

**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 related to restructuring initiatives, asset impairment charges, non-operating pension costs, environmental charges, acquisition costs, gains and losses on dispositions of businesses, excess insurance recoveries, certain income tax related events and other items, if any, 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 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 budget 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. First-quarter and full-year 2020 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 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.

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

	<u>Non-GAAP Adjustments</u>				Base
	GAAP	Restructuring / Asset Impairment Charges(1)	Acquisition Related Costs(2)	Other Adjustments(3)	
Operating profit	\$ 81,878	\$ 29,238	\$ 2,914	\$ —	\$ 114,030
Non-operating pension costs	5,912	—	—	(5,912)	—
Interest expense, net	15,510	—	—	—	15,510
Income before income taxes	60,456	29,238	2,914	5,912	98,520
Provision for income taxes	16,056	7,770	115	(1,120)	22,821
Income before equity in earnings of affiliates	44,400	21,468	2,799	7,032	75,699
Equity in earnings of affiliates, net of taxes	931	—	—	—	931
Net income	45,331	21,468	2,799	7,032	76,630
Net (income) attributable to noncontrolling interests	(432)	207	—	—	(225)
Net income attributable to Sonoco	<u>\$ 44,899</u>	<u>\$ 21,675</u>	<u>\$ 2,799</u>	<u>\$ 7,032</u>	<u>\$ 76,405</u>
Per Diluted Share*	<u>\$ .44</u>	<u>\$ .21</u>	<u>\$ .03</u>	<u>\$ .07</u>	<u>\$ .75</u>
Effective tax rate	<u>26.6%</u>				<u>23.2%</u>

\*Due to rounding individual items may not sum across

**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>				Base
	GAAP	Restructuring / Asset Impairment Charges(1)	Acquisition Related Costs(2)	Other Adjustments(4)	
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	1,074	101,042
Provision for income taxes	3,034	2,842	51	12,183	18,110
Income before equity in earnings of affiliates	75,145	8,538	10,358	(11,109)	82,932
Equity in earnings of affiliates, net of taxes	2,204	—	—	—	2,204
Net income	77,349	8,538	10,358	(11,109)	85,136
Net (income) attributable to noncontrolling interests	329	(143)	—	—	186
Net income attributable to Sonoco	<u>\$ 77,678</u>	<u>\$ 8,395</u>	<u>\$ 10,358</u>	<u>\$ (11,109)</u>	<u>\$ 85,322</u>
Per Diluted Share*	<u>\$ .77</u>	<u>\$ .08</u>	<u>\$ .10</u>	<u>\$ (.11)</u>	<u>\$ .84</u>
Effective tax rate	<u>3.9%</u>				<u>17.9%</u>

\*Due to rounding individual items may not sum across

- (1) Restructuring/Asset impairment charges are a recurring item as Sonoco's restructuring actions 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. Additionally, 2019 includes asset impairment charges totaling \$15,061 related to specific product lines that were taken when the Company determined that the book value of the assets related to these specific products were greater than their expected discounted future cash flows related to the assets.
- (2) Includes costs related to acquisitions and potential acquisitions.
- (3) Primarily non-operating pension expenses.
- (4) Primarily the release of a valuation allowance and other non-base tax adjustments totaling a benefit of \$11,892.

### **Reconciliation of GAAP to Non-GAAP Financial Measures**

*For the twelve months ended December 31, 2019*

*Dollars and shares in thousands, except per share data*

	<u>Non-GAAP Adjustments</u>				Base
	GAAP	Restructuring / Asset Impairment Charges(1)	Acquisition Related Costs(2)	Other Adjustments(3)	
Operating profit	467,082	59,880	8,429	(9,999)	525,392
Non-operating pension costs	24,713	—	—	(24,713)	—
Interest expense, net	61,603	—	—	—	61,603
Income before income taxes	380,766	59,880	8,429	14,714	463,789
Provision for income taxes	93,269	15,520	1,147	994	110,930
Income before equity in earnings of affiliates	287,497	44,360	7,282	13,720	352,859
Equity in earnings of affiliates, net of taxes	5,171	—	—	—	5,171
Net income	292,668	44,360	7,282	13,720	358,030
Net (income) attributable to noncontrolling interests	(883)	51	—	—	(832)
Net income attributable to Sonoco	<u>\$ 291,785</u>	<u>\$ 44,411</u>	<u>\$ 7,282</u>	<u>\$ 13,720</u>	<u>\$ 357,198</u>
Per Diluted Share*	<u>\$ 2.88</u>	<u>\$ 0.44</u>	<u>\$ 0.07</u>	<u>\$ 0.14</u>	<u>\$ 3.53</u>
Effective tax rate	<u>24.5%</u>				<u>23.9%</u>

\*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

### Non-GAAP Adjustments

	GAAP	Restructuring / Asset Impairment Charges(1)	Acquisition Related Costs(2)	Other Adjustments(4)	Base
Operating profit	437,629	40,071	14,446	(326)	491,820
Non-operating pension costs	941			(941)	—
Interest expense, net	58,157	—	—	—	58,157
Income before income taxes	378,531	40,071	14,446	615	433,663
Provision for income taxes	75,008	10,038	115	17,723	102,884
Income before equity in earnings of affiliates	303,523	30,033	14,331	(17,108)	330,779
Equity in earnings of affiliates, net of taxes	11,216	—	—	—	11,216
Net income	314,739	30,033	14,331	(17,108)	341,995
Net (income) attributable to noncontrolling interests	(1,179)	(191)	—	—	(1,370)
Net income attributable to Sonoco	<u>\$ 313,560</u>	<u>\$ 29,842</u>	<u>\$ 14,331</u>	<u>\$ (17,108)</u>	<u>\$ 340,625</u>
Per Diluted Share*	<u>\$ 3.10</u>	<u>\$ 0.30</u>	<u>\$ 0.14</u>	<u>\$ (0.17)</u>	<u>\$ 3.37</u>
Effective tax rate	<u>19.8%</u>				<u>23.7%</u>

- (1) Restructuring/Asset impairment charges are a recurring item as Sonoco's restructuring actions 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. Additionally, 2019 includes asset impairment charges totaling \$15,061 related to specific product lines that were taken when the Company determined that the book value of the assets related to these specific products were greater than their expected discounted future cash flows related to the assets.
- (2) Includes costs related to acquisitions and potential acquisitions.
- (3) Primarily the gain related to the release of an environmental reserve and non-operating pension costs.
- (4) Primarily the release of a valuation allowance and other non-base tax adjustments totaling a net benefit of approximately \$17,434.

### Twelve Months Ended

	Estimated Low End	Estimated High End	Actual	Actual
	December 31, 2020	December 31, 2020	December 31, 2019	December 31, 2018
<b>FREE CASH FLOW*</b>				
Net cash provided by operating activities	\$ 625,000	\$ 645,000	\$ 425,850	\$ 589,898
Purchase of property, plant and equipment, net	(195,000)	(195,000)	(181,320)	(168,286)
Cash dividends	(180,000)	(180,000)	(170,253)	(161,434)
Free Cash Flow	<u>\$ 250,000</u>	<u>\$ 270,000</u>	<u>\$ 74,277</u>	<u>\$ 260,178</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.