



SONOCO

SONOCO FOURTH QUARTER 2023

Earnings Presentation | February 2024



Forward-Looking Statements / Non-GAAP Financial Measures

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. In addition, the Company and its representatives may from time to time make other oral or written statements that are also “forward-looking statements.” Words such as “anticipate,” “assume,” “believe,” “committed,” “consider,” “continue,” “could,” “estimate,” “expect,” “forecast,” “future,” “goal,” “guidance,” “intend,” “likely,” “may,” “might,” “objective,” “outlook,” “plan,” “potential,” “project,” “seek,” “strategy,” “will,” or the negative thereof, and similar expressions identify forward-looking statements.

Forward-looking statements in this communication include statements regarding, but not limited to: the Company’s future operating and financial performance, including first quarter and full-year 2024 outlook; the Company’s ability to manage variable and fixed expenses; opportunities for operational improvements; customer demand and volume outlook; the Company’s relationships with its customers; the Company’s ability to create near-term and long-term value and to generate cash flows and returns for shareholders; expected benefits from accretive acquisitions and divestitures; the effectiveness of the Company’s strategy; the effects of the macroeconomic environment and inflation on the Company and its customers; and outcomes of certain tax issues and tax rates. Such forward-looking statements are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management. Such information includes, without limitation, discussions as to guidance and other estimates, perceived opportunities, expectations, beliefs, plans, strategies, goals and objectives concerning our 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. The risks, uncertainties and assumptions include, without limitation, those related to: the Company’s ability to achieve the benefits it expects from acquisitions and divestitures; the Company’s ability to execute on its strategy, including with respect to acquisitions, divestitures, cost management, restructuring and capital expenditures, and achieve the benefits it expects therefrom; the operation of new manufacturing capabilities; the Company’s ability to achieve anticipated cost and energy savings; the availability and pricing of raw materials, energy and transportation, including the impact of potential changes in tariffs and escalating trade wars, and the Company’s ability to pass raw material, energy and transportation price increases and surcharges through to customers or otherwise manage these pricing risks; the costs of labor; the effects of inflation, fluctuations in consumer demand, volume softness, customer destocking and other macroeconomic factors on the Company and the industries in which it operates and that it serves; the Company’s ability to meet its goals relating to sustainability and reduction of greenhouse gas emissions; the Company’s ability to return cash to shareholders and create long-term value; and the other risks, uncertainties and assumptions discussed in the Company’s filings with the Securities and Exchange Commission, including its most recent reports on Forms 10-K and 10-Q, particularly under the heading “Risk Factors.” The Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur.

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 investor.sonoco.com under Webcasts & Presentations, and Non-GAAP Reconciliations for the Q4 2023 Earnings Presentation. 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 investor.sonoco.com.

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

Today's Attendees



HOWARD COKER
President & CEO



ROB DILLARD
Chief Financial Officer



RODGER FULLER
Chief Operating Officer



LISA WEEKS
VP of IR &
Communications



2023 Results Summary

REVENUE	Adjusted EBITDA	Adjusted NET INCOME*	Adjusted EARNINGS PER SHARE*
\$6.78B	\$1,067M 15.7% Margin	\$520M 7.7% Margin	\$5.26

2023 HIGHLIGHTS

- **Made progress on strategic initiatives and delivered solid results in a challenging macro**
 - Generated record \$883 million of Operating Cash Flow and \$600 million of Free Cash Flow in 2023
 - Achieved full year record results in our Consumer rigid paper containers and flexibles businesses
 - Produced record profit margins in Industrials despite a persistently low demand environment
 - Increased the annual dividend for the fortieth straight year
 - Advanced portfolio simplification, organic growth investments, and ESG initiatives
- **Second best annual performance in the 125-year history of the Company**

* Net Income = Net Income attributable to Sonoco. See Appendix for EPS Adjusted to GAAP reconciliation. See investor.sonoco.com for reconciliations of other non-GAAP financial measures.



Financial Results

Rob Dillard
Chief Financial Officer

2023 Financial Results

	2021	2022	2023	YoY % Change	2-Year CAGR
Net Sales (\$M)	\$5,590	\$7,251	\$6,781	-6.5%	10.1%
Adjusted Operating Profit (\$M)	\$565	\$920	\$804	-12.6%	19.3%
Adjusted Operating Profit Margin	10.1%	12.7%	11.9%		
Adjusted EBITDA (\$M)	\$771	\$1,162	\$1,067	-8.1%	17.7%
Adjusted EBITDA Margin	13.8%	16.0%	15.7%		
Adjusted EPS	\$3.93	\$6.48	\$5.26	-18.8%	15.7%

NOTE: See appendix for EPS Adjusted to GAAP reconciliation

Q4-23 Financial Results vs 2022

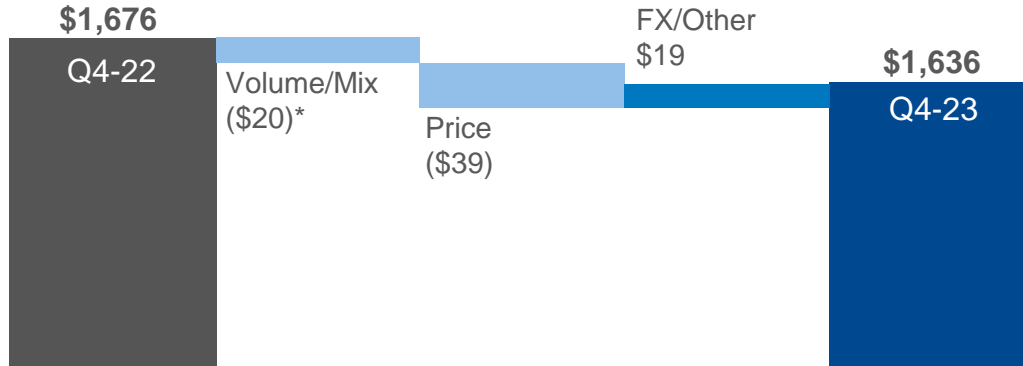
	Q4-22	Q3-23	Q4-23	YoY % Change
Net Sales (\$M)	\$1,676	\$1,710	\$1,636	-2.4%
Adjusted Operating Profit (\$M)	\$184	\$213	\$167	-9.3%
Adjusted Operating Profit Margin	11.0%	12.4%	10.2%	
Adjusted EBITDA (\$M)	\$246	\$280	\$236	-4.0%
Adjusted EBITDA Margin	14.6%	16.4%	14.4%	
Adjusted EPS	\$1.27	\$1.46	\$1.02	-19.4%
Guidance Range			\$1.01 - \$1.16	

NOTE: See appendix for EPS Adjusted to GAAP reconciliation

Q4-23 Performance Review

Sales Bridge (Year-over-Year)

(Dollars in millions)



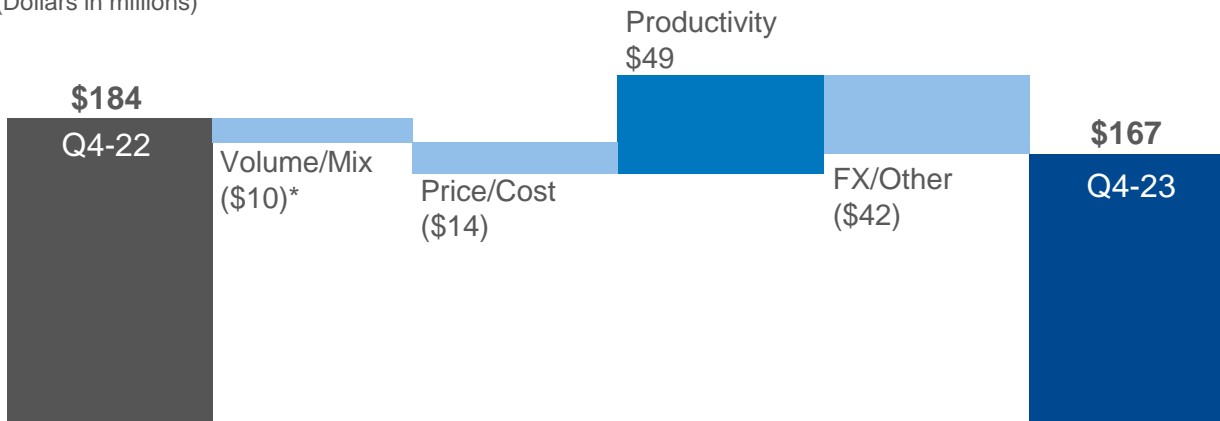
* Includes Acquisitions and Divestitures

Sales Drivers

- Volume/Mix: Lower from the impact of inflationary pricing on retail in Consumer and cyclically low Industrial Demand
- Price: Unfavorable price performance driven by deflation in index-based pricing across all substrates

Adjusted Operating Profit Bridge (Year-over-Year)

(Dollars in millions)



* Includes Acquisitions and Divestitures

Profit Drivers

- Volume/Mix: Lower unit volumes negatively impacted profitability
- Price/Cost: Net decline as positive benefits in Consumer were offset by negative price/cost impacts in Industrial
- Productivity: Strong productivity from focused efforts in footprint optimization and supply chain programs
- FX/Other: Extraordinary employee expenses, healthcare, and accounts receivable reserves



Q4-23 Segment Results

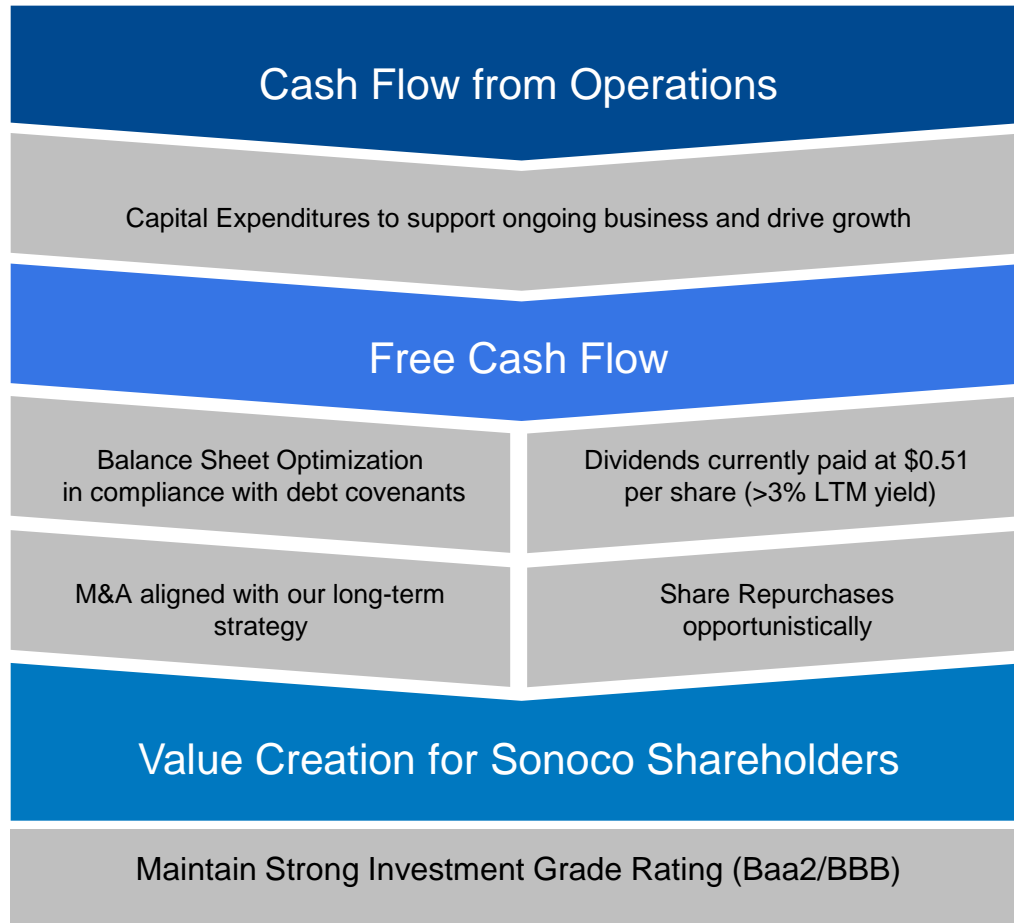
	Net Sales		Adjusted Operating Profit		Operating Profit as % of Sales		OP Bridge Drivers (Y/Y)
	\$MM	Y/Y Growth	\$MM	Y/Y Growth	%	Y/Y Growth	
CONSUMER	\$856	(3%)	\$83	(3%)	9.7%	2 bps	<ul style="list-style-type: none"> • Volumes down from lower consumer purchases for food and household products from inflationary impacts and seasonality • Operating profit impacted from lower volumes, higher employee expenses, and accounts receivable reserves • Positive productivity driven by supply chain and commercial excellence as well as expense management
INDUSTRIAL	\$593	(1%)	\$62	(22%)	10.4%	(290 bps)	<ul style="list-style-type: none"> • Volumes remain muted especially across global Paper • Negative price/cost mainly driven by Paper NA and Paper Europe • Strong manufacturing productivity partially offset negative price/cost
ALL OTHER	\$187	(7%)	\$22	14%	11.9%	217 bps	<ul style="list-style-type: none"> • Volume was down in our healthcare businesses • Higher operating profit driven by strong productivity and favorable price / cost
TOTAL	\$1,636	(2%)	\$167	(9%)	10.2%	(77 bps)	



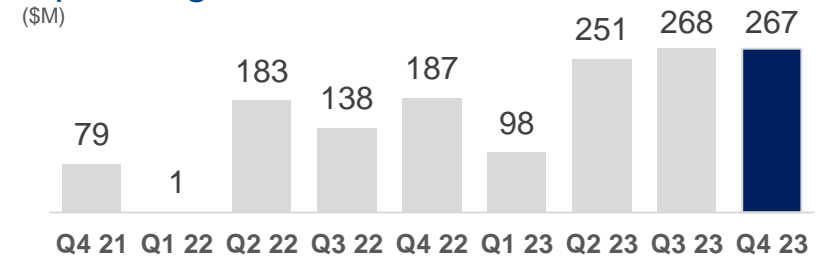
Capital Allocation

Capital Allocation Framework is Aligned to Business Strategy to Drive Value Creation for Shareholders

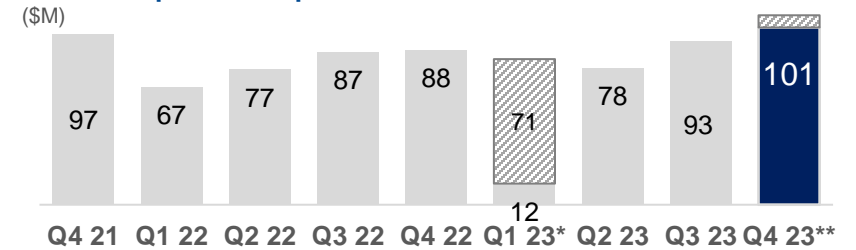
Capital Allocation Priorities



Operating Cash Flow



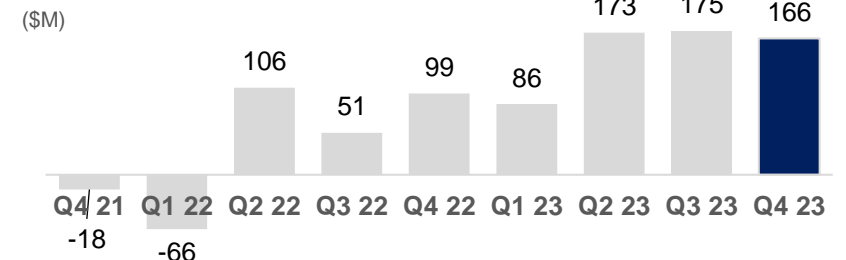
Net Capital Expenditures



*Q1-23 is net of the proceeds of the sale of Forest Products (\$71M)

**Q4-23 is net of assets sales

Free Cash Flow



2024 Financial Outlook

Summary

\$ in Millions (except EPS)	2024 Guidance
Adjusted EBITDA	\$1,050 - \$1,100
Adjusted EPS	\$5.10 - \$5.40
Operating Cash Flow	\$650 - \$750

- EBITDA and EPS ranges reflective of modest volume recovery, meaningful price/cost headwinds in the first half in Consumer and Industrial, and higher depreciation
- Operating Cash Flow reflects investment in working capital to support volume growth and normalized steel inventory
- Capital Expenditures expected to be ~\$350 million

Q1-24 Adjusted EPS Guidance Range: **\$1.05 - \$1.15**

Segment Outlook

CONSUMER PACKAGING

Q1-24 Outlook

- Volumes effectively flat year over year, growing mid to high single digits sequentially
- Severe cold weather impacted shipping days in January – primarily in the Midwest
- Headwinds from year-over-year steel price declines in the first quarter

2024 Outlook

- Low single digit volume increases and strong productivity
- Negative price/cost from contractual pricing resets
- Relatively stable raw material supply and pricing

INDUSTRIAL PRODUCTS

Q1-24 Outlook

- Volumes up sequentially and down low single digits year-over-year
- Negative price/cost driven by higher input costs and lower pricing; greatest timing impacts in Industrials in Q1
- Productivity expected to remain strong

2024 Outlook

- Expect volumes to remain flat in 1st half
- Negative price/cost for the full year from index based pricing and higher input costs – weighted to first half
- Focused on global expense reduction and benefits from manufacturing and productivity initiatives

ALL OTHER BUSINESSES

Q1-24 Outlook

- Volumes remain soft sequentially and year-over-year
- Continued pricing actions across the business continue to drive value

2024 Outlook

- Stable demand across the portfolio
- Continued focus on productivity initiatives and selective growth investments

A SONOCO flag on a tall pole, waving in the wind against a blue sky with light clouds. The flag features the SONOCO logo and the word 'SONOCO' in blue.

Closing Remarks

Howard Coker
President and
Chief Executive Officer

Recent Developments

Sonoco announces sale of
Protective Solutions from All
Other businesses



Launches new Pringles
packaging with Sonoco's
paper bottom

Sonoco acquires leading
Brazilian flexibles company



Looking Forward to Investor Day 2024



YOU ARE INVITED TO

SONOCO INVESTOR DAY 2024

FEBRUARY 22, 2024
9 AM - 1 PM EST

75 ROCKEFELLER PLAZA
NEW YORK, NY 10111

CONTACT US
Investor.sonoco.com

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Hartsville, South Carolina 29550

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- **Next steps in Sonoco's transformation**
- **Actions to further elevate Sonoco's operating model**
- **Long range plans from our business unit leaders in Consumer and Industrial**
- **Updates on our financial strategy and outlook**



Appendix



EPS Summary 2023 Vs. 2022

	Fourth Quarter		Year To Date	
	2023	2022	2023	2022
GAAP EPS	\$ 0.82	\$ 0.98	\$ 4.80	\$ 4.72
Addback for:				
Acquisition and divestiture related costs, net	0.02	0.06	0.20	0.53
LIFO Reserve change	(0.01)	0.03	(0.09)	0.22
Acquisition intangibles amortization expense	0.18	0.15	0.66	0.62
Restructuring, net	0.03	0.09	0.44	0.46
Gain on disposition and other	(0.02)	—	(0.90)	—
Non-operating pension costs	0.03	0.02	0.11	0.05
Other Items	(0.03)	(0.06)	0.04	(0.12)
Adjusted EPS*	\$ 1.02	\$ 1.27	\$ 5.26	\$ 6.48

*NOTE: Due to rounding individual items may not sum appropriately



P&L Summary (Adjusted) Fourth Quarter: 2023 Vs. 2022

(Dollars in millions)

	2023	2022	Better / (Worse)	
			\$	%
Net sales	\$ 1,636	\$ 1,676	\$ (40)	(2.4)%
Gross profit	338	317	20	6.4 %
SG&A Expenses, net of Other Income	(171)	(133)	(37)	(28.1)%
Operating profit	\$ 167	\$ 184	\$ (17)	(9.3)%
Net interest	(32)	(29)	(3)	(10.0)%
Income before income taxes	\$ 135	\$ 155	\$ (20)	(12.9)%
Provision for income taxes	35	33	(2)	(6.2)%
Net Income, after tax	\$ 100	\$ 122	\$ (22)	(18.0)%
Equity in Affiliates and Minority Interest	2	4	(2)	50.0 %
Net income attributable to Sonoco	\$ 102	\$ 124	\$ (25)	(19.8)%
EBITDA (with Equity in Affiliates)	\$ 236	\$ 246	(9)	(3.8)%
Gross profit %	20.7 %	18.9 %		
SG&A, net of Other Income %	10.5 %	8.0 %		
Operating profit %	10.2 %	11.0 %		
EBITDA (with Equity in Affiliates)%	14.4 %	14.7 %		
Effective tax rate	25.7 %	21.3 %		

NOTE: Due to rounding individual items may not sum down



P&L Summary (Adjusted) Year to date: 2023 Vs. 2022

(Dollars in millions)

	2023	2022	Better / (Worse)	
			\$	%
Net sales	\$ 6,781	\$ 7,251	\$ (470)	(6.5)%
Gross profit	1,424	1,501	(77)	(5.1)%
SG&A Expenses, net of Other Income	(620)	(581)	(39)	(6.8)%
Operating Profit	\$ 804	\$ 920	\$ (116)	(12.5)%
Net interest	(126)	(97)	(29)	(28.6)%
Income before income taxes	\$ 678	\$ 823	\$ (144)	(17.5)%
Provision for income taxes	167	197	30	15.3 %
Net Income, after tax	\$ 511	\$ 626	\$ (115)	(18.4)%
Equity Affiliates and Minority Interest	9	14	(5)	(35.7)%
Net income attributable to Sonoco	\$ 520	\$ 640	\$ (120)	(18.9)%
EBITDA (with Equity in Affiliates)	\$ 1,067	\$ 1,162	\$ (95)	(8.3)%
Gross Profit %	21.0 %	20.7 %		
SG&A, Net of Other Income %	9.1 %	8.0 %		
Operating profit %	11.9 %	12.7 %		
EBITDA (with Equity in Affiliates)%	15.7 %	16.0 %		
Effective tax rate	24.6 %	23.9 %		

NOTE: Due to rounding individual items may not sum down



Balance Sheet

(Dollars in millions)

	12/31/2023	12/31/2022	Change \$
Cash and cash equivalents	\$ 152	\$ 227	\$ (75)
Trade accounts receivable, net of allowances	905	863	42
Other receivables	107	99	8
Inventories	774	1,096	(322)
Prepaid expenses	113	76	37
Current Assets	\$ 2,051	\$ 2,361	\$ (310)
Property, plant and equipment, net	1,906	1,710	196
Goodwill	1,811	1,675	136
Other intangible assets, net	854	742	112
Long-term deferred income taxes	31	30	1
Right of use asset - operating leases	315	297	18
Other assets	225	238	(13)
Total Assets	\$ 7,193	\$ 7,053	\$ 140
Payable to suppliers and others	1,108	1,225	(117)
Income taxes payable	11	17	(6)
Total debt	3,083	3,222	(139)
Pension and other postretirement benefits	143	120	23
Noncurrent operating lease liabilities	265	251	14
Deferred income taxes and other	151	145	6
Total equity	2,432	2,073	359
Total Liabilities and Shareholders' Equity	\$ 7,193	\$ 7,053	\$ 140
Net debt / Total capital	54.7 %	59.1 %	

Net debt = Total debt minus cash and cash equivalents

Total capital = Net debt plus total equity

NOTE: Due to rounding individual items may not sum down