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## Sonoco Investor Update

Bank of America

Global Agriculture and Materials Conference

March 2022

# 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 Q4 and Full-Year 2021 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 [sonoco.com](http://sonoco.com).

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

# Sonoco is a Global Leader in Packaging

*We are a global packaging solutions leader, committed to improving the lives of our teammates, our customers and our communities*

**\$5,590MM**  
2021 Sales

**\$757MM**  
2021 Base EBITDA

**20,500+**  
Employees

**300+**  
Manufacturing Facilities

## Consumer Packaging



## Industrial Paper Packaging



## All Other




# What did we accomplish in 2021?

We drove  
volume/mix  
growth by

**3.0%**

Consumer - Flat

Industrial -  3.8%

All Other -  12.4%\*

*\*removes D&P divestiture*

We invested  
in ourselves

Capital spending

**\$243 million**  
**vs. \$181 million**  
**in 2020**

Project Horizon

**\$125**million

We further improved  
our portfolio

Sold Display and  
Packaging assets  
in Europe, North  
America



Acquired  
Ball Metalpack



# What did we accomplish in 2021?

## We set aggressive ESG targets to:

Reduce GHG emissions by

**25%**  
by 2030

## We improved diversity and inclusion:

Improved female hires to **44.4%**

Improved minority hires to **39.9%**

## We strengthened our balance sheet

Reduced total net debt by

**~\$90 million**

Annuitized our U.S. Pension Plan

## We returned a record amount of cash to our shareholders

Paid

**\$179 million**

in dividends

Used proceeds from divestitures to repurchase

**\$218 million**  
in shares

# Our Strategy

- Our value-creation strategy is focused on being the **benchmark yield and stability packaging company**
- We are targeting **\$1 billion in annual EBITDA** by 2026
- We will invest in our core businesses to augment growth and generate strong returns – **Investing in Ourselves**
- We will execute an operating strategy implementing **self-help actions** to generate **~\$180 million in annual EBITDA** by 2026
- We will **simplify our structure** to build a more efficient and effective organization
- We will manage our portfolio for “fit” around **fewer, bigger businesses**
- We will use **acquisitions** to improve the portfolio and complement our strategy



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# Sonoco Metal Packaging Overview

## Business Overview

- Sonoco Metal Packaging is a leading U.S. manufacturer of tinplate food/ aerosol cans and closures/components
- #1 manufacturer of tinplate aerosol cans, closures and components for the packaging of food, paint, cleaning products and other household products
- #2 manufacturer of tinplate food cans, closures and components for the packaging of tomatoes, beans, private label soups, meat and vegetables
- Deep, multi-decade relationships with top customers
- Projected to sell ~1.0B aerosol cans and more than 5B food cans, closures and components in 2021
- ~\$200M invested in strategically located manufacturing assets
- Strong, stable cash flows supported by long-term contracts with metal and other inflationary cost pass-through provisions and limited maintenance capital needs

### Aerosol Cans



### Foods Cans

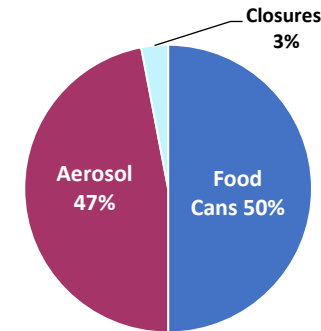


### Closures / Components

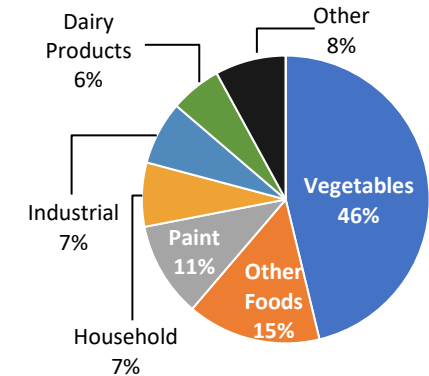


## 2021 Margin and End Market Breakdown

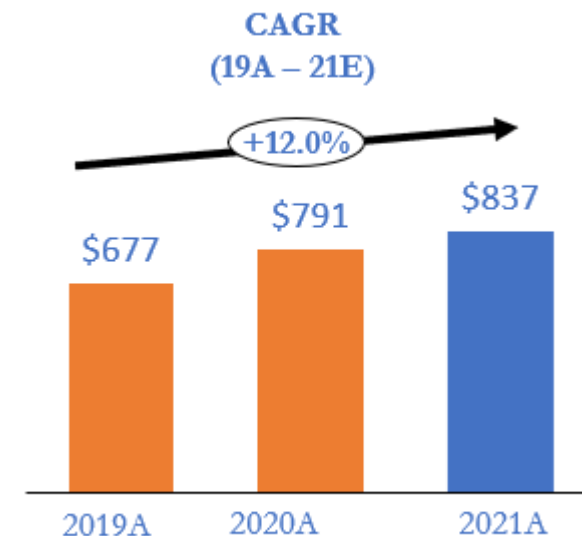
Std. Margin By Segment



By End Market



Historical Revenue (\$M)



• <sup>1</sup> Includes Meat and Poultry, Fruit, Fruit / Vegetable Juices, Seafoods, and Pet Foods for Food Cans, and Distributor, Consumer, and Chemical for Aerosol Cans

# Exposure to Diversified, Predictable and Recession-Resilient End Markets

Tinplate cans are strong, cost-effective, brandable and easy-to-use, making it an attractive packaging form across a diverse array of end markets

## Diversification

- **Paint:** spray paints allow for quick applications with limited clean-up and unintended mess
- **Household:** aerosol cans offer the most precise and convenient product application without the need for physical contact or concern of leakage or contamination
- **Food:** more durable and longer shelf life relative to other packaging substrates at an inexpensive price point

## Recession Resilience

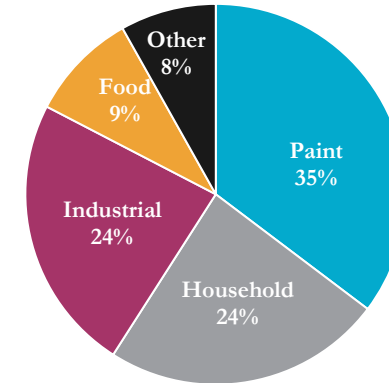
- **Low Price Point:** drives counter-cyclicality as demand for low-cost options increases during periods of economic downturn
  - Particularly relevant for Sonoco's private-label customers
- **Consumer Staples:** food / nutrition, health and hygiene see limited or very limited cutbacks regardless of financial situation
- **Low Substitution Risk:** Limited substrate substitution risk associated with existing customer base as ~90% of customers sell only canned goods



Source: Food can volumes per CMI, aerosol can volumes per HCPA

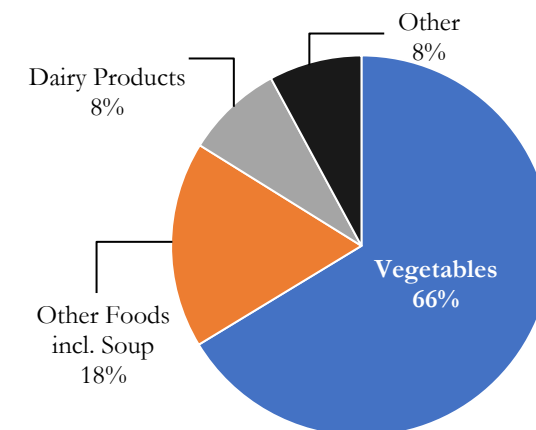
<sup>1</sup> Includes Distributor, Consumer, Chemical. <sup>2</sup> Includes Seafoods, Pet Foods, Meat and Poultry, Fruit / Vegetable Juices, Fruit.

## Sonoco Aerosol Can End Market Breakdown



2021 SMP Aerosol Can Shipments and Production: ~1.0B units

## Sonoco Food Can End Market Breakdown



2021 SMP Food Can Shipments and Production: 2.5B units



# Reinforces Our Commitment to Can-Making

	Paper (Composite)	Metal	Pro Forma
Sales	\$1.3bn	\$0.8bn	\$2bn+
Capabilities	 <p>~7.2bn cans per annum 43 manufacturing plants</p>	 <p>~6bn cans and components per annum 8 manufacturing plants</p>	<ul style="list-style-type: none"> <li>✓ Expansion into a new, sustainable material</li> <li>✓ Significant expansion of domestic manufacturing footprint</li> </ul>
Market Position	<ul style="list-style-type: none"> <li>✓ Unique brand recognition in market</li> <li>✓ Sustainability-first approach</li> <li>✓ Top 5 producer</li> </ul>	<ul style="list-style-type: none"> <li>✓ Unparalleled reputation in industry</li> <li>✓ 120+ year operating history</li> <li>✓ Top 4 producer</li> </ul>	<ul style="list-style-type: none"> <li>✓ Leader in can production with &gt;\$2bn sales annually</li> <li>✓ Opportunities for technology and knowledge sharing</li> <li>✓ Large synergy potential during integration</li> </ul>
Growth Strategy	<ul style="list-style-type: none"> <li>✓ M&amp;A opportunities – acquired Can Packaging in 2020</li> <li>✓ Investing \$50MM+ in organic growth and sustainability opportunities through 2023</li> </ul>	<ul style="list-style-type: none"> <li>✓ Huge demand tailwinds supporting recent capacity adds</li> <li>✓ Metal outpacing alternative materials</li> </ul>	<ul style="list-style-type: none"> <li>✓ Multiple organic growth levers as a combined platform</li> <li>✓ Significant M&amp;A roadmap to further enhance leadership</li> </ul>

\$ millions

	2021	2020
Net Sales	\$2,368	\$2,230
Base Operating Profit	\$253	\$278



# New Global Can Growth Opportunities

Investing \$50+ million in growth, sustainability opportunities through 2023

- 2021
  - First year of Can Packaging (Added 135MM units)
  - Added Line 6 in Poland
  - Adding new paper bottom capabilities
- 2022-23
  - New plant, can line and metal presses in Malaysia
  - Plastic to paper conversions in Europe
  - New expansion in Eastern Europe
  - Additional expansion in South America
  - New food can growth in North America
  - New seamers, sealing and paper bottom capabilities





# Flexible Packaging Growth

Sonoco's niche market focus provides growth opportunities

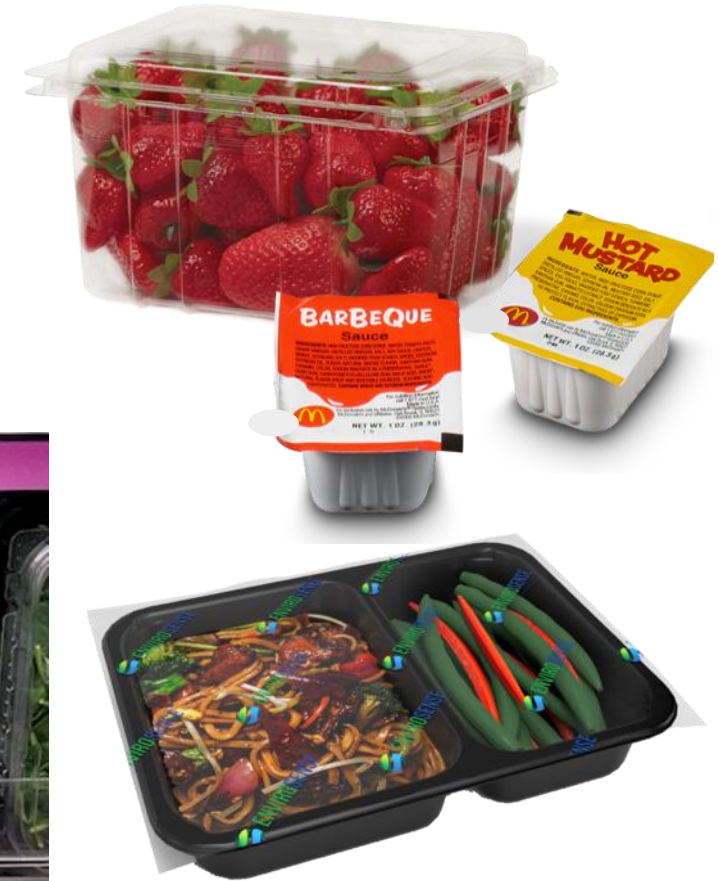
- New Capital Plans for 2022-2023
  - New stand-up pouch making capacity additions
  - New gravure and flexographic press and laminator expansion
  - Drive mono-material (PE) and paper structures



# Food Thermoforming Growth

Investing in changing consumer trends, sustainability

- Expand capacity for frozen and prepared food trays
- Developing new sustainability/recyclability options
  - Portion control
  - NIR sortable PP trays
  - Increased recycled content



# Industrial Paper Packaging Performance

\$ millions

	2021	2020
Net Sales	\$2,464	\$2,230
Base Operating Profit	\$218	\$177





# Project Horizon Update

- Pulper completed and fully operational
  - Closed-down chemical recovery, pulp plant
- Finished Goods Warehouse on schedule
  - Some delays in receiving finishing equipment in Q1
- Infrastructure
  - Road improvements, new scales in progress
  - Working with SCDOT on improving roads, truck traffic (at State expense)
- #10 Conversion
  - Preparing for April shutdown
  - Still planning for machine restart end of June





# Project Horizon Update



#14 Pulper  
(Now Operational)



Finished Goods  
Warehouse



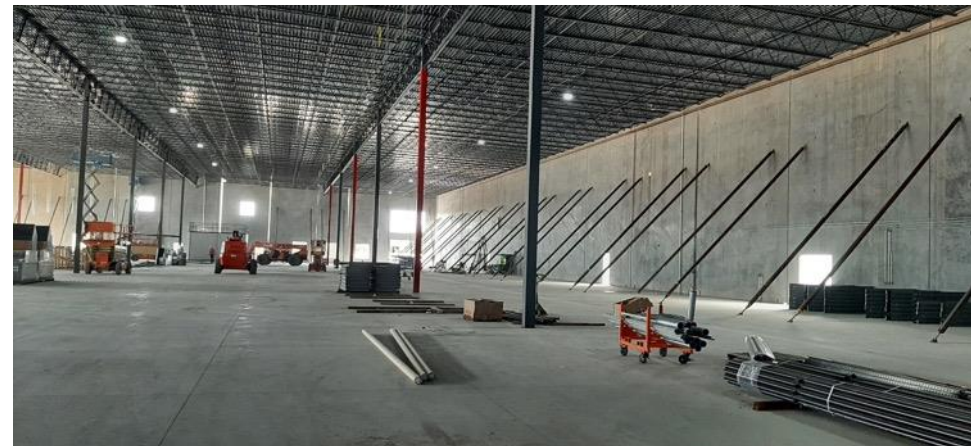
Future Winder  
Location



# Growing Fiber Protective Markets

## Global expansion of Sonopost® technology

- New Poland production started in November
- Adding new post lines in Tulsa to handle U.S. growth in the South and West
- Expansion in Mexico
- New plant development in Turkey



# All Other Performance

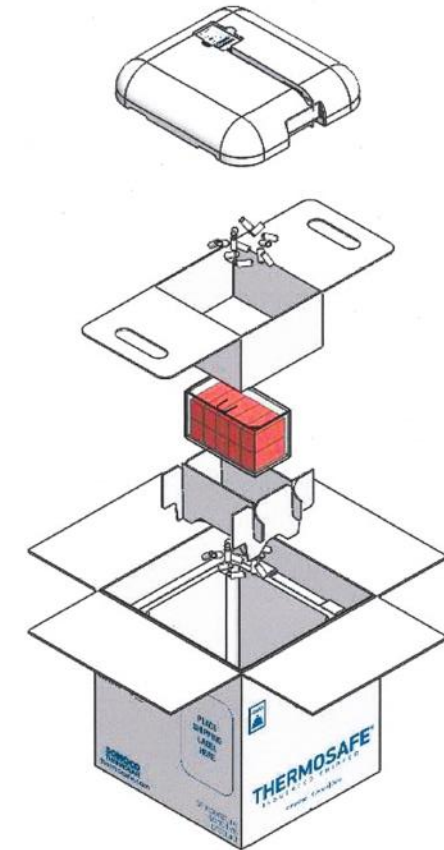
\$ millions

	2021	2020
Net Sales	\$758	\$1,016
Base Operating Profit	\$44	\$72



# Update on Sonoco ThermoSafe Growth Opportunities

- Building out Pegasus ULD system
  - 20 new units per week to position in strategic airport hubs
- Filling orders for COVID-19 vaccine shippers
  - 4Q = \$15 million in increased revenue
  - Able to secure 120 truckloads of expanded polystyrene in very tight market, with help from suppliers including Epsilyte and Styropek





# Sonoco's 2030 Corporate GHG Commitments

Committed to validated, science-based targets aligned with keeping global warming to well below 2°C



**Sonoco will reduce our absolute Scope 1 and 2 emissions** at least

**25%<sup>0</sup>X  
2030**

**Sonoco, in cooperation with our suppliers and customers, will also reduce our Scope 3 emissions in line with the 2°C Absolute Contraction Approach** resulting in at least

**13.5%**

absolute Scope 3 emissions reductions by 2030

**Sonoco is studying necessary operational changes,** technology developments and market changes that would be required to achieve

**Net-zero** emissions by 2050



# Sustainable Packaging Solutions

## Customer Engagements



**Natrellis™**



**EnviroCan™ PB**



**NIR Sortable PP Trays**



**EnviroFlex™ PE**

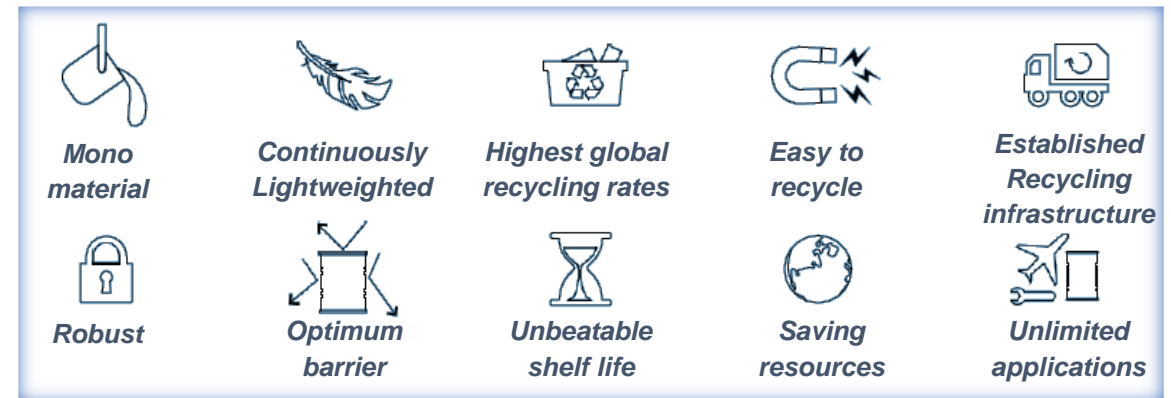
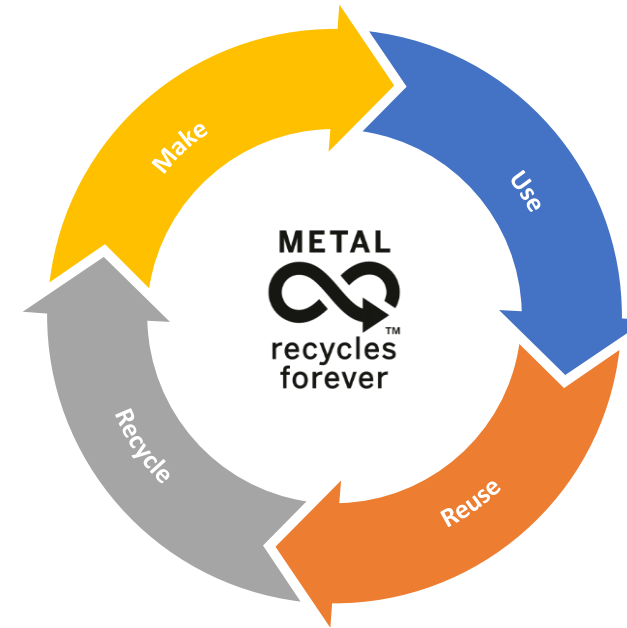


**Next Gen Portion Control**

# Reaffirms Our Commitment to Sustainability

## Metal packaging leads the way in sustainability

- **62% recycling rate of metal cans; #1 most recycled packaging substrate**
- Metal is a permanent material – its properties never degrade during use or repeat recycling
- Compliant with sustainability goals and initiatives of major companies and brands
- 80-90% of all metals produced are still available
- Recycling saves up to 75% of the energy required to produce virgin steel
- Metal has superior barrier properties to other substrates with respect to oxygen and light – making it ideal for food preservation
- Provides 100% contamination protection, reducing the prevalence of food borne illnesses



# EPS and EBITDA 2022 Guidance

	1st Quarter	Full-Year
<b>2021 Sonoco Base EPS</b> As Reported	\$0.90	\$3.55
<b>2021 Sonoco Base EPS – Restated</b> Excludes Amortization of Acquisition Intangibles	\$1.00	\$3.93
<b>2022 Base EPS Guidance</b> Excludes Amortization of Acquisition Intangibles Includes the benefit of Sonoco Metal Packaging	\$1.25 - \$1.35	\$4.60 - \$4.80
<b>2022 Base EBITDA Guidance</b> (\$ millions)		\$910 - \$960

20% Increase in Base EPS driven by “Legacy” Sonoco growth and Sonoco Metal Packaging acquisition

# Cash Flow 2022 Guidance

	Operating Cash Flow	Free Cash Flow
2021 As Reported	\$299	\$56
2022 Guidance Mid-Point (Includes Sonoco Metal Packaging)	\$715	\$390

Operating Cash Flow increases by ~140%

Free Cash Flow grows by 7x

Driven by addition of Sonoco Metal Packaging and  
no material pension contributions

# Capital Deployment Strategy

## Invest in Ourselves

Total capital expenditures in 2022

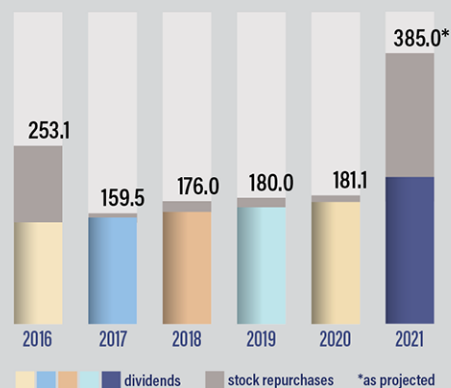
**\$300**  
million

## Return Cash to Shareholders

**96**  
consecutive years

**\$1.3** billion  
Cash returned to shareholders since 2016

DIVIDENDS AND STOCK REPURCHASES  
millions of dollars



Current annual dividend payout

**\$1.80**  
per share  
~3.0% yield

# Appendix



# P&L Summary (Base)

Full Year 2021 Vs. 2020

Dollars in millions

	2021	2020	Vs. Prior Year
Net sales	\$ 5,590	\$ 5,237	\$ 353
Gross profit	1,062	1,046	16
SG&A expenses, net of Other Income	(547)	(519)	(28)
Operating profit	\$ 515	\$ 527	\$ (12)
Net interest	(61)	(72)	11
Provision for income taxes	(107)	(114)	7
Net Income, after tax	\$ 347	\$ 341	\$ 6
Equity in affiliates and Minority interest	9	5	4
Net income attributable to Sonoco	\$ 356	\$ 346	\$ 10
EBITDA	\$ 757	\$ 781	\$ (24)
Gross profit %	19.0%	20.0%	
SG&A, net %	9.8%	9.9%	
Operating profit %	9.2%	10.1%	
EBITDA %	13.5%	14.9%	
Effective tax rate	23.6%	25.1%	

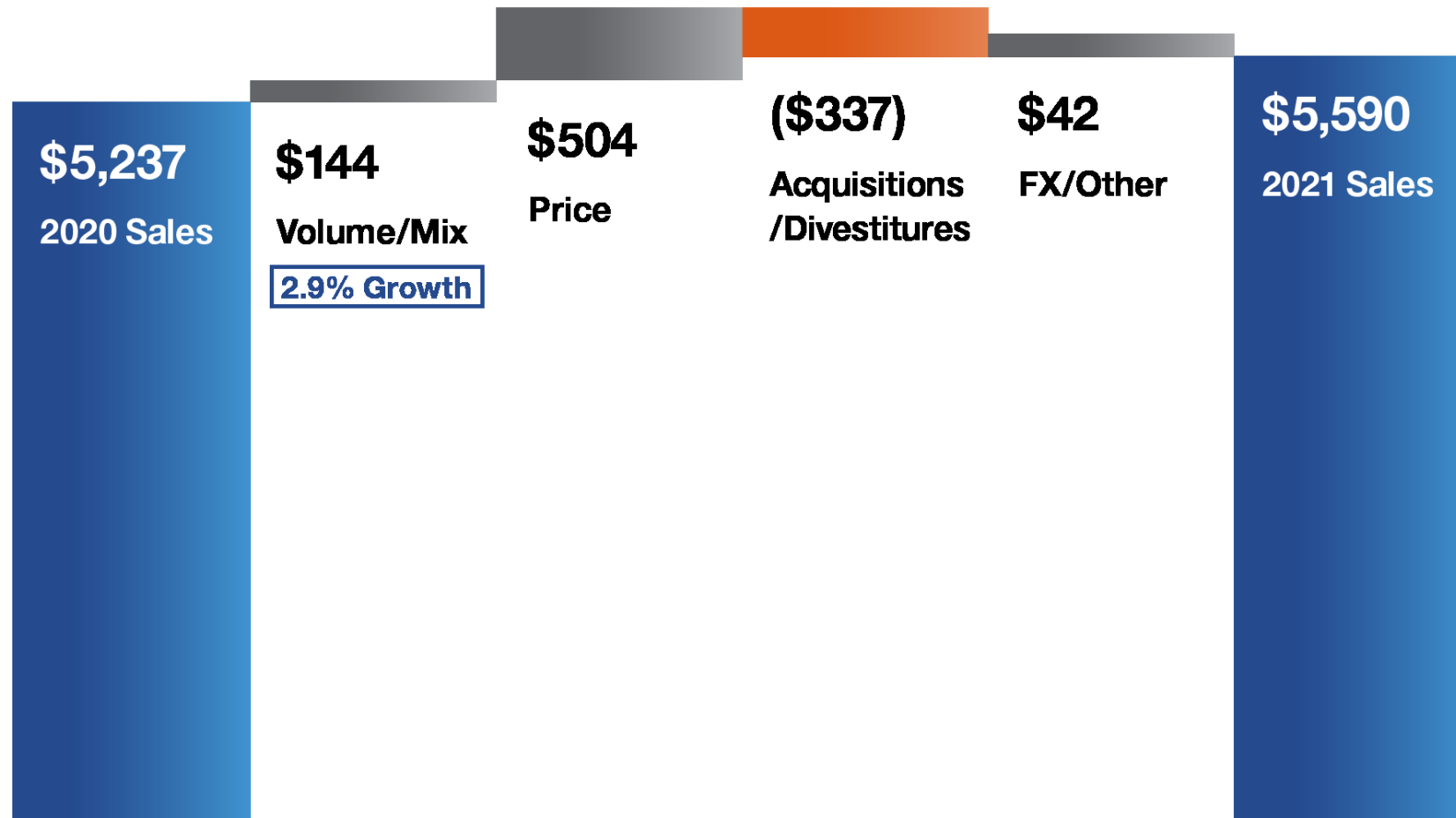


Note: Totals and Percentages are based on unrounded amounts

# Sales Bridge

Full Year 2021 Vs. 2020

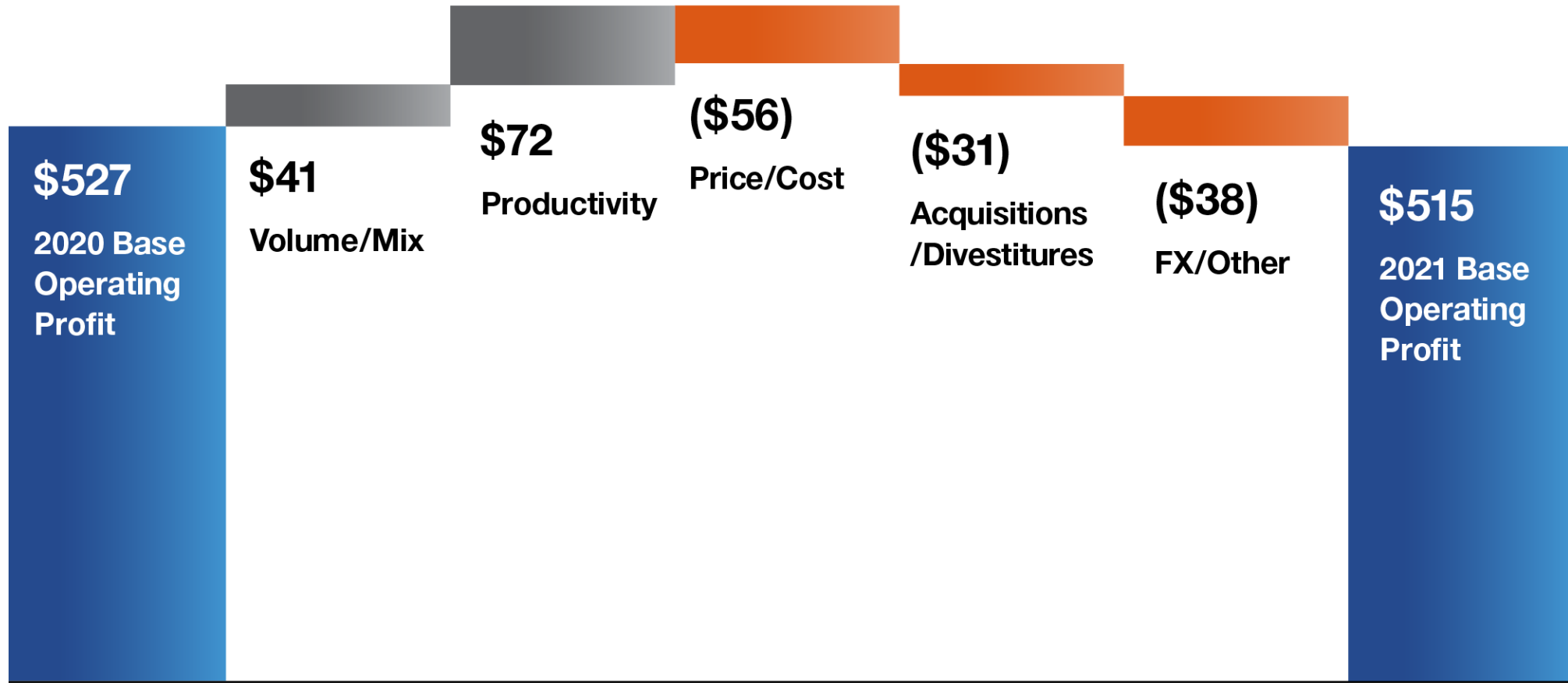
Dollars in millions



# Base Operating Profit Bridge

Full Year 2021 Vs. 2020

Dollars in millions



# Segment Analysis

Full Year 2021 Vs. 2020

Dollars in millions

	Net Sales			Base Operating Profit		
	2021	2020	% Change	2021	2020	% Change
Consumer Packaging	\$ 2,368	\$ 2,230	6.2 %	\$ 253	\$ 278	(9.2)%
Industrial Paper Packaging	2,464	1,991	23.7 %	218	177	23.5 %
All Other	758	1,016	(25.4)%	44	72	(38.4)%
Total Sonoco	\$ 5,590	\$ 5,237	6.7 %	\$ 515	\$ 527	(2.2)%

	Operating Profit As % Of Sales		Margin Change
Consumer Packaging	10.7 %	12.5 %	(1.8)%
Industrial Paper Packaging	8.9 %	8.9 %	— %
All Other	5.8 %	7.1 %	(1.3)%
Total Sonoco	9.2 %	10.1 %	(0.8)%



Note: Totals and Percentages are based on unrounded amounts

# Cash Flow

4<sup>th</sup> Quarter Year to date: 2021 Vs. 2020  
Dollars in millions

	<u>Year To Date</u>		<u>Year Over Year</u>
	2021	2020	Change
<b>Net income</b>	\$ (83)	\$ 207	\$ (290)
Asset impairment charges / Losses on disposition of assets	(4)	97	(101)
Depreciation and amortization	239	255	(16)
Net pension and postretirement plan expenses	432	18	414
Changes in working capital	(107)	51	(158)
Other operating activity	(178)	77	(255)
<b>Operating cash flow</b>	\$ 299	\$ 706	\$ (407)
Capital expenditures, net of dispositions	(243)	(181)	(62)
<b>Free cash flow</b>	\$ 56	\$ 525	\$ (469)
<b>Cash dividends</b>	\$ (179)	\$ (173)	\$ (6)

2021 Cash Flow includes one-time \$125 million pension contribution (related to termination process)



Note: Totals are based on unrounded amounts

# Balance Sheet

Dollars in millions

	12/31/2021	12/31/2020	Change
Cash and cash equivalents	\$ 171	\$ 565	\$ (394)
Trade accounts receivable, net of allowances	756	659	97
Other receivables	96	104	(8)
Inventories	562	451	111
Prepaid expenses and deferred income taxes	74	53	21
<b>Current Assets</b>	<b>\$ 1,659</b>	<b>\$ 1,831</b>	<b>\$ (172)</b>
Property, plant and equipment, net	1,297	1,244	53
Goodwill	1,325	1,389	(64)
Other intangible assets, net	278	322	(44)
Other assets	514	491	35
<b>Total Assets</b>	<b>\$ 5,073</b>	<b>\$ 5,277</b>	<b>\$ (192)</b>
Payable to suppliers and others	1,103	1,048	55
Income taxes payable	12	7	5
Total debt	1,611	1,700	(89)
Pension and other postretirement benefits	158	172	(14)
Deferred income taxes and other	341	439	(87)
Total equity	1,850	1,911	(61)
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 5,073</b>	<b>\$ 5,277</b>	<b>\$ (192)</b>
Net debt / Total capital*	43.8 %	37.3 %	



\*Total debt minus cash and cash equivalents / Net debt plus total equity. Note: Totals are based on unrounded amounts

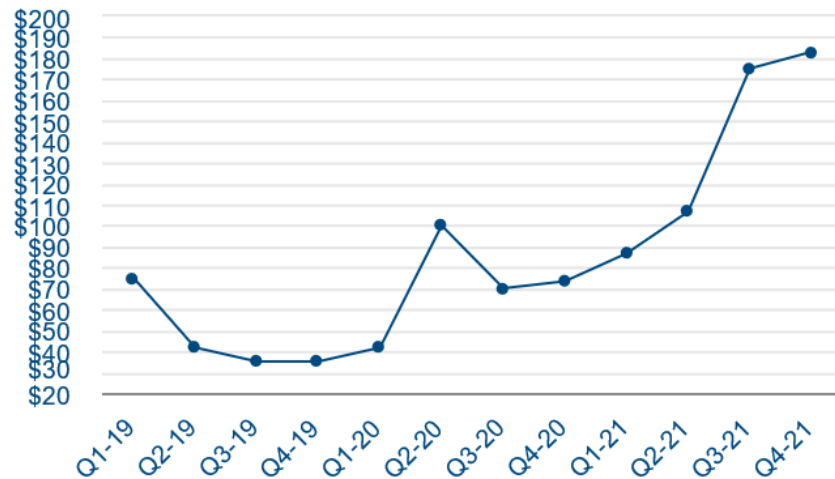


# OCC: Official Board Market

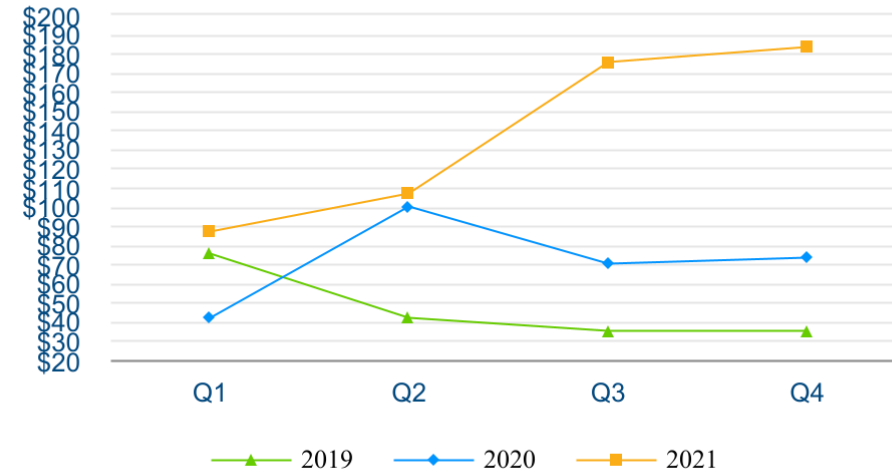
4<sup>th</sup> Quarter: 2021 Vs. 2020

Price/Ton

Average OCC Price/Ton - 2019 to 2021



Average OCC Price/Ton - Quarterly



	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	145	185	195	175	195	185	170	183