

**Sonoco Products Company**  
**Reconciliation of Non-GAAP Financial Measures**

In accordance with the SEC's Regulation G, the following provides definitions of the non-GAAP financial measures used by the company, together with the most directly comparable financial measures calculated in accordance with GAAP, and a reconciliation of the differences between the non-GAAP financial measures disclosed and the most directly comparable financial measures calculated in accordance with GAAP.

**Definition and Reconciliation of Non-GAAP Financial Measures**

The Company's results determined in accordance with U.S. generally accepted accounting principles (GAAP) are referred to as "as reported" or "GAAP" results. Some of the information presented in this press release reflects the Company's "as reported" or "GAAP" results adjusted to exclude amounts; including the associated tax effects, relating to restructuring initiatives, asset impairment charges, environmental charges, acquisition-related costs, gains or losses from the disposition of businesses, excess property insurance recoveries, pension settlement charges, and certain other items, if any, including other income tax-related adjustments and/or events, the exclusion of which management believes improves comparability and analysis of the ongoing operating performance of the business. These adjustments result in the non-GAAP financial measures referred to in earnings presentations as "Base Earnings" and "Base Earnings per Diluted Share."

These non-GAAP measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Sonoco continues to provide all information required by GAAP, but it believes that evaluating its ongoing operating results may not be as useful if an investor or other user is limited to reviewing only GAAP financial measures. Sonoco uses these non-GAAP financial measures for internal planning and forecasting purposes, to evaluate its ongoing operations, and to evaluate the ultimate performance of each business unit against plan/forecast all the way up through the evaluation of the Chief Executive Officer's performance by the Board of Directors. In addition, these same non-GAAP measures are used in determining incentive compensation for the entire management team and in providing earnings guidance to the investing community.

Sonoco management does not, nor does it suggest that investors should, consider these non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Sonoco presents these non-GAAP financial measures to provide users information to evaluate Sonoco's operating results in a manner similar to how management evaluates business performance. Material limitations associated with the use of such measures are that they do not reflect all period costs included in operating expenses and may not reflect financial results that are comparable to financial results of other companies that present similar costs differently. Furthermore, the calculations of these non-GAAP measures are based on subjective determinations of management regarding the nature and classification of events and circumstances that the investor may find material and view differently. To compensate for these limitations, management believes that it is useful in understanding and analyzing the results of the business to review both GAAP information which includes all of the items impacting financial results and the non-GAAP measures that exclude certain elements, as described above.

Whenever Sonoco uses a non-GAAP financial measure, except with respect to guidance, it provides a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Whenever reviewing a non-GAAP financial measure, investors are encouraged to fully review and consider the related reconciliation as detailed below. Full-year 2019 GAAP guidance are not provided in this release due to the likely occurrence of one or more of the following, the timing and magnitude of which we are unable to reliably forecast: possible gains or losses on the sale of businesses or other assets, restructuring costs and restructuring-related impairment charges, acquisition-related costs, and the tax effect of these items and/or other income tax-related events. These items could have a significant impact on the Company's future GAAP financial results.

The following tables reconcile the Company's non-GAAP financial measures to their most directly comparable GAAP financial measures in the Company's Condensed Consolidated Statements of Income for each of the periods presented.

**Reconciliation of GAAP to Non-GAAP Financial Measures***For the three months ended December 31, 2018**Dollars and shares in thousands, except per share data*

	<u>Non-GAAP Adjustments</u>				
	GAAP	Restructuring / Asset Impairment Charges(1)	Acquisition Related Costs(2)	Other Adjustments(3)	Base
Operating profit	\$ 94,096	\$ 11,380	\$ 10,409	\$ 330	\$ 116,215
Non-operating pension costs	744	—	—	—	744
Interest expense, net	15,173	—	—	—	15,173
Income before income taxes	78,179	11,380	10,409	330	100,298
Provision for income taxes	3,034	2,842	51	11,968	17,895
Income before equity in earnings of affiliates	75,145	8,538	10,358	(11,638)	82,403
Equity in earnings of affiliates, net of taxes	2,204	—	—	—	2,204
Net income	77,349	8,538	10,358	(11,638)	84,607
Net (income) attributable to noncontrolling interests	329	(143)	—	—	186
Net income attributable to Sonoco	\$ 77,678	\$ 8,395	\$ 10,358	\$ (11,638)	\$ 84,793
Per Diluted Share*	\$ 0.77	\$ 0.08	\$ 0.10	\$ (0.11)	\$ 0.84
Effective tax rate	3.9%				17.8%

\*Due to rounding individual items may not sum across

**Reconciliation of GAAP to Non-GAAP Financial Measures***For the three months ended December 31, 2017**Dollars and shares in thousands, except per share data*

	<u>Non-GAAP Adjustments</u>				
	GAAP	Restructuring / Asset Impairment Charges(1)	Acquisition Related Costs(2)	Other Adjustments(4)	Base
Operating profit	\$ 90,338	25,900	1,807	(411)	\$ 117,634
Non-operating pension costs	3,864	—	—	(1,211)	2,653
Interest expense, net	14,248	—	—	—	14,248
Income before income taxes	72,226	25,900	1,807	800	100,733
Provision for income taxes	68,338	8,983	946	(48,650)	29,617
Income before equity in earnings of affiliates	3,888	16,917	861	49,450	71,116
Equity in earnings of affiliates, net of taxes	2,162	—	—	581	2,743
Net income	6,050	16,917	861	50,031	73,859
Net (income) attributable to noncontrolling interests	(375)	(36)	—	—	(411)
Net income attributable to Sonoco	\$ 5,675	\$ 16,881	\$ 861	\$ 50,031	\$ 73,448
Per Diluted Share*	\$ 0.06	\$ 0.17	\$ 0.01	\$ 0.49	\$ 0.72
Effective tax rate	94.6%				29.4%

\*Due to rounding individual items may not sum across

**Reconciliation of GAAP to Non-GAAP Financial Measures***For the twelve months ended December 31, 2018**Dollars and shares in thousands, except per share data*

	<u>Non-GAAP Adjustments</u>				
	GAAP	Restructuring / Asset Impairment Charges(1)	Acquisition Related Costs(2)	Other Adjustments(5)	Base
Operating profit	\$ 437,629	\$ 40,071	\$ 14,446	\$ (326)	\$ 491,820
Non-operating pension costs	941	—	—	(742)	199
Interest expense, net	58,157	—	—	—	58,157
Income before income taxes	378,531	40,071	14,446	416	433,464
Provision for income taxes	75,008	10,038	115	17,539	102,700
Income before equity in earnings of	303,523	30,033	14,331	(17,123)	330,764
Equity in earnings of affiliates, net of taxes	11,216	—	—	—	11,216
Net income	314,739	30,033	14,331	(17,123)	341,980
Net (income) attributable to noncontrolling interests	(1,179)	(191)	—	—	(1,370)
Net income attributable to Sonoco	\$ 313,560	\$ 29,842	\$ 14,331	\$ (17,123)	\$ 340,610
Per Diluted Share*	\$ 3.10	\$ 0.30	\$ 0.14	\$ (0.17)	\$ 3.37
Effective tax rate	19.8%				23.7%

\*Due to rounding individual items may not sum across

**Reconciliation of GAAP to Non-GAAP Financial Measures***For the twelve months ended December 31, 2017**Dollars and shares in thousands, except per share data*

	<u>Non-GAAP Adjustments</u>				
	GAAP	Restructuring / Asset Impairment Charges(1)	Acquisition Related Costs(2)	Other Adjustments(6)	Base
Operating profit	\$ 412,409	\$ 38,419	\$ 13,790	\$ (2,279)	\$ 462,339
Non-operating pension costs	45,110	—	—	(32,761)	12,349
Interest expense, net	52,745	—	—	—	52,745
Income before income taxes	314,554	38,419	13,790	30,482	397,245
Provision for income taxes	146,589	13,064	3,841	(40,123)	123,371
Income before equity in earnings of	167,965	25,355	9,949	70,605	273,874
Equity in earnings of affiliates, net of taxes	9,482	—	—	581	10,063
Net income	177,447	25,355	9,949	71,186	283,937
Net (income) attributable to noncontrolling interests	(2,102)	(71)	—	—	(2,173)
Net income attributable to Sonoco	\$ 175,345	\$ 25,284	\$ 9,949	\$ 71,186	\$ 281,764
Per Diluted Share*	\$ 1.74	\$ 0.25	\$ 0.10	\$ 0.71	\$ 2.79
Effective tax rate	46.6%				31.1%

\*Due to rounding individual items may not sum across

- (1) Restructuring/Asset impairment charges are a recurring item as Sonoco's restructuring programs usually require several years to fully implement and the Company is continually seeking to take actions that could enhance its efficiency. Although recurring, these charges are subject to significant fluctuations from period to period due to the varying levels of restructuring activity and the inherent imprecision in the estimates used to recognize the impairment of assets and the wide variety of costs and taxes associated with severance and termination benefits in the countries in which the restructuring actions occur.
- (2) Includes costs related to acquisitions and potential acquisitions.
- (3) Primarily the release of a valuation allowance and other non-base tax adjustments totaling a benefit of \$11,892.
- (4) Includes tax charges of approximately \$76,933 related to a one-time tax on certain foreign subsidiaries offset by approximately \$25,668 related to an increase in net deferred tax assets both of which are related to the implementation of the 2017 U.S. Tax Cuts and Jobs Act.
- (5) Primarily the release of a valuation allowance and other non-base tax adjustments totaling a net benefit of approximately \$17,434.
- (6) Includes pension settlement charges of \$32,761 and certain other costs, partially offset by insurance settlement gains. Also includes tax charges of approximately \$76,933 related to a one-time tax on certain foreign subsidiaries offset by approximately \$25,668 related to an increase in net deferred tax assets both of which are related to the implementation of the 2017 U. S. Tax Cuts and Jobs Act. Also included are tax charges totaling \$2,229 primarily related to the settlement of a tax audit in Canada and the effect of state tax rate changes on deferred taxes as well as reserves for uncertain tax positions totaling a net gain of \$55. These amounts were partially offset by a tax benefit on the final settlement of prior-year business disposition of \$1,682.

	<b>Twelve Months Ended</b>			
	<b>Estimated Low</b>	<b>Estimated High</b>	<b>Actual</b>	<b>Actual</b>
	<b>End</b>	<b>End</b>	<b>December 31,</b>	<b>December 31,</b>
<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	
<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
<b>FREE CASH FLOW*</b>				
Net cash provided by operating activities	\$ 600,000	\$ 620,000	\$ 589,898	\$ 348,254
Purchase of property, plant and equipment, net	(205,000)	(205,000)	(168,286)	(183,642)
Cash dividends	(170,000)	(170,000)	(161,434)	(153,137)
Free Cash Flow	\$ 225,000	\$ 245,000	\$ 260,178	\$ 11,475

\* Free Cash Flow is a non-GAAP measure that does not imply the amount of residual cash flow available for discretionary expenditures, as it excludes mandatory debt service requirements and other non-discretionary expenditures.

