

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, non-operating pension costs or income, environmental reserve charges/releases, acquisition-related costs, gains or losses from the disposition of businesses, excess property insurance recoveries, 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, which are referred to as "non-base", result in the non-GAAP financial measures referred to in this press release 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. Second-quarter and full-year 2020 GAAP guidance is 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: restructuring costs and restructuring-related impairment charges, acquisition related costs, possible gains or losses on the sale of businesses or other assets, and the income tax effects 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 March 29, 2020**Dollars and shares in thousands, except per share data*

	Non-GAAP Adjustments			Base
	GAAP	Restructuring / Asset Impairment Charges(1)	Other Adjustments(2)	
Operating profit	\$ 130,103	\$ 12,599	\$ 1,210	\$ 143,912
Non-operating pension costs	7,579	—	(7,579)	—
Interest expense, net	16,045	—	—	16,045
Income before income taxes	106,479	12,599	8,789	127,867
Provision for income taxes	26,756	3,129	3,400	33,285
Income before equity in earnings of affiliates	79,723	9,470	5,389	94,582
Equity in earnings of affiliates, net of taxes	513	—	—	513
Net income	80,236	9,470	5,389	95,095
Net (income) loss attributable to noncontrolling interests	209	(11)	—	198
Net income attributable to Sonoco	<u>\$ 80,445</u>	<u>\$ 9,459</u>	<u>\$ 5,389</u>	<u>\$ 95,293</u>
Per Diluted Share	<u>\$ 0.80</u>	<u>\$ 0.09</u>	<u>\$ 0.05</u>	<u>\$ 0.94</u>
*Due to rounding individual items may not sum across				
Effective tax rate	25.1%			26.0%

Reconciliation of GAAP to Non-GAAP Financial Measures*For the three months ended March 31, 2019**Dollars and shares in thousands, except per share data*

	Non-GAAP Adjustments			Base
	GAAP	Restructuring / Asset Impairment Charges(1)	Other Adjustments(3)	
Operating profit	\$ 116,888	\$ 10,672	\$ 400	\$ 127,960
Non-operating pension costs	6,041	—	(6,041)	—
Interest expense, net	15,385	—	—	15,385
Income before income taxes	95,462	10,672	6,441	112,575
Provision for income taxes	22,624	2,638	1,885	27,147
Income before equity in earnings of affiliates	72,838	8,034	4,556	85,428
Equity in earnings of affiliates, net of taxes	930	—	—	930
Net income	73,768	8,034	4,556	86,358
Net (income) attributable to noncontrolling	(105)	(69)	—	(174)
Net income attributable to Sonoco	<u>\$ 73,663</u>	<u>\$ 7,965</u>	<u>\$ 4,556</u>	<u>\$ 86,184</u>
Per Diluted Share	<u>\$ 0.73</u>	<u>\$ 0.08</u>	<u>\$ 0.05</u>	<u>\$ 0.85</u>
*Due to rounding individual items may not sum across				
Effective tax rate	23.7%			24.1%

- (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) Consists mainly of non-operating pension costs and costs related to actual and potential acquisitions and divestitures. Also includes non-base deferred income tax gains of \$1,413 related primarily to a tax rate change.
- (3) Consists mainly of non-operating pension costs and costs related to actual and potential acquisitions and divestitures.

FREE CASH FLOW*	Three Months Ended	
	March 29, 2020	March 31, 2019
Net cash provided by operating activities	\$ 87,713	\$ 92,319
Purchase of property, plant and equipment, net	(30,663)	(41,664)
Cash dividends	(43,305)	(41,136)
Free Cash Flow	<u>\$ 13,745</u>	<u>\$ 9,519</u>

* 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.