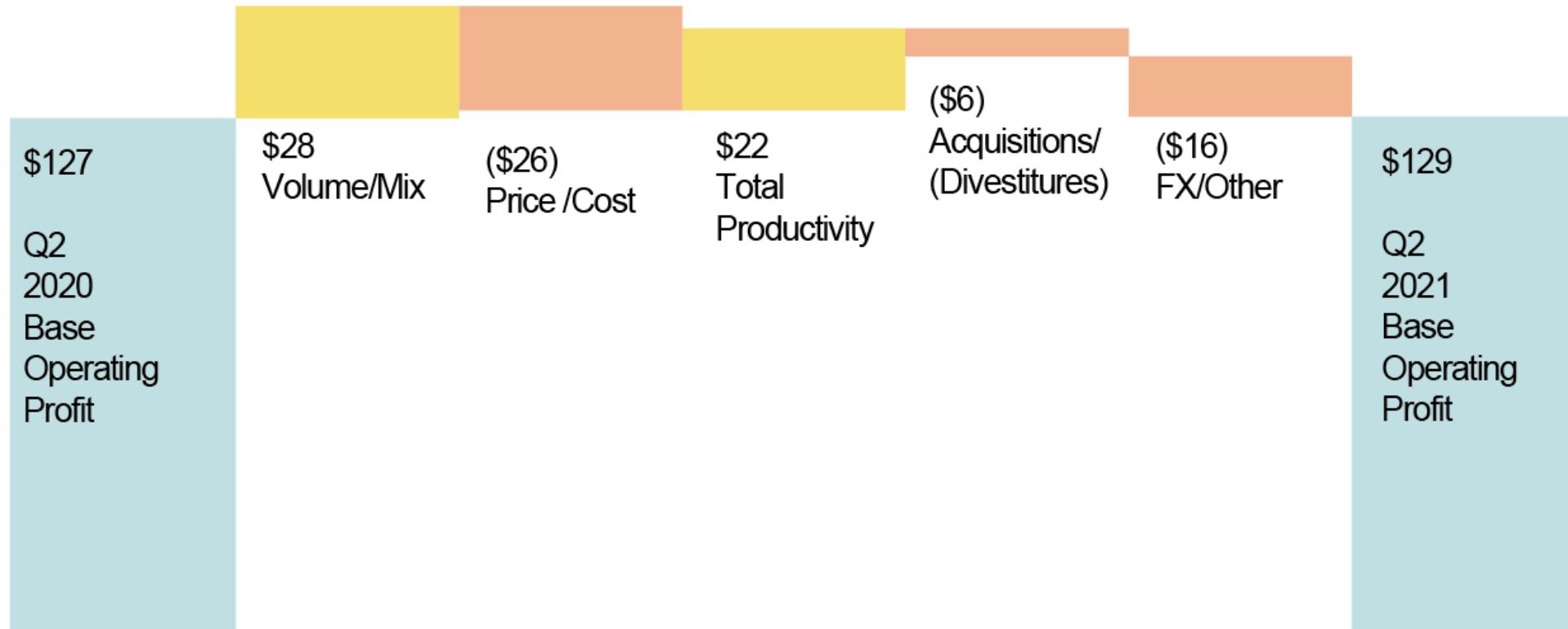
NOTES: Totals and percentages are based on unrounded amounts.



# Base Operating Profit

2<sup>nd</sup> Quarter: 2021 Vs. 2020

Dollars in millions



NOTE: Totals are based on unrounded amounts



# Segment Analysis

2<sup>nd</sup> Quarter: 2021 Vs. 2020

Dollars in millions

	NET SALES			BASE OPERATING PROFIT		
	2021	2020	% Chg	2021	2020	% Chg
Consumer Packaging	\$ 598	\$ 573	4.3 %	\$ 60	\$ 84	(29.2)%
Industrial Paper Packaging	609	455	33.7 %	58	33	74.2 %
All Other	176	217	(18.8)%	11	9	23.0 %
	<u>\$ 1,383</u>	<u>\$ 1,245</u>	<u>11.0 %</u>	<u>\$ 129</u>	<u>\$ 127</u>	<u>1.6 %</u>

	OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	10.0 %	14.7 %	(4.7)%
Industrial Paper Packaging	9.5 %	7.3 %	2.2 %
All Other	6.2 %	4.1 %	2.1 %
Total Sonoco	<u>9.3 %</u>	<u>10.2 %</u>	<u>(0.9)%</u>

NOTE: Totals and percentages are based on unrounded amounts





# Cash Flow

Year to date: 2021 Vs. 2020

Dollars in millions

	Year To Date		Change
	Q2 2021	Q2 2020	
<b>Net income</b>	\$ (262)	\$ 135	\$ (397)
Asset impairment charges, net / Loss on divestiture	9	6	3
Depreciation and amortization expense	122	123	(1)
Pension and postretirement plan expenses, net of contributions	414	(2)	416
Changes in working capital	(47)	(28)	(19)
Changes in tax accounts	(146)	28	(174)
Other operating activity	13	18	(5)
<b>Operating cash flow</b>	\$ 102	\$ 282	\$ (180)
Capital expenditures, net	(93)	(72)	(21)
<b>Free cash flow</b>	\$ 9	\$ 210	\$ (201)
<b>Cash dividends paid</b>	\$ (90)	\$ (86)	\$ (4)

NOTE: Totals are based on unrounded amounts





# Balance Sheet

Dollars in millions

	<u>7/4/2021</u>	<u>12/31/2020</u>	<u>Change \$</u>
Cash and cash equivalents	\$ 264	\$ 565	\$ (301)
Trade accounts receivable, net	728	659	69
Other receivables	100	104	(4)
Inventories	504	451	53
Prepaid expenses	51	53	(2)
<b>Current Assets</b>	<b>\$ 1,647</b>	<b>\$ 1,831</b>	<b>\$ (184)</b>
Property, plant and equipment, net	1,233	1,244	(11)
Goodwill	1,333	1,389	(56)
Other intangible assets, net	295	322	(27)
Right of use asset - Operating leases	271	296	(25)
Other assets	214	195	19
<b>Total Assets</b>	<b>\$ 4,994</b>	<b>\$ 5,277</b>	<b>\$ (283)</b>
Payable to suppliers and others	992	1,048	(56)
Income taxes payable	9	7	2
Total debt	1,598	1,700	(102)
Pension and other postretirement benefits	166	172	(6)
Noncurrent operating lease liabilities	237	262	(25)
Deferred income taxes and other	169	177	(8)
Total equity	1,822	1,911	(89)
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,994</b>	<b>\$ 5,277</b>	<b>\$ (283)</b>

Net debt / Total capital

42.3 %

37.3 %



# EPS and Cash Flow Guidance

	1 <sup>st</sup> Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2019 Base EPS	\$0.85	\$0.95	\$0.97	\$0.75	\$3.53
2020 Base EPS	\$0.94	\$0.79	\$0.86	\$0.82	\$3.41
2021 Actuals & Guidance	\$0.90	\$0.84	\$0.87 - \$0.93		\$3.50 - \$3.60

(\$ millions)	December 31, 2021	
	Est. Low End	Est. High End
Full Year Cash Flow Guidance (Excluding pension contributions*)		
Operating Cash Flow*	\$ 570	\$ 600
Free Cash Flow*	\$ 270	\$ 300

\* Net cash provided by operating activities and free cash flow exclude \$133,000 of pension contributions made in the second quarter of 2021 to fund liability settlements



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# Appendix





# Segment Analysis

Q2 Year To Date: 2021 Vs. 2020

Dollars in millions

	NET SALES			BASE OPERATING PROFIT		
	2021	2020	% Chg	2021	2020	% Chg
Consumer Packaging	\$ 1,181	\$ 1,114	6.0 %	\$ 135	\$ 148	(8.6)%
Industrial Paper Packaging	1,174	958	22.6 %	108	93	16.4 %
All Other	382	478	(20.1)%	25	29	(15.8) %
	<u>\$ 2,736</u>	<u>\$ 2,549</u>	<u>7.3 %</u>	<u>\$ 268</u>	<u>\$ 270</u>	<u>(0.8) %</u>

	OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	11.4 %	13.3 %	(1.9)%
Industrial Paper Packaging	9.2 %	9.7 %	(0.5) %
All Other	6.5 %	6.1 %	0.4 %
Total Sonoco	<u>9.8 %</u>	<u>10.6 %</u>	<u>(0.8)%</u>

NOTE: Totals and percentages are based on unrounded amounts



# P&L Summary (Base)

Q2 Year To Date: 2021 Vs. 2020

Dollars in millions

	2021	2020	Better / (Worse)	
			Vs Prior Year	%
Net sales	\$ 2,736	\$ 2,549	\$ 187	7.3%
Gross profit	541	515	26	5.0%
SG&A expenses, net of Other Income	(272)	(244)	(28)	(9.3)%
Operating profit	\$ 268	\$ 270	\$ (2)	(0.8)%
Net interest	(35)	(35)	0	0%
Provision for income taxes	\$ (61)	\$ (62)	\$ 1	2.0%
Net income, after tax	\$ 173	\$ 174	\$ (1)	(0.5)%
Equity in affiliates and Minority interest	4	2	2	200%
Net income attributable to Sonoco	\$ 176	\$ 175	\$ 1	0.5%
Operating Profit before D&A	\$ 391	\$ 394	(3)	(0.8)%
Gross profit %	19.8 %	20.2 %		
SG&A %	10.0 %	9.6 %		
Operating profit %	9.8 %	10.6 %		
EBITDA%	14.3 %	15.4 %		
Effective tax rate	26.0 %	26.3 %		

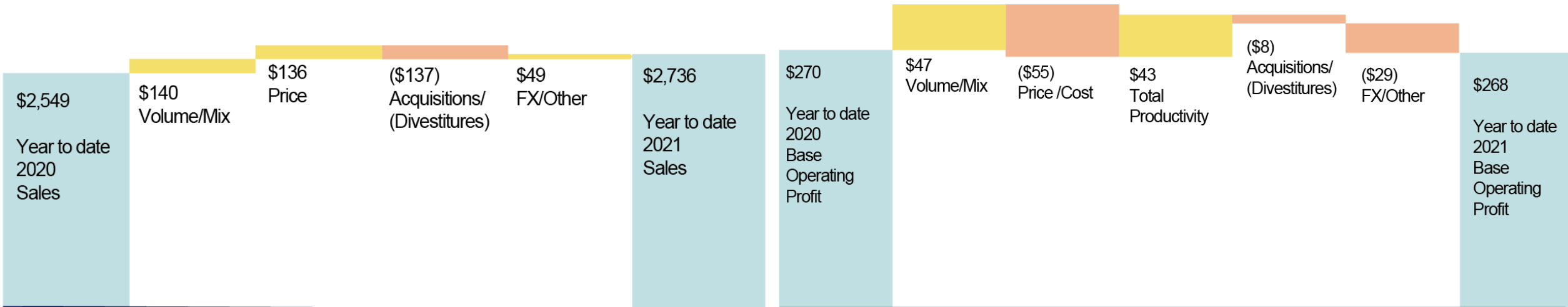
NOTE: Totals and percentages are based on unrounded amounts



# Sales & Base Operating Profit Bridges

Q2 YTD: 2021 Vs. 2020

Dollars in millions



NOTE: Totals and percentages are based on unrounded amounts

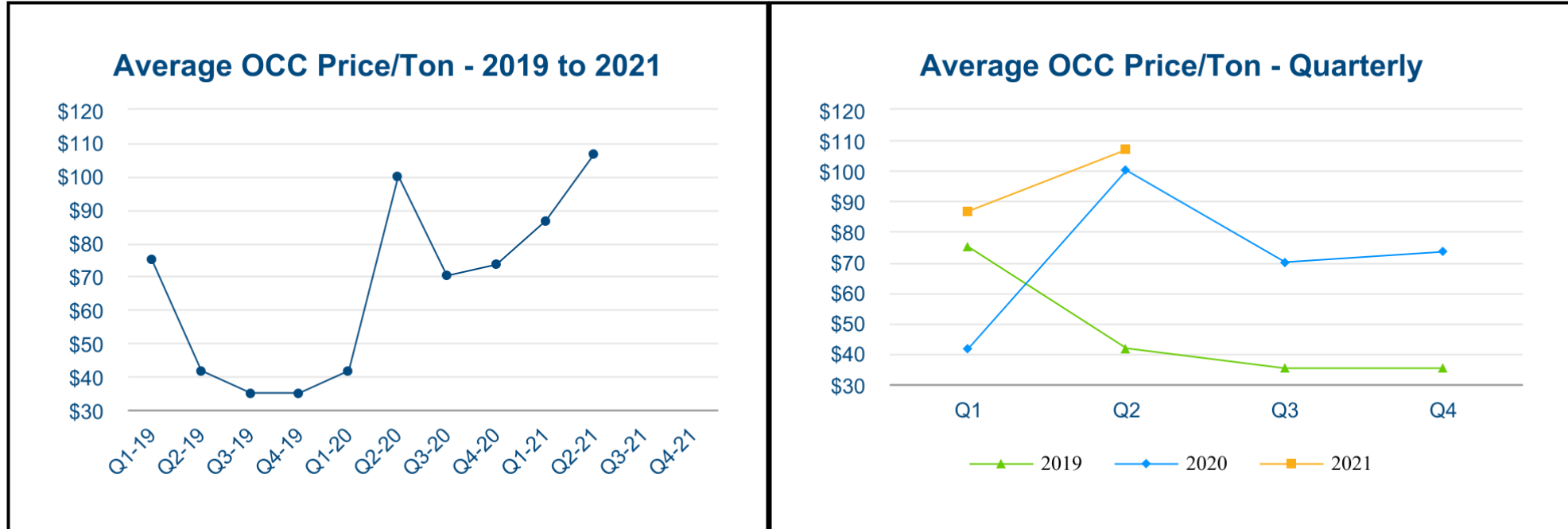




# OCC Official Board Market

2<sup>nd</sup> Quarter: 2021 Vs. 2020 Vs. 2019

(Price/Ton)



	1st Quarter				2nd Quarter				3rd Quarter				4th Quarter			
	J	F	M	Avg	A	M	J	Avg	J	A	S	Avg	O	N	D	Avg
2019	85	75	65	75	50	40	35	42	35	35	35	35	35	35	35	35
2020	35	40	50	42	85	125	90	100	70	70	70	70	70	70	80	73
2021	85	85	90	87	95	100	125	107	-	-	-	-	-	-	-	-