



# NEW YORK ANALYST MEETING

Sonoco Products Company | December 7, 2018



# Strategic Review **Agenda**

Book One



## **ROB TIEDE**

### **President and CEO**

Overview of our leadership team, update on 2018 performance and a look ahead at growth drivers and targets for 2020

# Strategic Review Agenda

Book One



## HOWARD COKER

### Senior Vice President, Global Paper/Industrial Converted Products

Discussion of emerging market opportunities, composite can performance, and our Conitex-Sonoco acquisition



## RODGER FULLER

### Senior Vice President, Global Consumer Packaging

Review of North America Paper/Industrial performance, along with a discussion of our Display & Packaging and Protective Solutions businesses

# Strategic Issues Panel Discussion

Book One



**MARCY THOMPSON**

**Vice President,  
Marketing and Innovation**

Review of big trends driving consumer behavior and buying habits, and how that will impact packaging and drive organic growth



**MIKE POPE**

**Division Vice President  
and General Manager,  
Sonoco Recycling**

Update on our recycling business and its role as a strategic lever, as well as a discussion on the industry overall and the outlook for OCC



**GREG MUNOZ**

**Staff Vice President,  
Global Supply Chain  
and Logistics**

Overview of material inflation, logistics headwinds and the impact of tariffs

# Financial Review and Outlook

Book Two



## **BARRY SAUNDERS**

**Senior Vice President, Chief Financial Officer**

Review of 2018 financials and a look at the remainder of the year



## **JULIE ALBRECHT**

**Vice President, Treasurer and CFO-Elect**

Outlook for 2019, a discussion of our capital structure and a review of cash flow targets going forward

# Financial Review and Outlook

Book Two



**ROB TIEDE**  
**President and CEO**

Overall review of 2020 Vision and capital deployment



**sonoco.com**

# Forward-Looking Statements

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.

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.





# ROB TIEDE

President and CEO

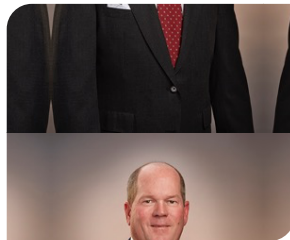
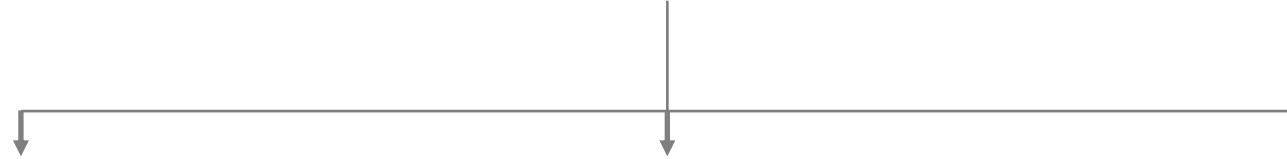
# Sonoco's New Leadership Structure

Building for the Next 120 Years



**ROB TIEDE**

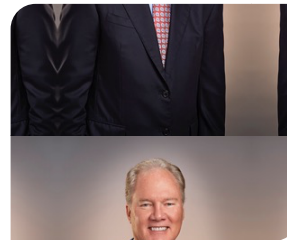
President and CEO



SVP

**HOWARD COKER**

Global Paper/Industrial  
Converted Products



SVP

**RODGER FULLER**

Global Consumer Packaging



VP

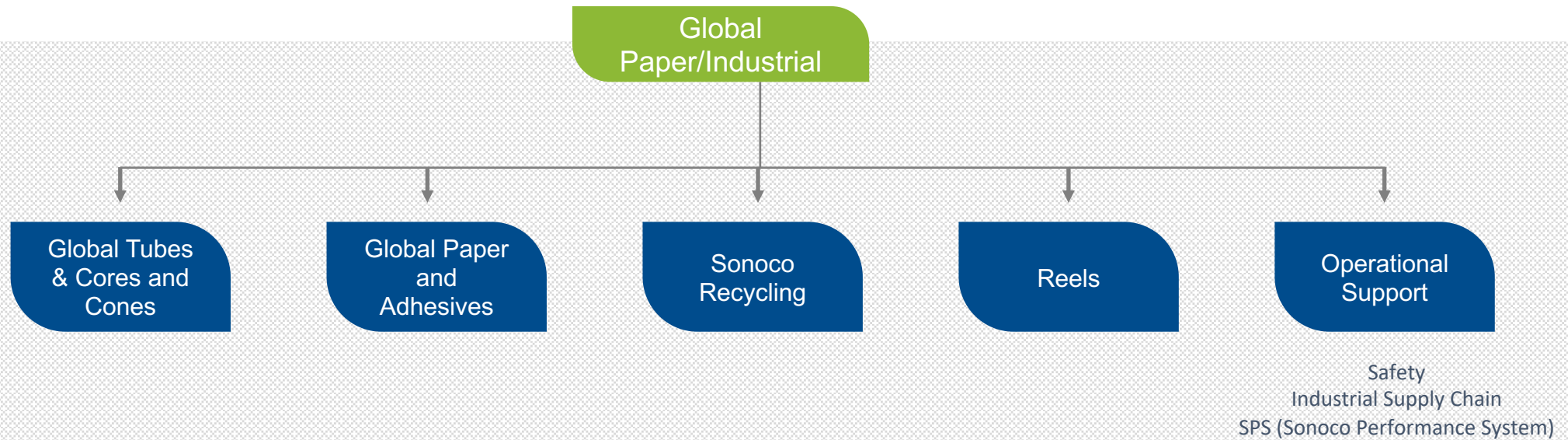
**JULIE ALBRECHT**

Treasurer and CFO-elect

# Sonoco's New Leadership Structure

Building for the Next 120 Years

**Howard Coker**

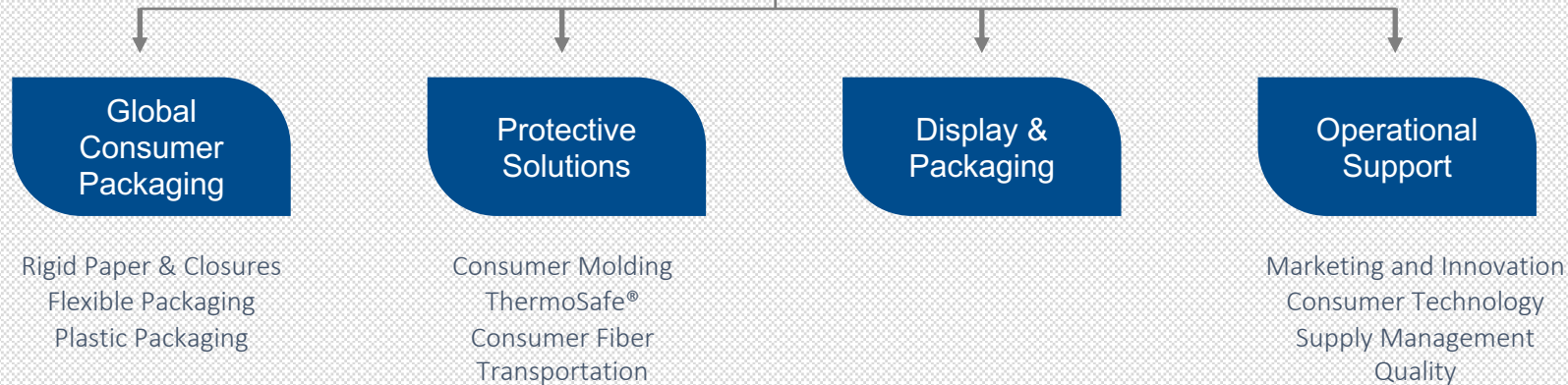


# Sonoco's New Leadership Structure

Building for the Next 120 Years

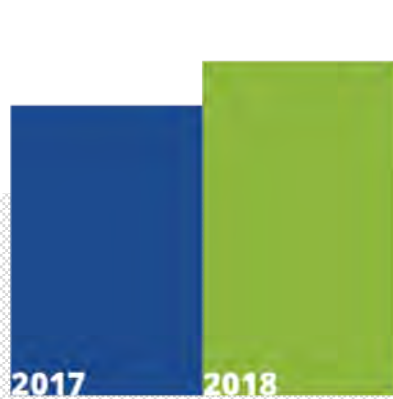
## Rodger Fuller

Global Consumer



# Sonoco's 2018 Performance By the Numbers

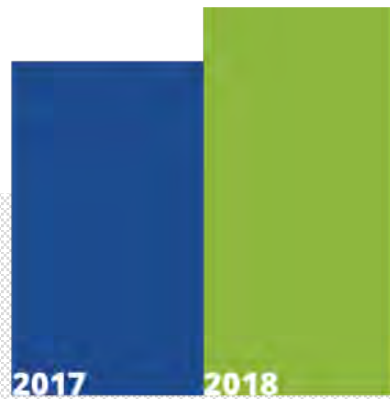
YTD as of September 30, 2018



UP **8.0%**

Revenue

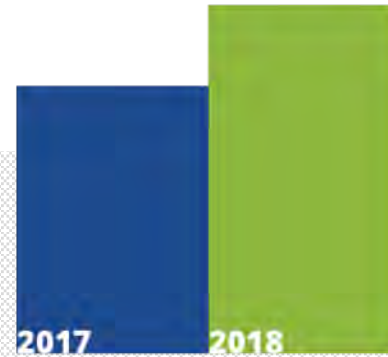
\$3.74 Billion for 2017 to  
\$4.04 billion for 2018



UP **9.0%**

Base Operating Profit

\$344.7 million for 2017 to  
\$375.6 million for 2018



UP **22.2%**

Base EPS

\$2.07 for 2017 to  
\$2.53 for 2018



UP **855%**

Free Cash Flow

\$25.6 million for 2017 to  
\$218.9 million for 2018



**SONOCO**  
**STRONG**

A roll of brown cardboard, partially unrolled, positioned below the text.

# State of Sonoco is Strong

(Dollars in Millions)



## Consumer Packaging

	2017	2016
Sales	\$2,123	\$2,043
Operating Profit	\$251	\$241

	2018 Q3	2018 YTD
Sales	\$600	\$1,786
Base Operating Profit	\$56	\$181



## Display & Packaging

	2017	2016
Sales	\$508	\$520
Operating Profit	\$3	\$15

	2018 Q3	2018 YTD
Sales	\$165	\$451
Base Operating Profit	\$4	\$5



## Paper and Industrial Converted Products

	2017	2016
Sales	\$1,866	\$1,693
Operating Profit	\$155	\$130

	2018 Q3	2018 YTD
Sales	\$464	\$1,399
Base Operating Profit	\$54	\$155



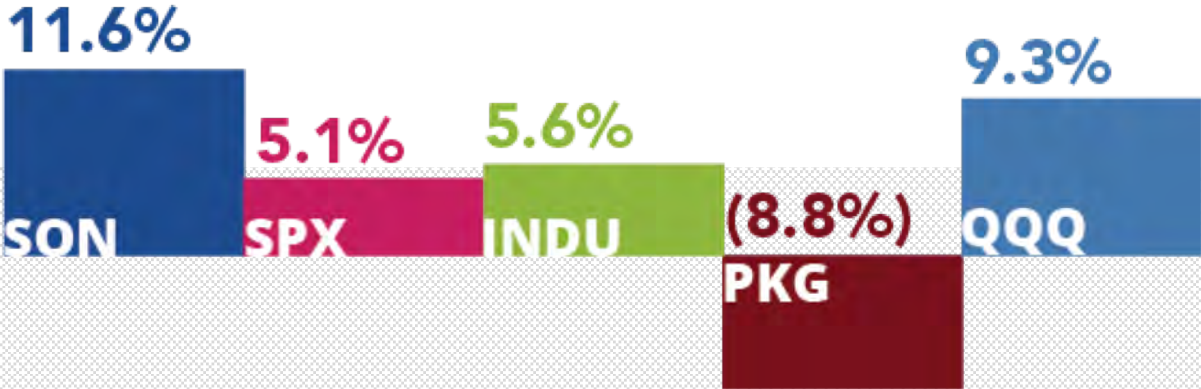
## Protective Solutions

	2017	2016
Sales	\$539	\$526
Operating Profit	\$42	\$52

	2018 Q3	2018 YTD
Sales	\$136	\$399
Base Operating Profit	\$10	\$35

# Sonoco's 2018 Performance By the Numbers

YTD Total Shareholder Return Performance  
December 29, 2017 through November 30, 2018



SON  
SPX  
INDU  
PKG  
QQQ

-Sonoco  
-S&P 500  
-Dow Industries  
-Packaging Index  
-NASDAQ



**Guiding Principle:** Be a GREAT company for our stakeholders through an unwavering belief that “People Build Businesses” by doing the right thing

**Better  
Packaging.  
Better  
Life.™**

**Mission**  
Become the acknowledged leader in high-quality, innovative, value-creating packaging solutions that “Satisfy the Customer”

### Differentiating Capabilities

- **Innovation**
  - Capture consumer and market insights to drive creativity
  - Leverage i6™ to create growth and capture value
  - Embrace our material diversity to create the best solutions
- **Operational Excellence**
  - Utilize SPS to optimize efficiency, productivity and quality
  - Leverage automation and robotics to reduce unit cost to produce
  - Create the optimal structure to serve the correct customers

### Business Priorities

- Maximize sustainable cash flow from operations
- Grow consumer packaging businesses globally and industrial businesses in emerging markets
- Optimize the portfolio

### Financial Priorities

- Target average annual double-digit total return to shareholders
- Sales of \$6 to \$8 billion – Organic volume growth above packaging industry average
- Base EBITDA margin to 16%
- Return on invested capital in top quartile of packaging industry – RONA = 11% to 12%
- Maintain investment grade credit rating

### Key Focus Areas



#### Safety

Create a zero-injury environment



#### Customer Satisfaction

- Value-creating solutions
- On time and to specification
- Voice of Customer



#### Commercial Excellence

- Realizing our value to customers
- Share/Profit optimization



#### Operational Excellence

- Reduce unit cost to produce (Sonoco Performance System)
- Optimal supply chain



#### Maximize Cash Flow and Deployment

- Working capital management
- Optimize capital investments
- Grow dividends
- Acquisitions
- Share repurchase



#### People

- Talented
- Engaged
- Aligned

# Strategic Focus

Building for the Next 120 Years



## Simplification



# Measuring Success

Building for the Next 120 Years



## Profitable Growth

2% Organic Growth  
Accretive Acquisitions



## Margin Improvement

Operational Excellence  
Commercial Excellence  
Organizational Efficiency



## Increase Free Cash Flow

Grow Organically

**20/20  
VISION**



**ASCENT**  
**\$6B + 16%**

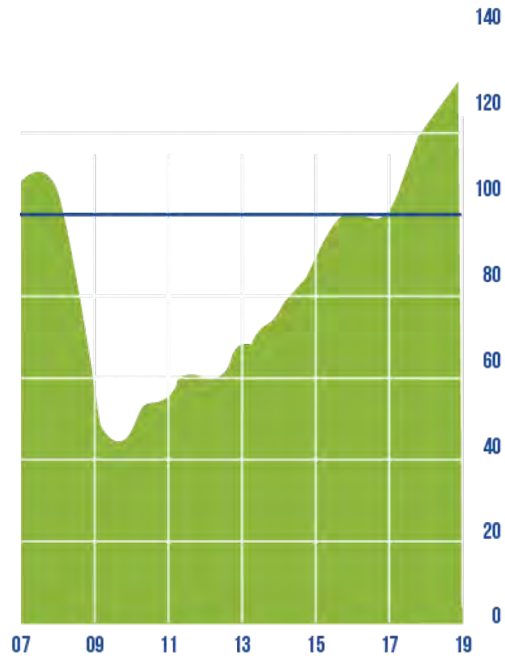


# Why Target \$6 Billion in Annual Sales?

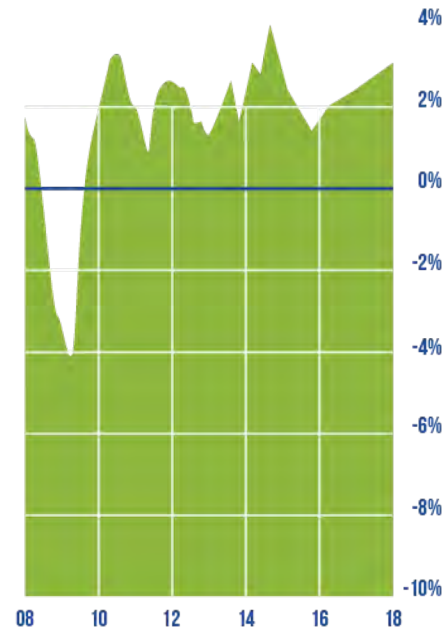
$$\begin{aligned} & \$5.4 \text{ Billion} \text{ ESTIMATE OF 2018 SALES} \\ & + 2.0 \text{ Percent ORGANIC GROWTH} \\ & + \$1.0 \text{ Billion NET ACQUISITIONS} \\ & \hline & = \$6.4 \text{ Billion BY THE END OF 2020} \end{aligned}$$

# Is 2% Organic Growth Achievable?

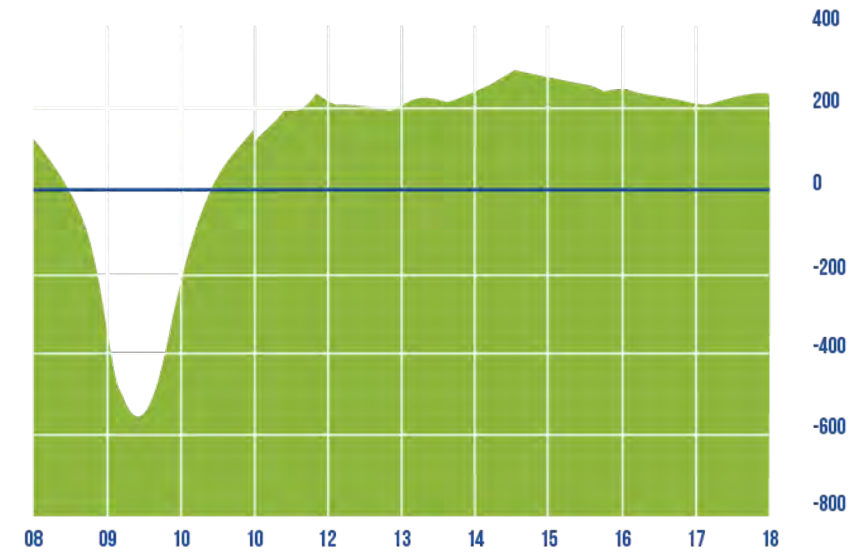
Macroeconomic Trends Point to Positive Fundamentals for Growth



Consumer Confidence Index



U.S. Real GDP



U.S. Nonfarm Employment Change  
In Thousands

# Is 2% Organic Growth Achievable?

Reasons to Believe

“This is the best consumer environment I’ve seen in my career”  
– Target CEO Brian Cornell

3.7%  
U.S. UNEMPLOYMENT RATE  
LOWEST SINCE 1969

“We are in an economic boom!”

– Larry Kudlow, Director of National Economic Council

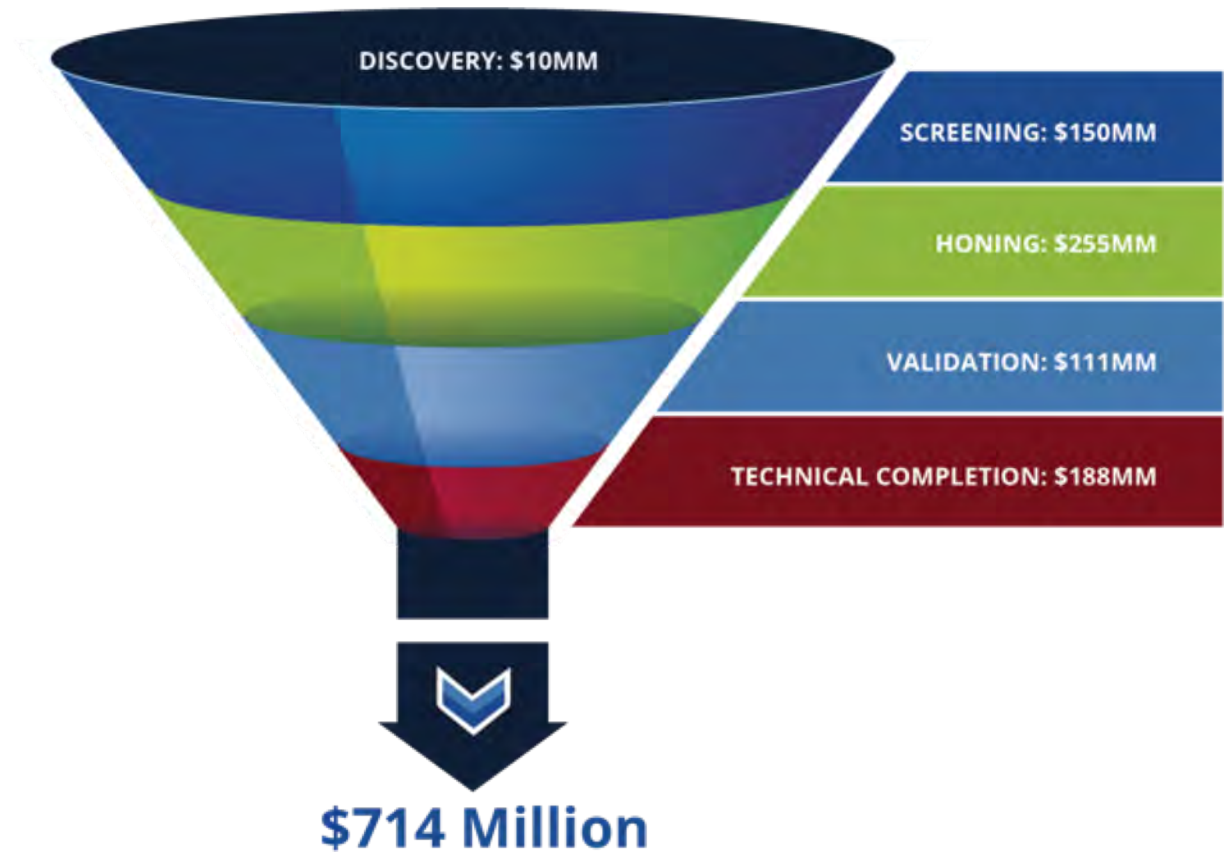
2.9%  
ANNUAL HOURLY EARNINGS FOR WORKERS  
INCREASED TO HIGHEST LEVEL SINCE 2009

Companies in the consumer products industry will strive to strategically capitalize on growth in emerging markets, and seek opportunities to acquire or partner with companies to enable access to consumers and leverage market solutions.

– Deloitte 2018 Consumer Products Industry Outlook

# Is 2% Organic Growth Achievable?

Consumer Packaging – Growth Funnel – \$714 Million Potential





## FOCUS AREAS FOR ACQUISITIONS

# Sonoco's **EBITDA Margin** Journey



**1990-2000**

**15.7% to 17.6%**  
(high of 18.8%)\*

\*Pension income, large domestic mix of businesses, pricing power in industrial markets



**2001-2011**

**14.7% to 12.1%\***

\*Pension expense, moving to diversified mix of businesses globally, tough industrial price competition



**2007-2017**

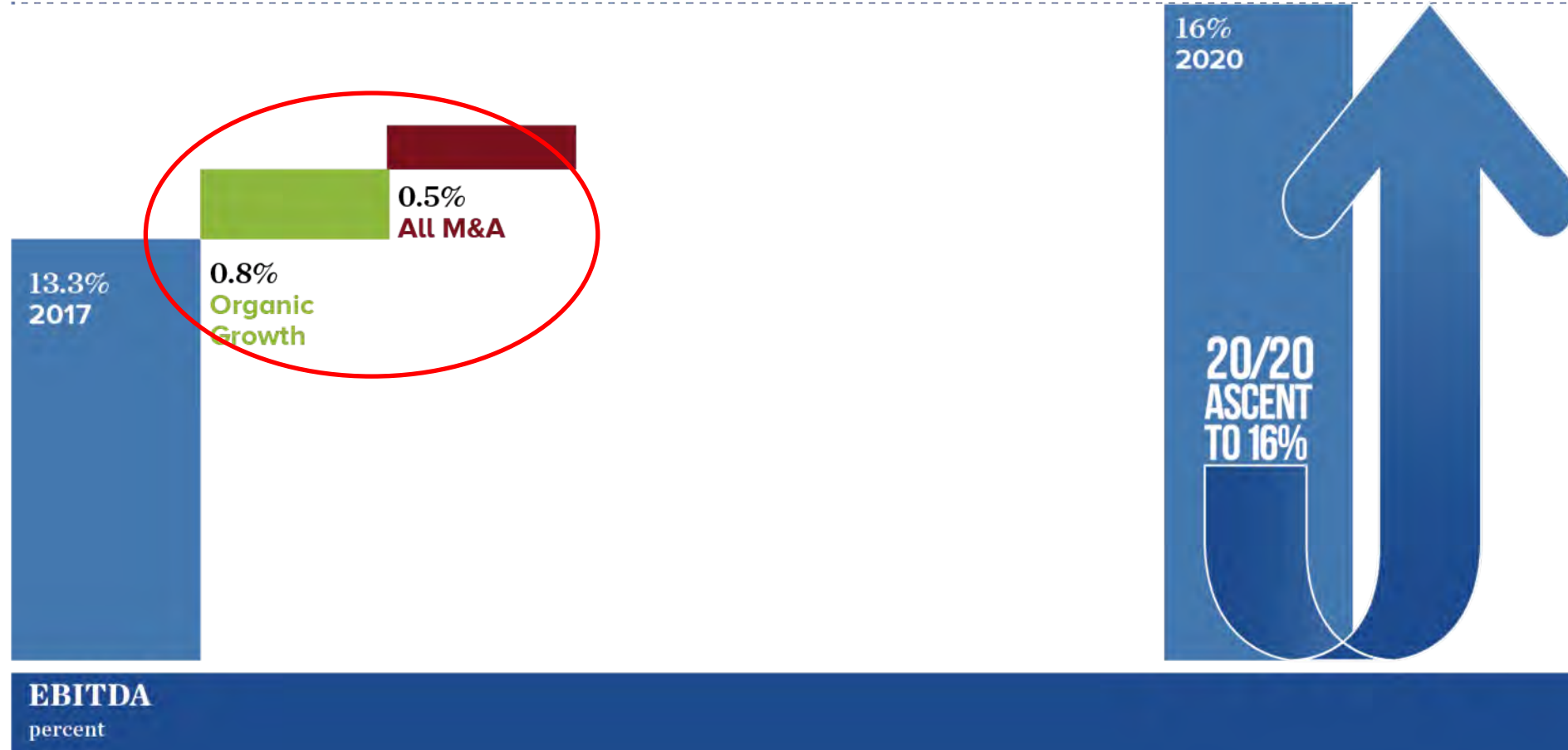
**14.0% to 13.3%\***

\*Pension expenses, continued diversification, price competition in all markets

# How Do We Get to 16%?



# How Do We Get to 16%?



# Drive Organic Growth and Pursue Acquisitions

## Plastic Growth Opportunities

- Completed acquisition of Highland Packaging Solutions
- Packaging Solutions
- New thermoforming sales
  - \$30 million in new sales by 2020



## Flexibles

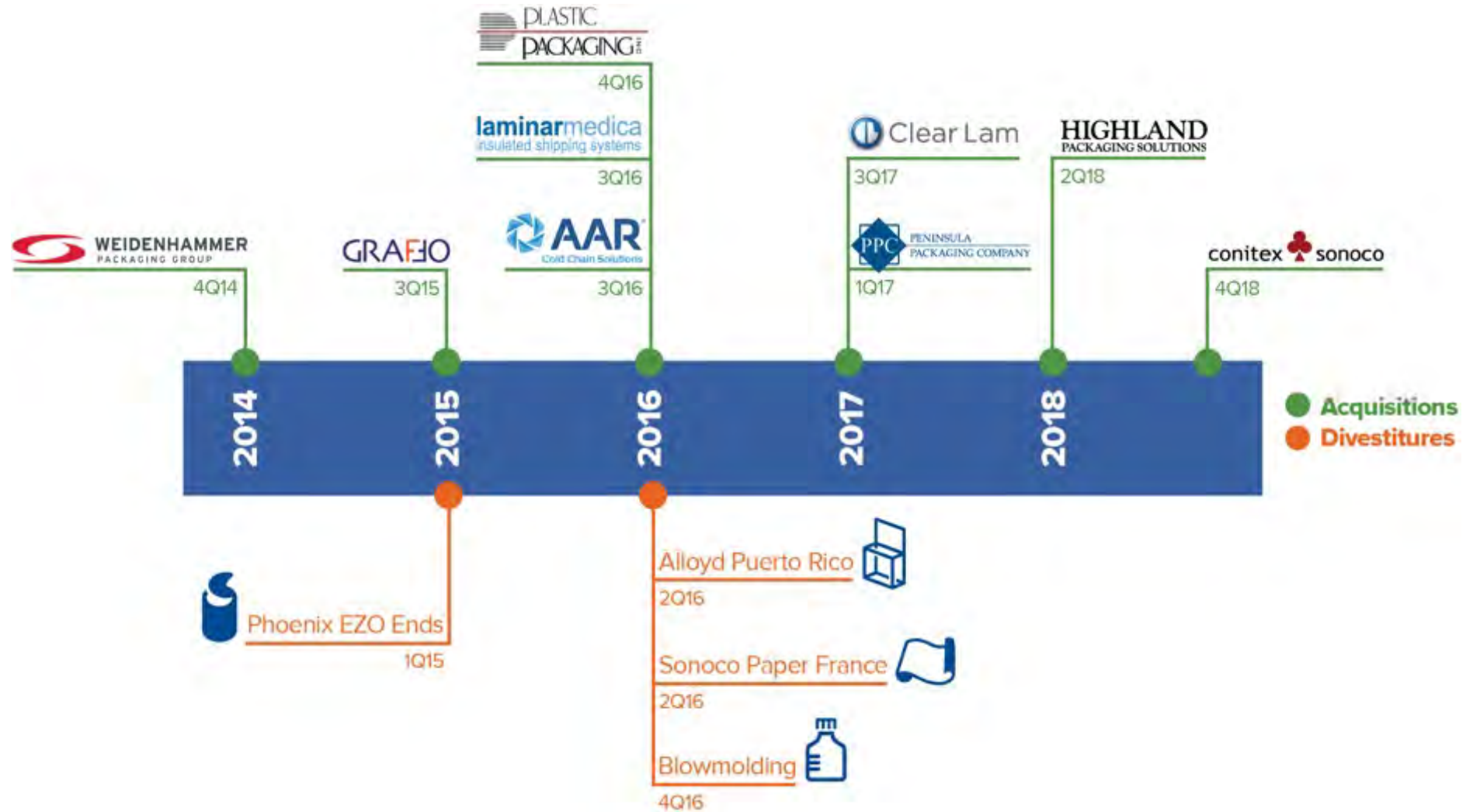
- Pursue accretive acquisitions

## Composite Cans

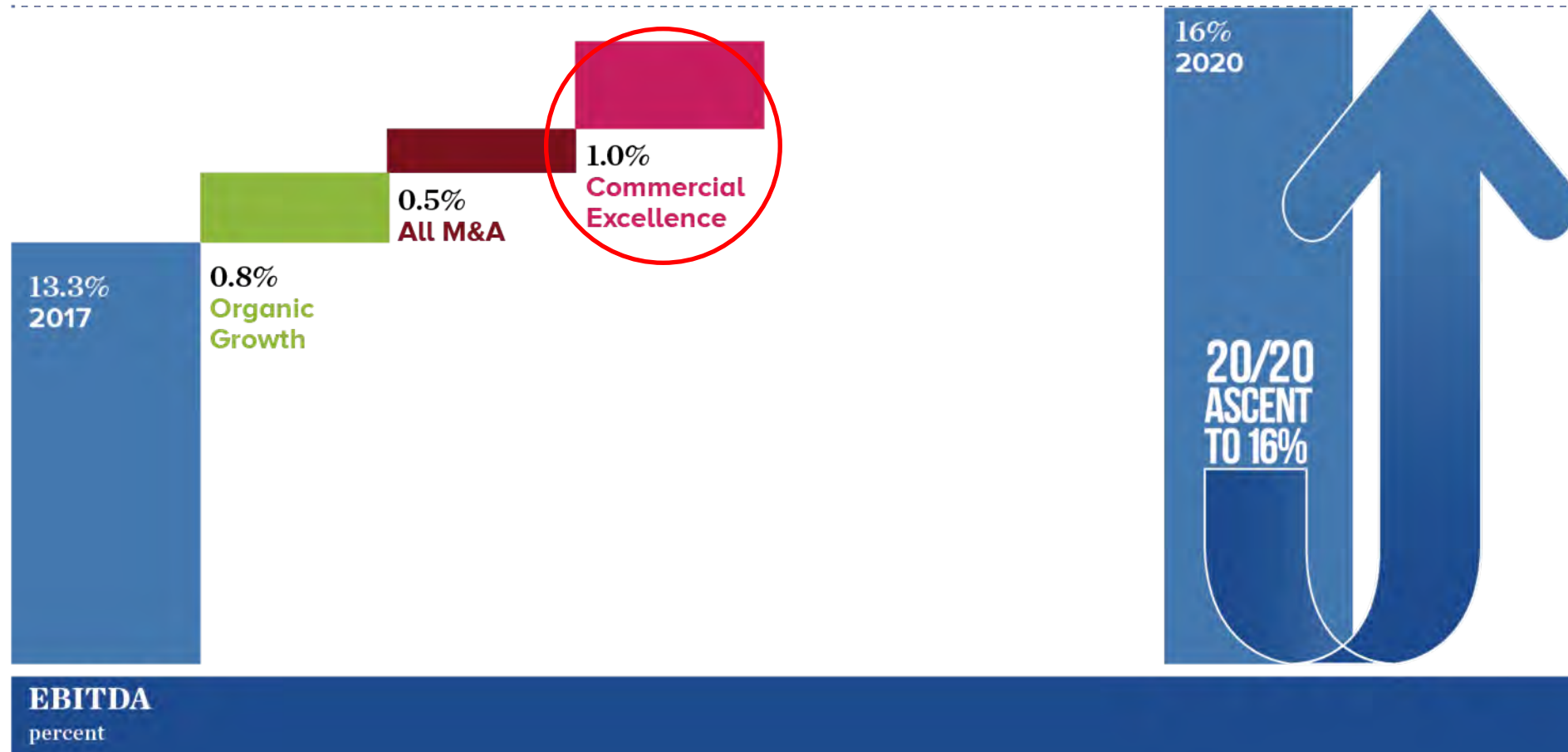
- Pursue growth in emerging markets
  - Brazil and South Africa
  - SE Asia (Thailand, China, Malaysia)
  - Poland



# Portfolio Optimization



# How Do We Get to 16%?

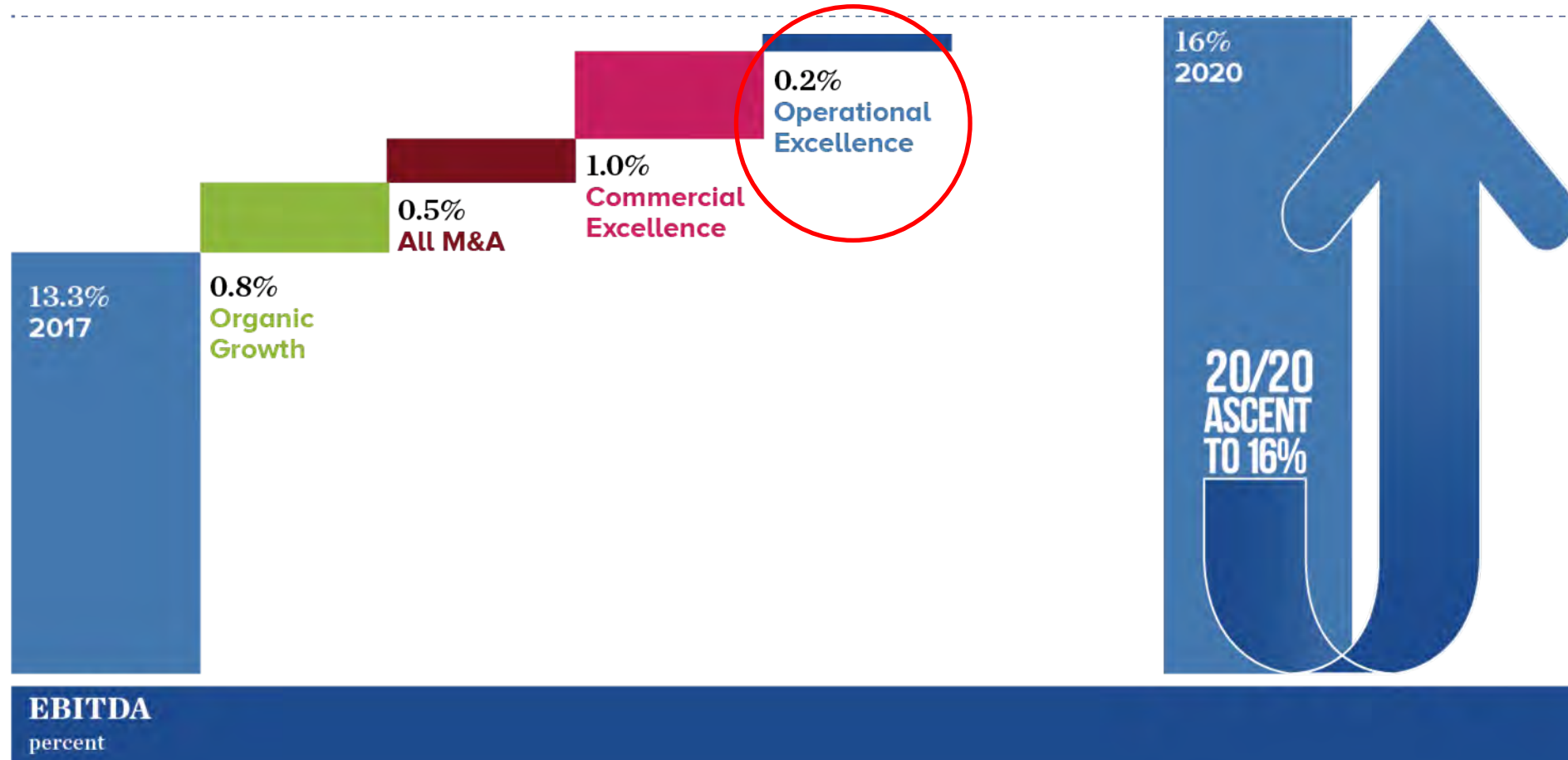


# Commercial Excellence

Realizing Our Value



# How Do We Get to 16%?



# Operational Excellence

Addressing the Cost Base

## Paper North America

- Year 1 capital optimization

## Tubes and Cores North America

- Execute 80/20 program Year 2

## Paper/Tubes and Cores Europe

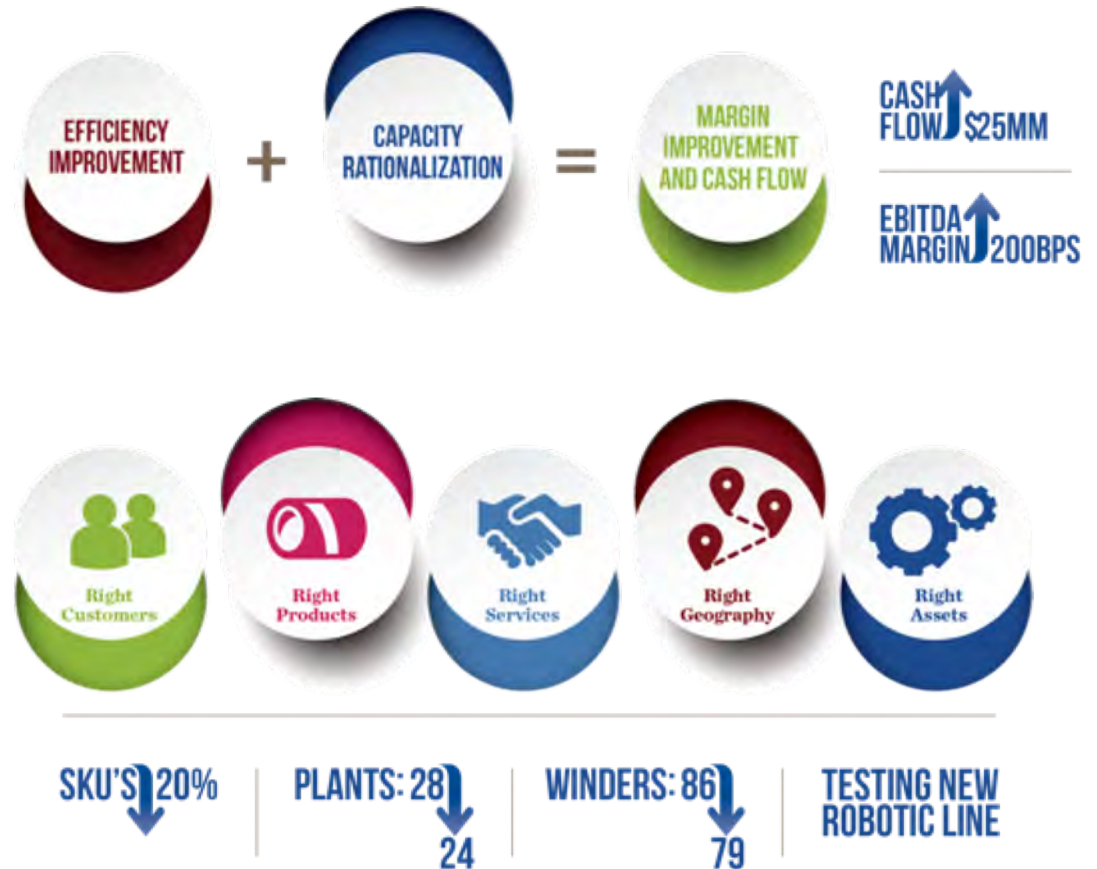
- Optimal integrated footprint

## Rigid Paper Europe

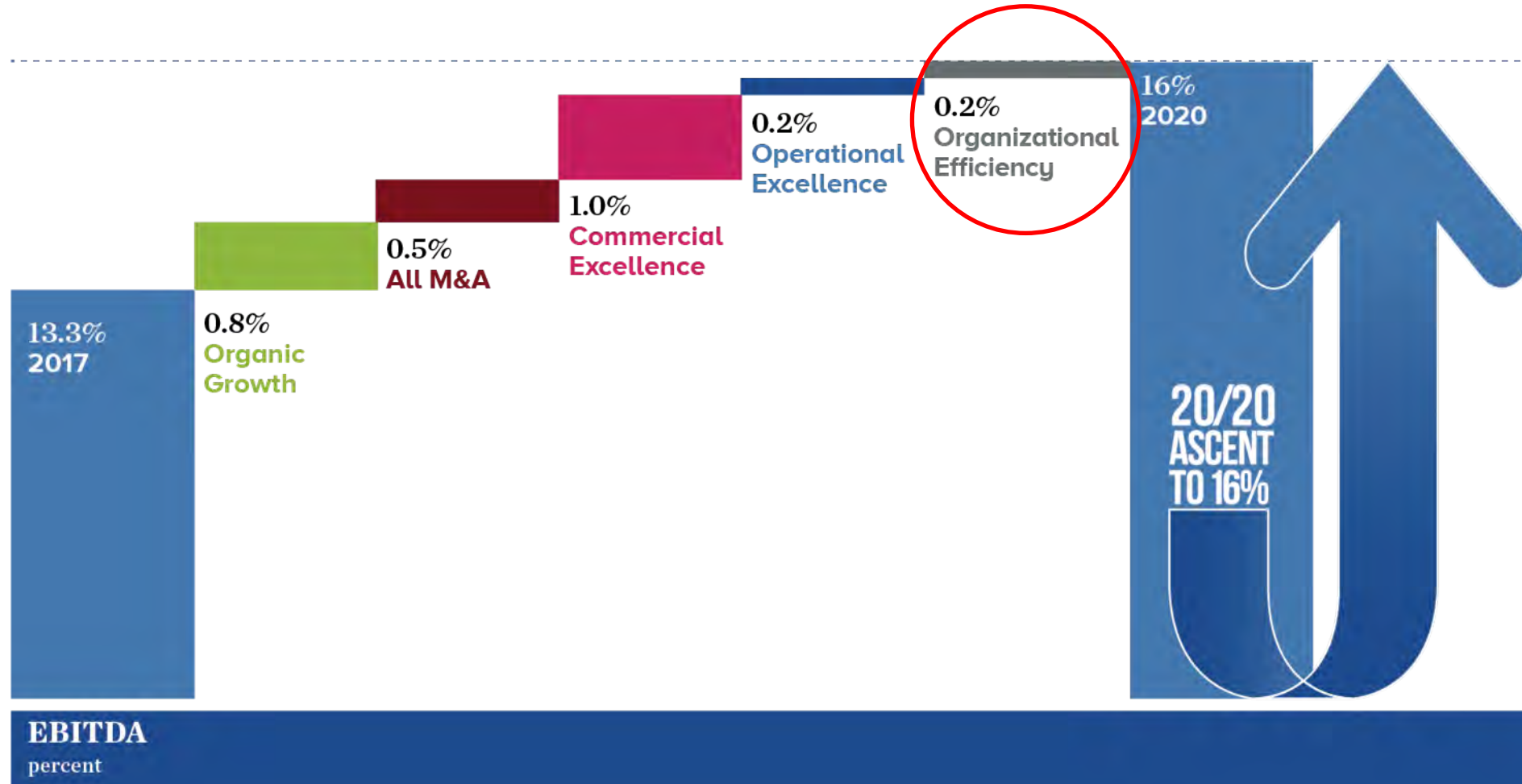
- Complete German consolidation

## Flexible Packaging

- Execute plan to remove cost
- Closed 15 warehouses



# How Do We Get to 16%?



# If You Can't Measure It, You Can't Manage It.

Using Data to Improve Decision Making and Reduce Costs



Provide Business Units with updated metrics rolling up to P&L and Balance Sheet

Pricing Management Software could contribute 50-100 bps of margin improvement

Automating order entry and invoicing could reduce invoicing issues by \$5 million



**BUILDING**  
*for the next*  
**120**  
YEARS  
1899-2019

An aerial, high-angle view of a busy supermarket aisle. The shelves are stocked with various products, including canned goods and packaged items. Several customers are visible, some pushing shopping carts and others walking. The image is overlaid with a semi-transparent white rectangle containing the text 'CONSUMER STRATEGY'. To the left of this rectangle, there is a solid blue shape with a green triangle pointing towards it.

# CONSUMER STRATEGY

# Big Shifts Shaping Consumer Strategy



**Health and Wellness**

---



**Demographics**

---



**Digital Disruption**

---



**Social Consciousness**

---

# The Health of Health and Wellness

A Global Trend

**\$4.2  
Trillion**  
Wellness Market

**12.8%**  
Increase in Growth

**5.3%**  
of Global  
Economic Output

# Health is **Big Business**



Healthy Eating

+



Nutrition

+



Weight Loss

=

**\$702**  
**Billion**  
**Globally**



# Fresh is a Financial Heavyweight

2017:

Fresh represents

**30.5%**

of total food sales (U.S.)

2018:

Fresh perishable foods equal

**49%**

of all dollar sales growth (U.S.)

Fresh category =

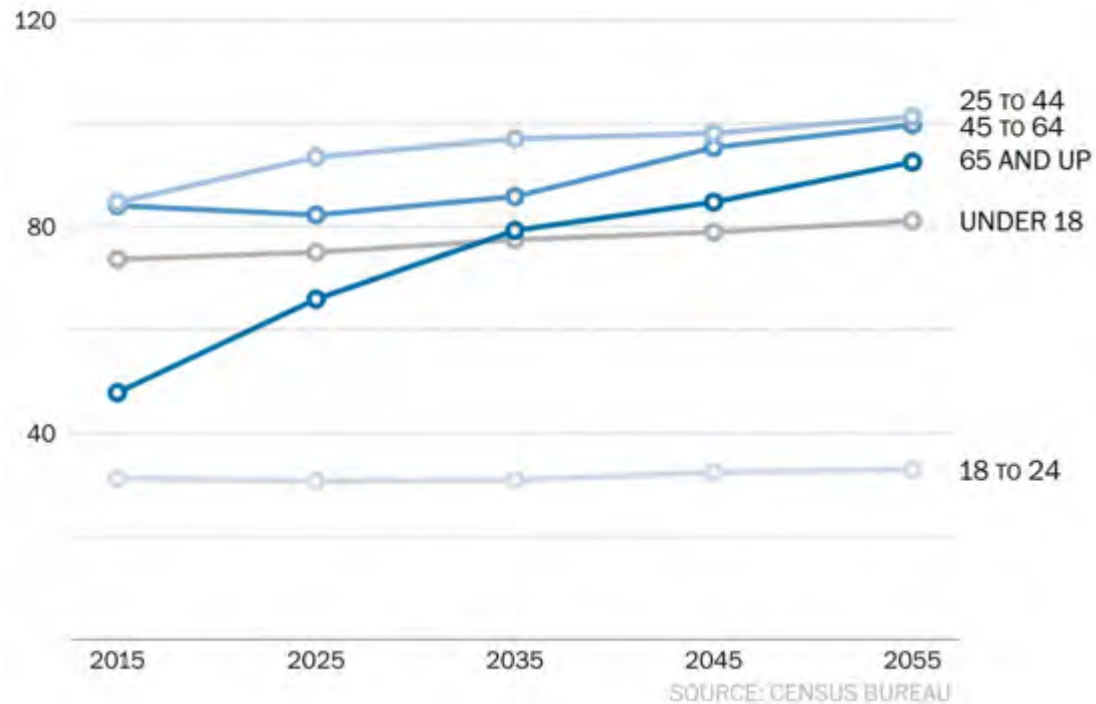
**\$178  
Billion**

for the last 52 weeks (U.S.)

# Demographics Matter

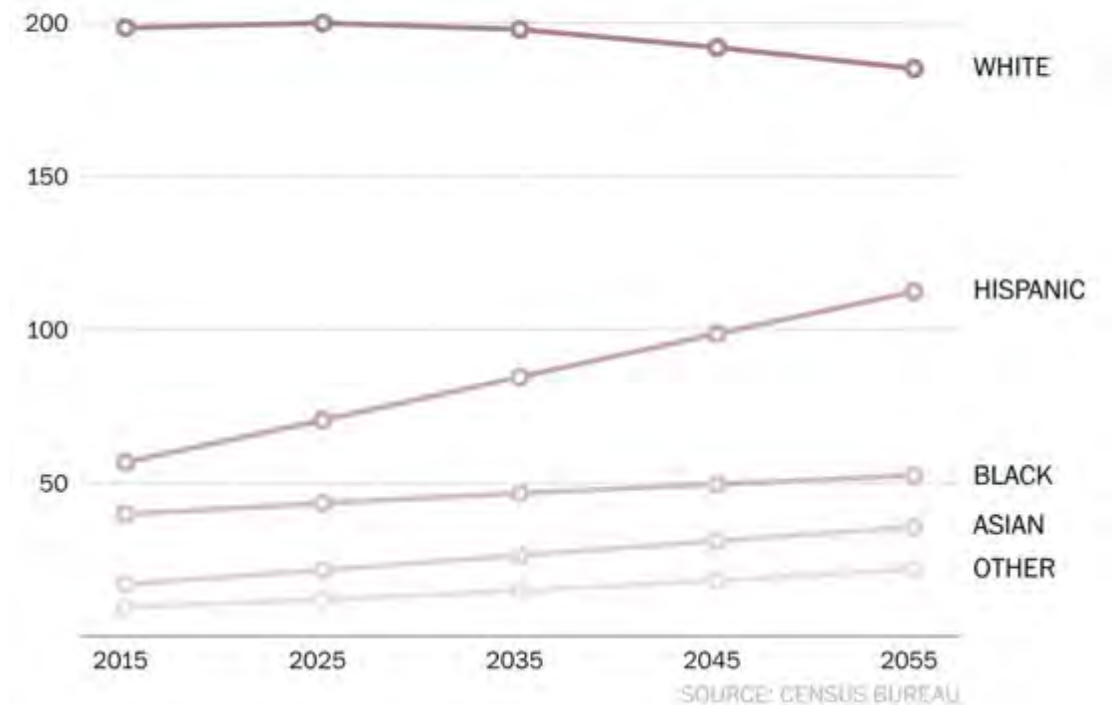
## Age composition

Projected. Numbers in millions.



## Racial and ethnic composition

Projected. Numbers in millions.





# Digital Behavior



**88%**  
of consumers willing  
to pay more for same day  
or faster delivery

Purchasing by Device:

**20%**  
Personal Computer

**12%**  
Tablet

**17%**  
Phone

# Online Shopping is Here to Stay



# The Changing Retail Landscape

17

CEO's Have Left  
Their Positions

Building Retail Around  
What Consumers Want,  
When They Want It  
and How They Want It

Easier  
Healthier  
More Convenient

# A Focus on Doing Good is Good for Business



# Sustainability as Brand Strategy

**PACKAGING  
DIGEST**

## Sustainable packaging tops best-read chart for September

By Lisa McTigue Pierce in Sustainable Packaging on October 03, 2018

🐦 in f g+ ✉



Photo credit: momius - stock.adobe.com

SPONSORED LINKS

# Sustainable Packaging: Actual vs. Aspirational



# Understanding **Unintended Consequences**



# Growing Our Business by Growing Customer Brands





# Insights

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Using Market and Consumer Research  
to Identify Untapped Opportunities



# Innovation

---

Innovation in Package Design Drives  
Differentiation for Our Customers



# Sustainability

---

Protecting the Environment  
Projects Unique Brand Identity



# Operational Excellence

---

Using Big Data and Technology to  
Drive Big Returns for our Customers





# Package Diversity

---

More Packaging Options, Means  
More Marketing Opportunities



# Increased Brand Equity

---

Helping Our Customers Grow,  
Helps Us Grow



# Defining Our Consumer Strategy



## Flexible Packaging

From see-through pouches, to new inverted pouches, to peel-reseal lidding options, flexible packaging continues to be a focus area for growth.



## Rigid Plastics Packaging

Reimagined frozen foods, fresh fruits and vegetables, along with ready-to-eat prepared foods, rigid plastic trays and bowls are in demand on the perimeter and center-of-the-store.

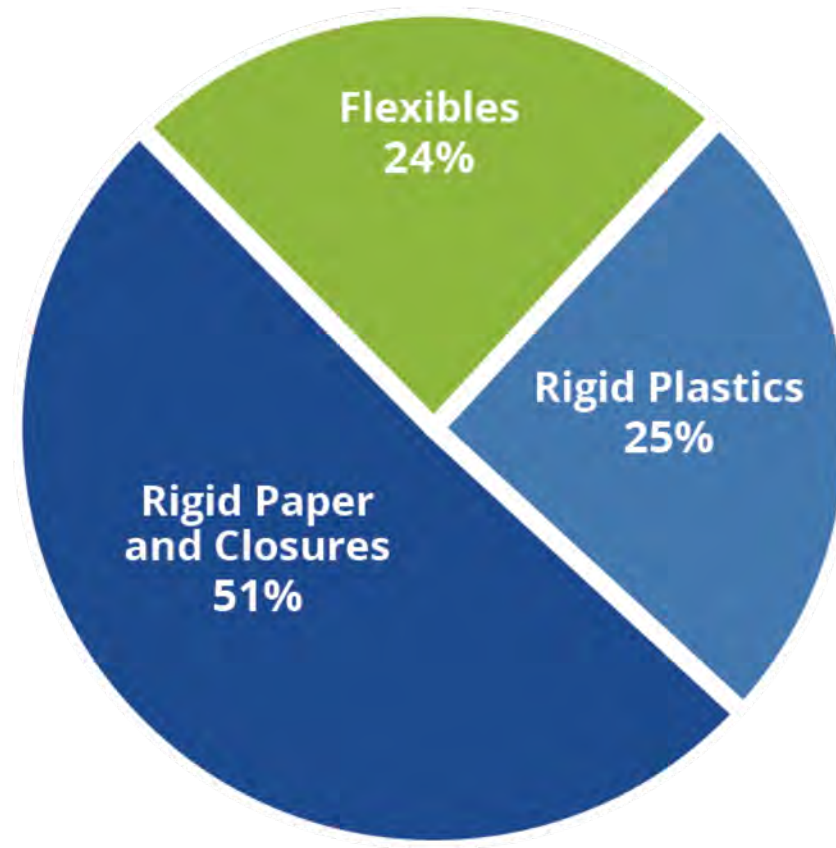


## Rigid Paper Containers

Producing more than 1 billion composite cans annually, rigid paper containers remain a viable packaging option for a wide range of products around the world.

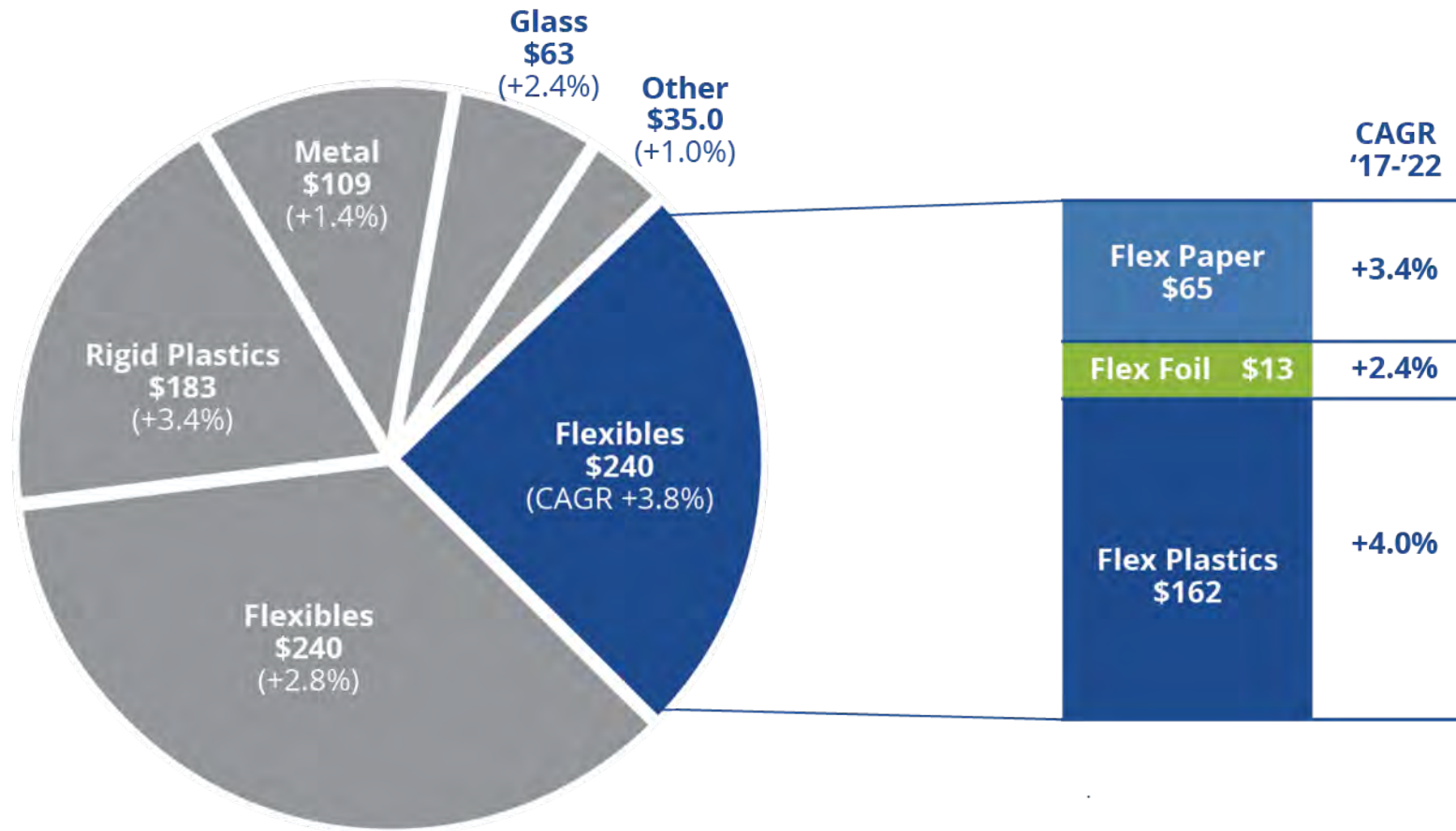
# Consumer Packaging

2017 Sales Consumer Packaging – \$2,123 billion



# Global Packaging Evolution 2017 – 22

(Dollars in billions)



# Driving Social Good: **Flexible Packaging**

Tackling the Food Waste Challenge

## FOOD WASTE IN THE U.S. IS ...

Excessive

**40%**

Of all food produced in  
the U.S. is wasted

## FOOD WASTE IN THE U.S. IS ...

Excessive

**133** Billion  
Pounds

Food wasted per year  
represents 1,249 calories  
per person, per day

## FOOD WASTE IN THE U.S. IS ...

Expensive

**\$161** Billion

Uneaten food at retailers,  
restaurants and homes costs  
\$161 million annually

# Integration and Internalization

The Total Package: Lidding Films and Trays/Bowls



# Sonoco Flexibles – Acquired Capabilities

Flexible Films	Short-Run Capability	Forming Films	Blown Films	Hybrid Flexibles
				
				

# PrimaPak® – The Ultimate in Convenience



# The Versatility of **Rigid Plastics**



# Prepared and Specialty Foods



CHILLED



FROZEN



PORTION CONTROL

# Growing Around the Perimeter of the Store



# Retail Security/Industrial/A&S



BLISTER PACKAGING



SPECIALTY REELS



ADHESIVES CARTRIDGES

# Focus. Focus. Focus.

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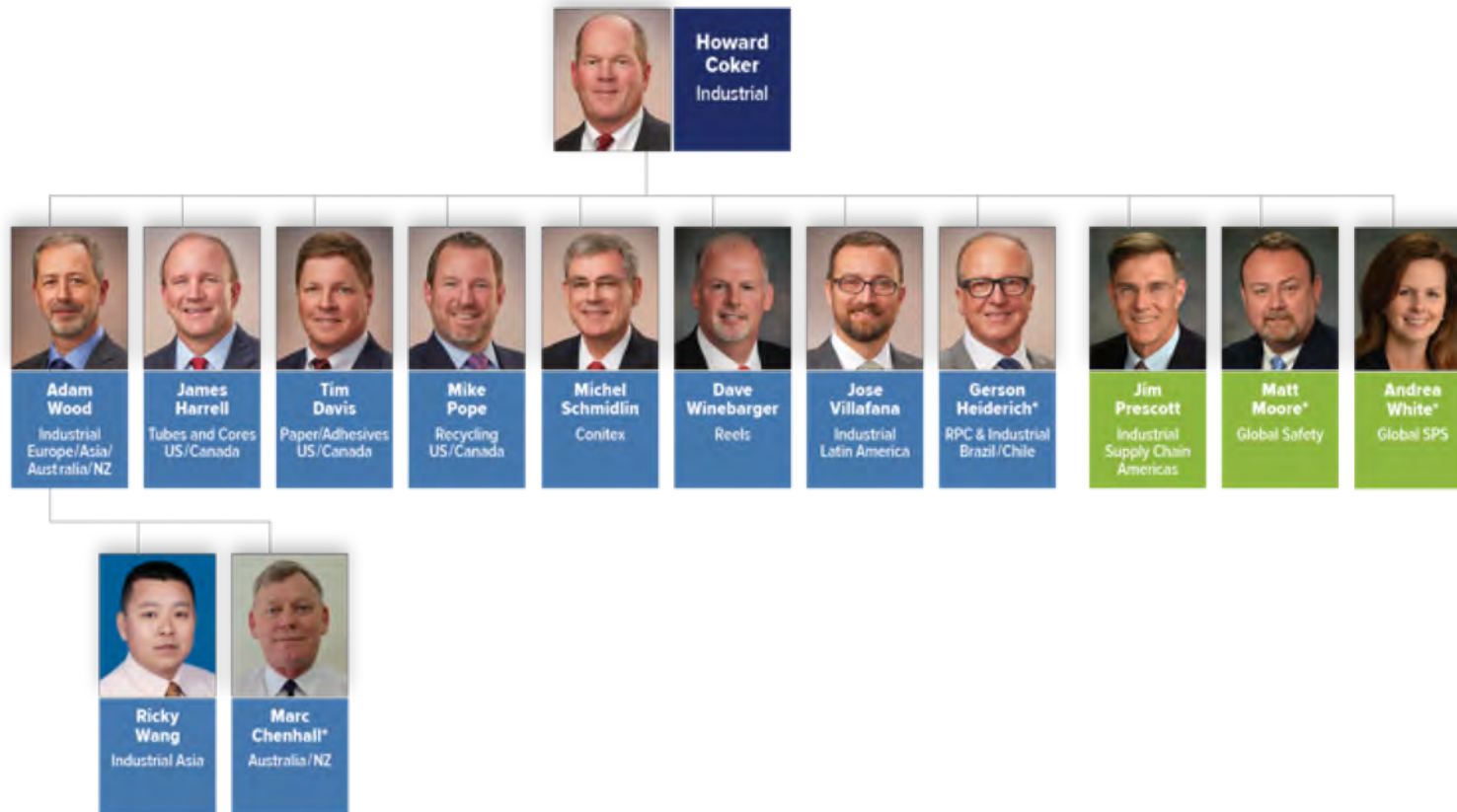


# HOWARD COKER

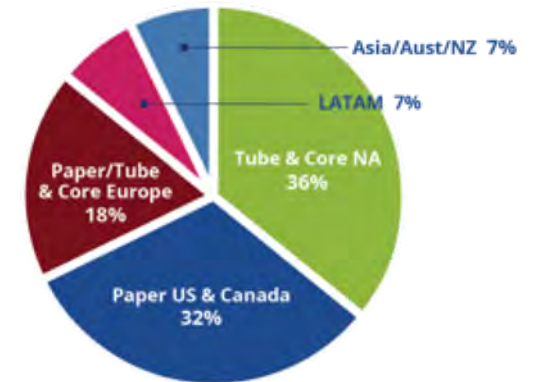
**SVP**, Global Paper/Industrial  
Converted Products



# Global Paper and Industrial Converted Products



2017 Sales  
Paper and Industrial Converted Products  
\$1,866 billion



\* Dual Report or Shared Resource

# Rigid Paper and Closures North America

Continuing to Innovate for Growth



**NEW SHAPED RIGID  
PAPER CONTAINER**



**NEW ECOSEAL  
PAPER BOTTOM CAN**



**NEW SOFTPEEL  
(PAPER MEMBRANE  
CLOSURE)**



**NEW PULL-TAB  
OPENING FEATURE**

# Grow in Emerging Markets

2019 Opportunities



# Grow in Emerging Markets

2019 Opportunities



# Grow in Emerging Markets

2019 Opportunities



# Grow in Emerging Markets

2019 Opportunities



# Grow in Emerging Markets

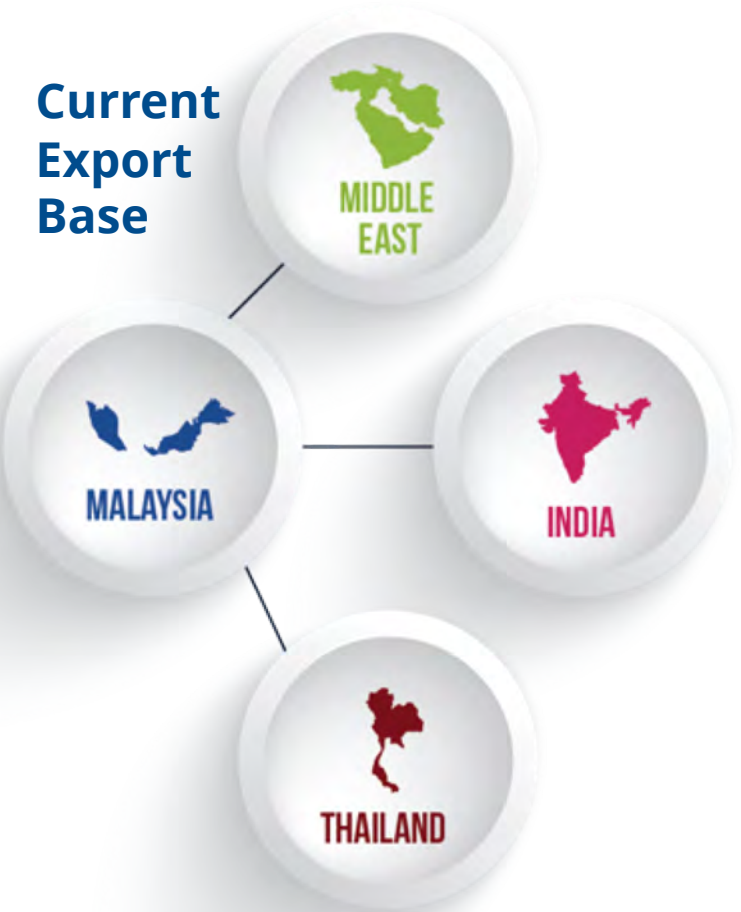
2019 Opportunities



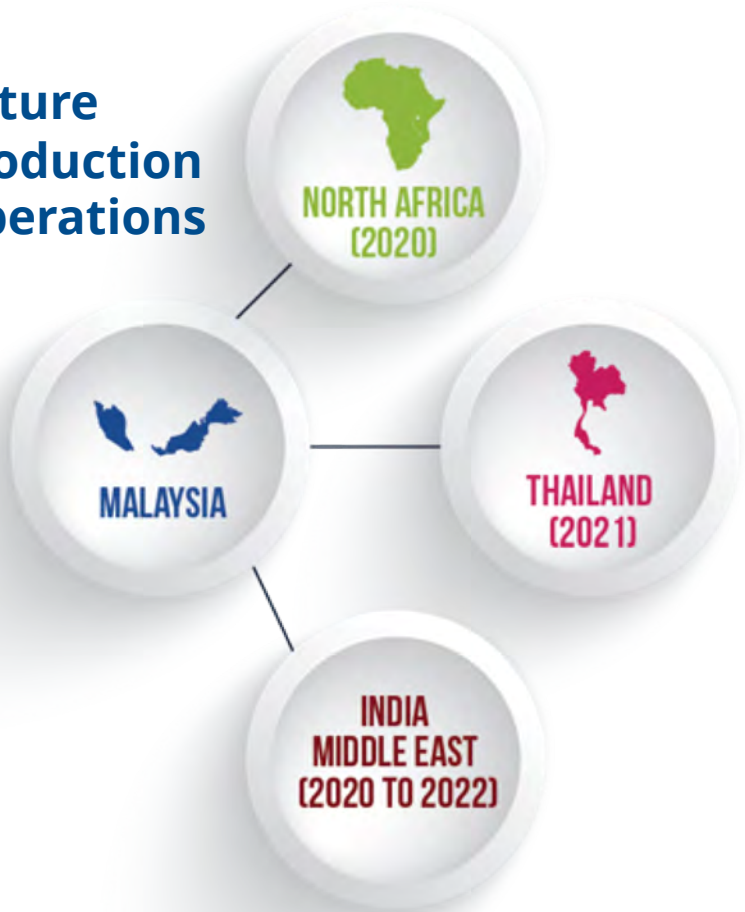
# Grow in **Emerging Markets**

2020 and Beyond

**Current  
Export  
Base**

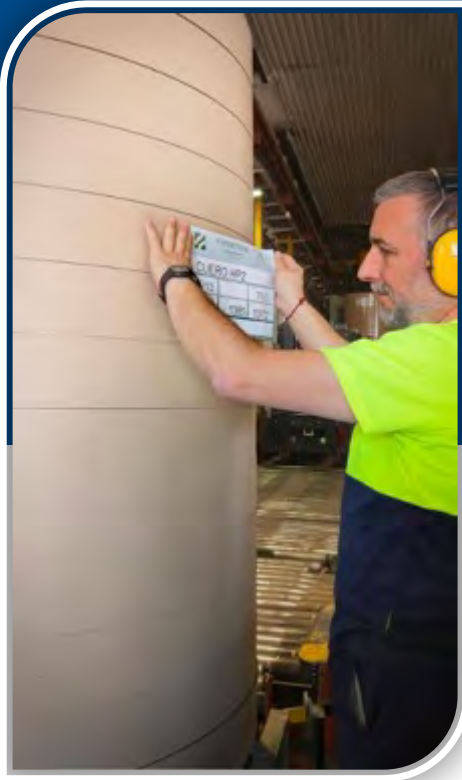


**Future  
Production  
Operations**



# Grow Paper/Engineered Carriers into Emerging Markets

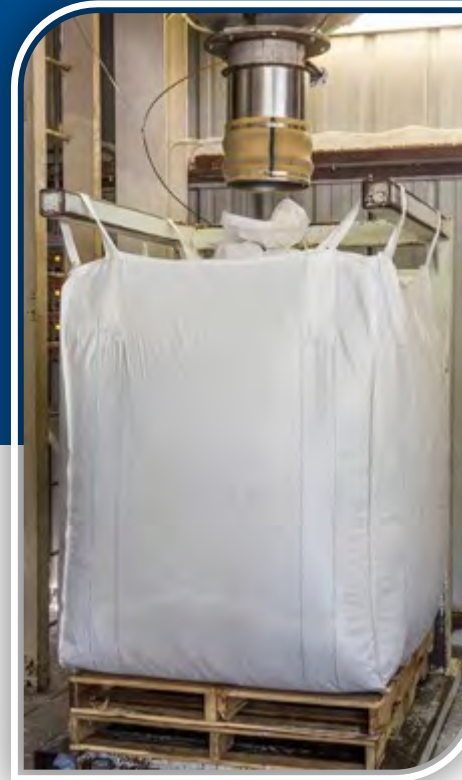
Conitex Acquisition



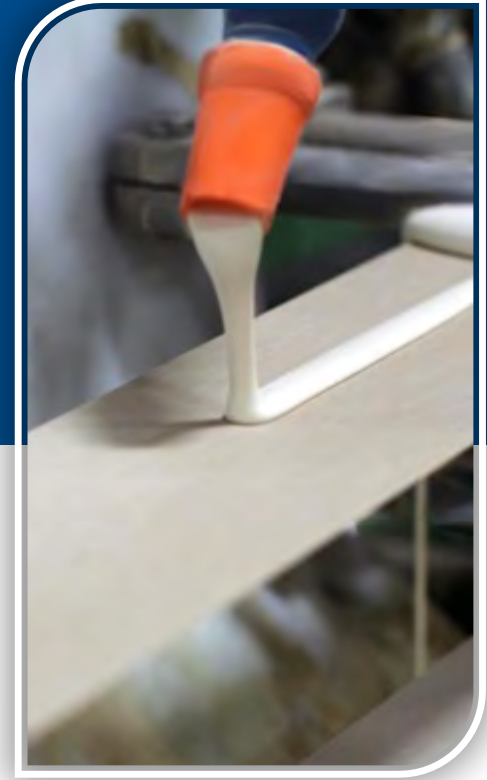
**Paper**



**Converting**



**Flexibles**



**Adhesives**

# Conitex Paper Division

**320,000**  
annually (83% in Asia) **tons**



Full range of coreboard grades –  
Fourdrinier and Cylinder board

Flexibility in manufacturing -  
customized

Capacity expansion in Spain  
and Indonesia

# Conitex Converting Division

1.4 Billion

cones & tubes, annually for  
the spun yarn industry



35 Years

of paper knowledge and  
converting experience

# Conitex Growth Opportunities and Synergies

- Paper integration
- Industrial Asia critical mass with room for expansion
- Talented management with proven track record
- Organizational synergies
- Technological synergies (paper and converting)
- Introduction of Sonoco's vast product portfolio utilizing Conitex Sonoco's Asian infrastructure



# Global Growth Opportunities

Consolidation and Expansion



**PAPER**



**COMPOSITE CAN**



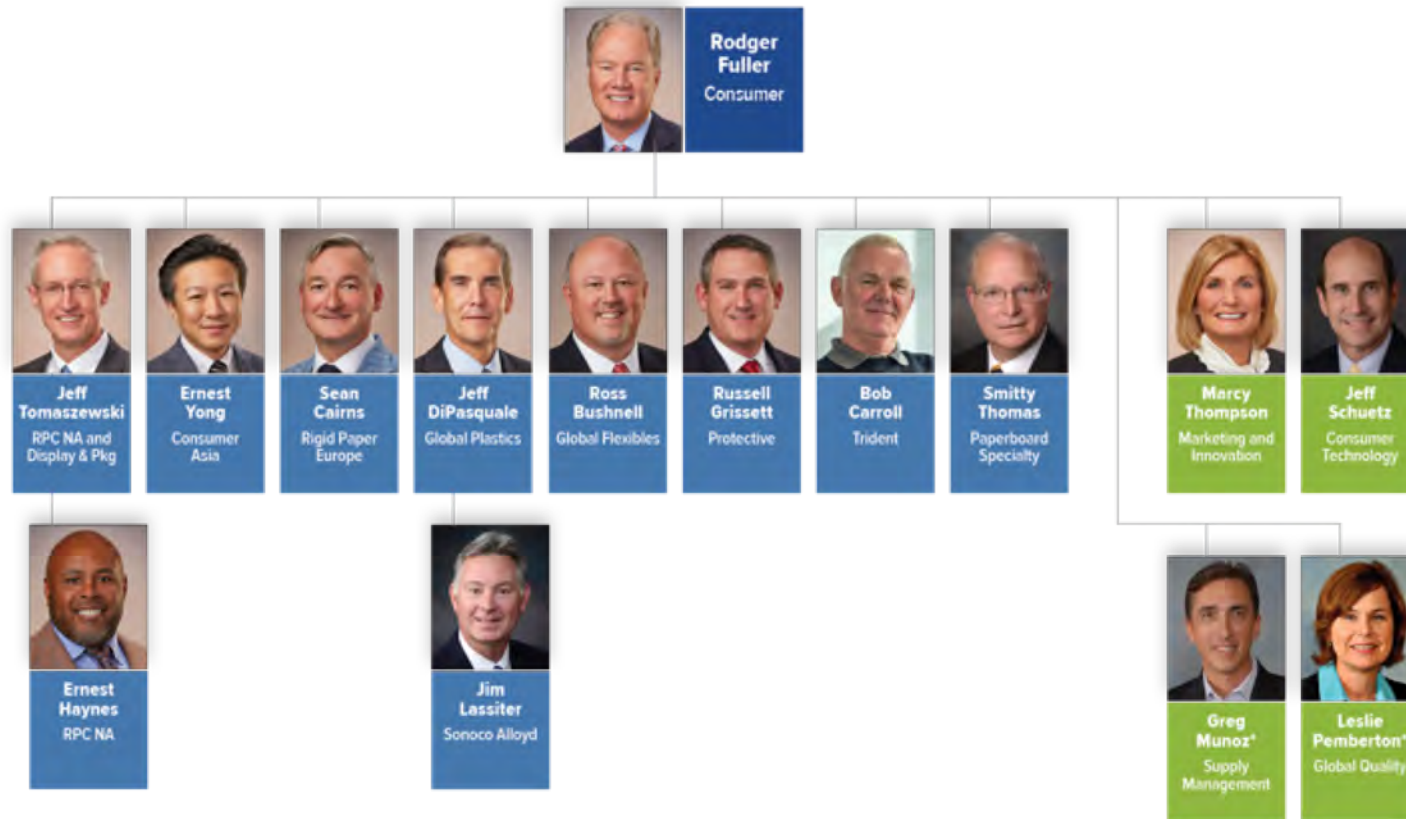
**ENGINEERED CARRIERS**



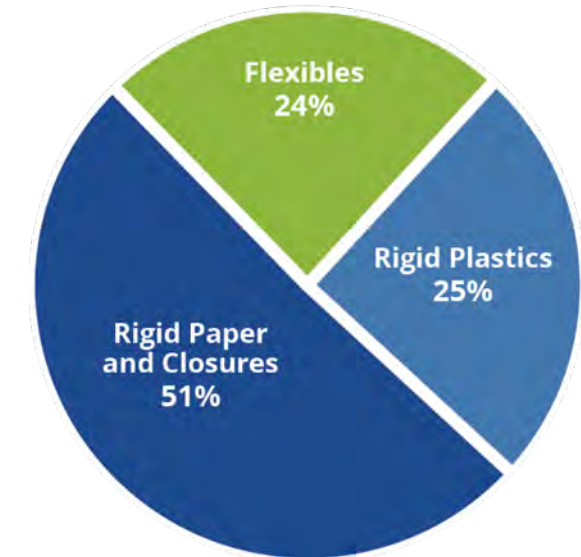
# RODGER FULLER

**SVP,** Global Consumer Packaging

# Global Consumer Packaging



**2017 Sales  
Consumer Packaging**  
\$2,123 billion



\* Dual Report or Shared Resource

# Optimizing the US/Canada Integrated Industrial Business

Drive Significant Increase in Cash Generation in the Integrated Supply Chain



## Recycling

- Adjust and adapt to China Impact
- Maximize internalization of OCC and Mixed Paper through automation



## Primary Materials

- Continue CAPEX investment to optimize cash flow
- Continue Hurricane recovery
- Plan for #10 corrugating machine



## Tube & Core

- Continue customer segmentation approach
- Analyze impact of logistics on plant consolidation
- Control SG&A costs

# Sonoco's Paper Mill Operations



# Optimizing Tubes and Cores North America



SKU'S ↓ 20%

PLANTS: 28 ↓  
24

WINDERS: 86 ↓  
79

TESTING NEW  
ROBOTIC LINE

# Display and Packaging

Converting, Primary and Secondary Packaging, Blistering, Wrapping, Shrinking, Bundling, Fulfillment



## Fulfillment Centers (6)

- Social Circle, GA
- Palmyra, PA
- Allentown, PA
- Bolingbrook, IL
- Iowa City, IA
- Rural Hall, NC

## Plant Locations (7)

- USA
  - Winston Salem, NC
  - York, PA
- Latin America
  - Sorocaba, Brazil
  - Itu, Brazil
- Europe
  - Strykow, Poland
  - Wroclaw, Poland
  - Lodz, Poland

## Products and Services

- Temporary, semi-permanent and permanent custom merchandising displays
- Primary, secondary and promotional packaging
- Integrated merchandising supply chain management services
- POS merchandising accessories
- Creative graphics, design, engineering and prototyping services
- Pre-press and printing services

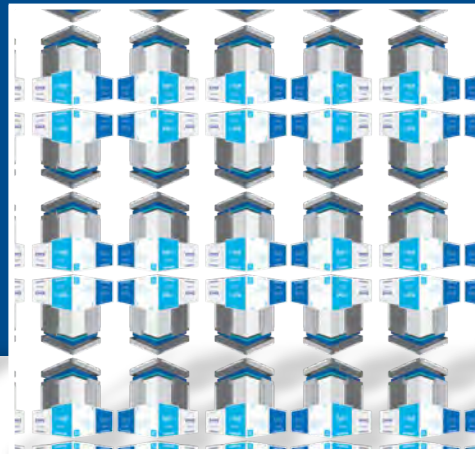
# Protective Solutions

Consumer Foam, Automotive EPP, Temperature Assured Packaging (TAP)



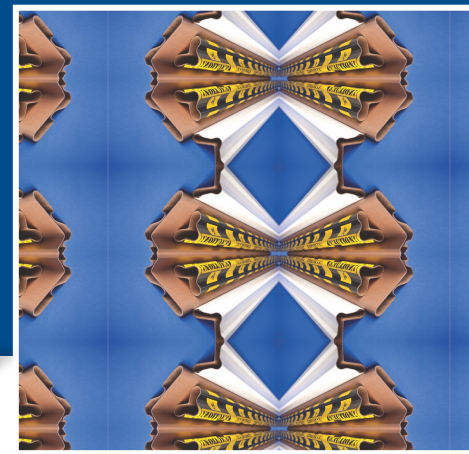
## Consumer Molding (17% of Sales)

Foam-based protective packaging applications for a wide range of consumer goods that travel through the distribution chain.



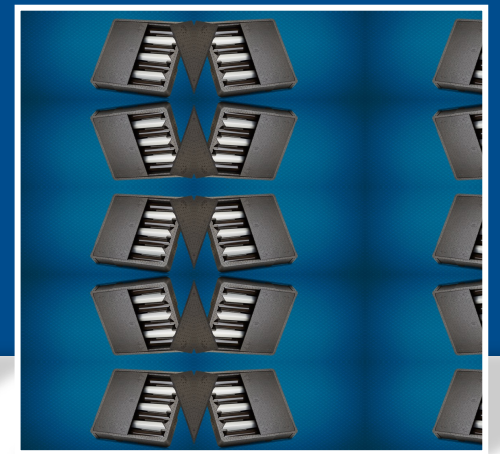
## ThermoSafe® (31% of Sales)

Temperature-assurance packaging to protect the efficacy of pharmaceuticals and other bio-medical products during transport around the world.



## Consumer Fiber (27% of Sales)

Fiber-based protective packaging for consumer durables such as washers, dryers, refrigerators and dishwashers, that ensure product integrity and allow for improved material handling and storage.



## Transportation (25% of Sales)

Foam materials for use in the automotive industry to help light-weight vehicles for improved mileage, along with dunnage applications for parts storage and shipment.

# STRATEGIC ISSUES Panel Discussion



# MARCY THOMPSON

VP, Marketing and Innovation



# Big Shifts Shaping Consumer Behavior



**Health and Wellness**



**Demographics**



**Digital Disruption**



**Social Consciousness**

# Consumer Behavior Drives Purchasing Behavior

Brands Must Reimagine Their Products To Meet Shopper Demands



**Fresh and Natural**



**Convenience**



**E-Commerce**



**Sustainability**

# Clearly in Demand

Packaging that Communicates Trust, Transparency and Quality



# Convenience is Creating Value

Packaging Variety Offers Versatile Solutions for Busy Consumers



# E-Commerce is the New Commerce

E-Commerce is Creating a New “Moment of Truth”



# Sustainability is Increasing Marketability

Creating Solutions for the Circular Economy



# Growing Right

Getting It Right From the Start Through an End-to-end Solution



# MIKE POPE

**Division Vice President and  
General Manager, Sonoco Recycling**



# Plastics Recycling: Keys to Success

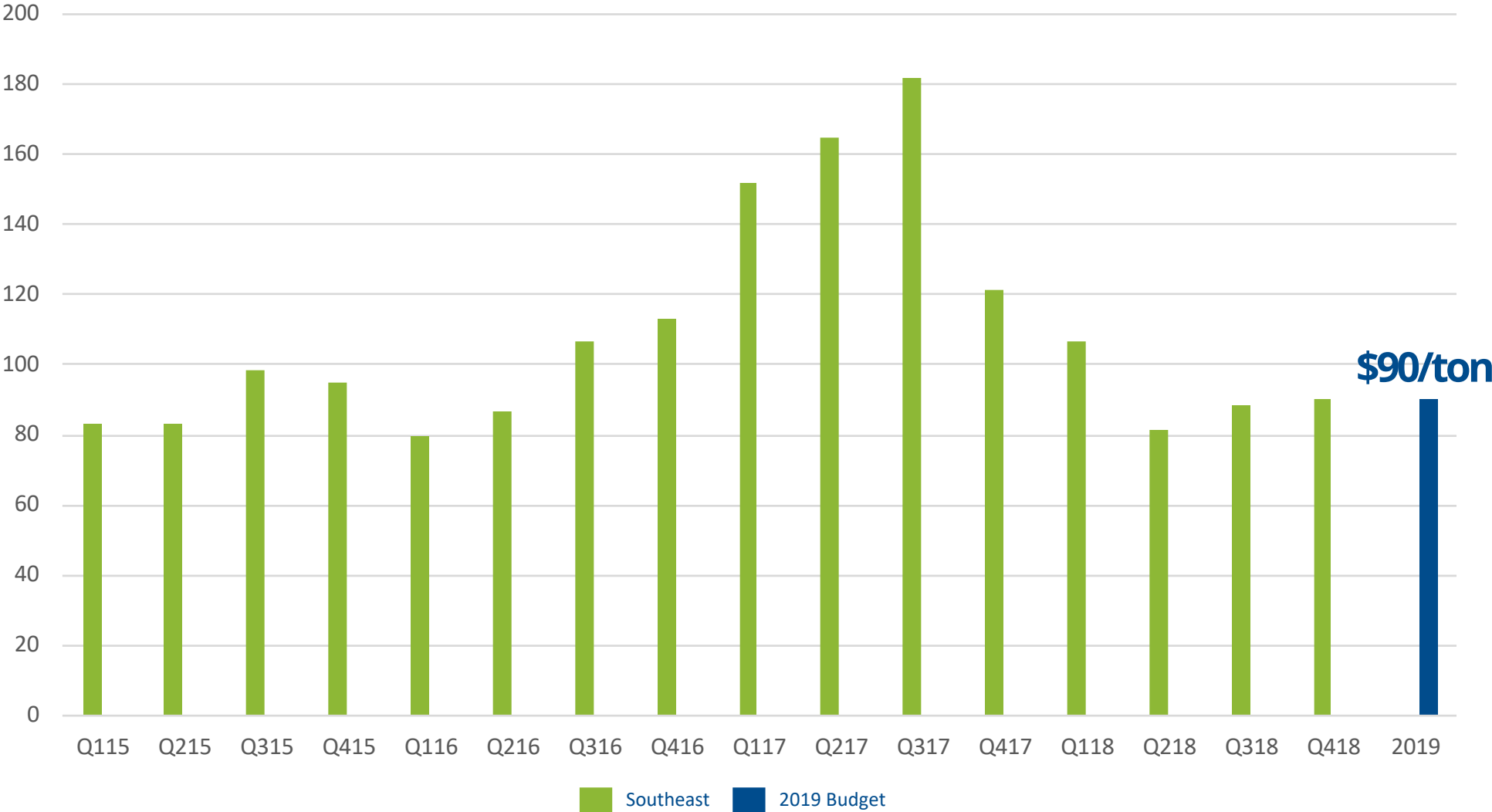


# PET Collection Increases **Internalization Opportunities**

New Sourcing Initiative Positively Impacts Costs and Sustainability Goals



# The Rise and Fall Of OCC



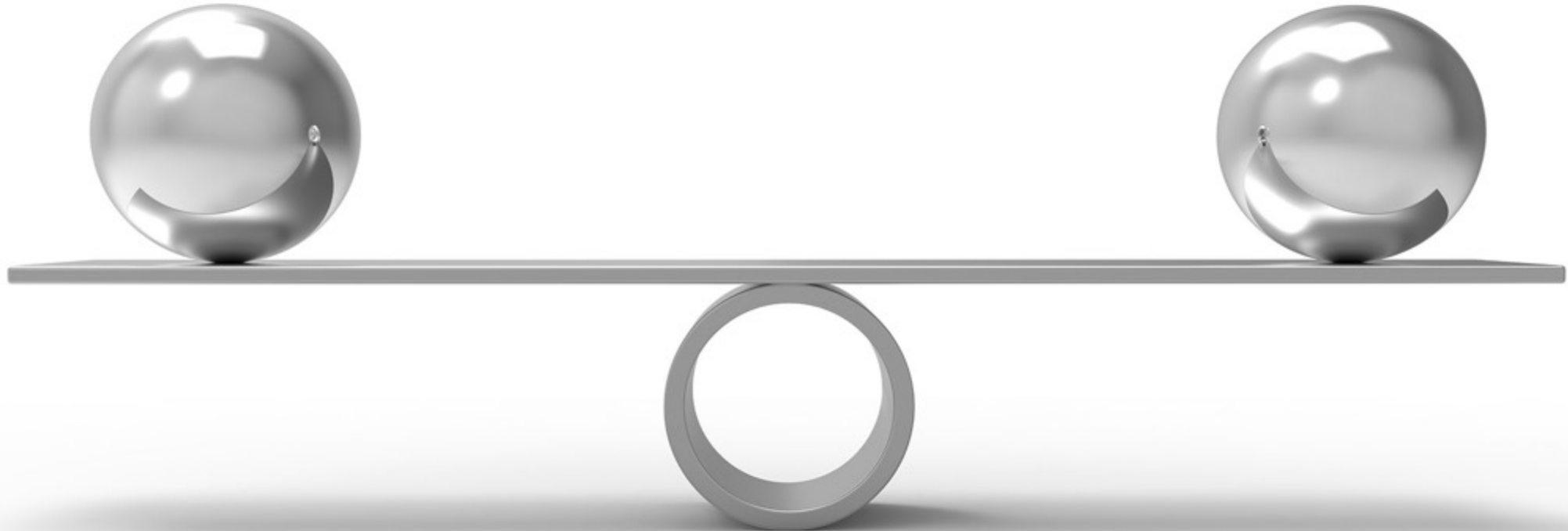
# The China Effect: Environmental Policy and Trade Policy

The Impact of Public Policy on Global Market Dynamics



# The China Effect: Finding the Right Balance

Policy Changes in China will Impact the Balance of Trade One Way or Another



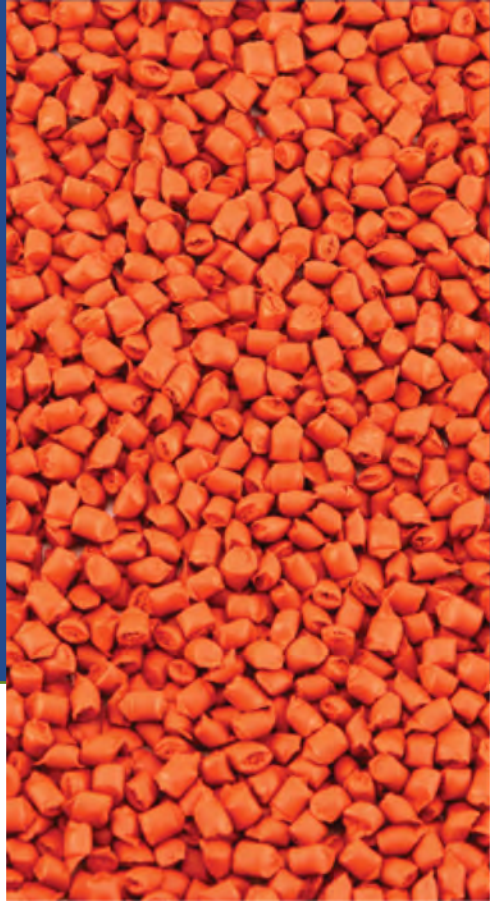


# GREG MUNOZ

**Staff Vice President, Global  
Supply Chain and Logistics**



# Managing the Supply Chain



**Resin**



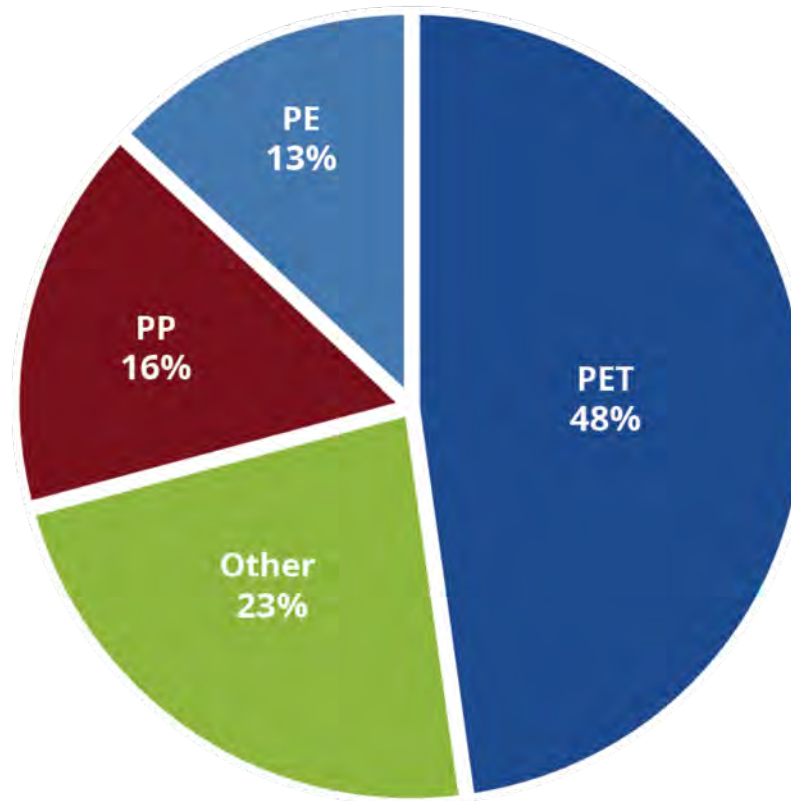
**Freight**



**Tariffs**

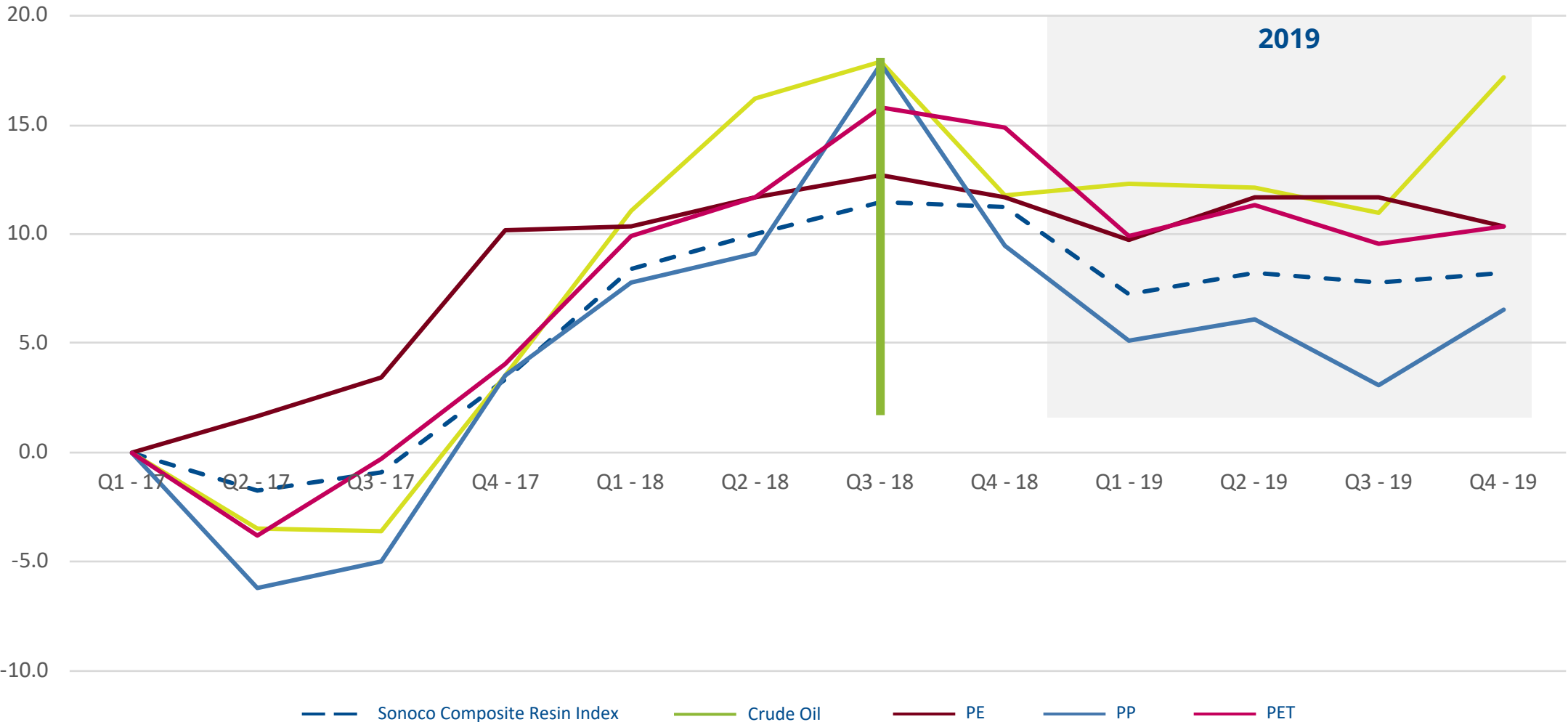
# Sonoco Global Resin Buy

Global Resin Volume: 541,000,000 lbs.



# Resin Price Projections

Resin Prices Normalized to Jan 2017



# Logistics Overview

**\$215  
Million**  
Spend

## Transportation costs across NA are being impacted by:

- New regulation ELD (Electronic Logging Devices)
- US economy growth 3%
- Weather impacts
- Driver Shortage: 35,000 shortfall
- Low Unemployment
- Market inflation of 6% above 2018 run rates
- DOE is projecting .6% Fuel Inflation



Truck Load Index

**16%↑ 2018 / 6%↑ 2019**

Fuel Surcharge

**20%↑ 2018 / 0% - 2019**

Driver Shortage

**245,000 by 2022**

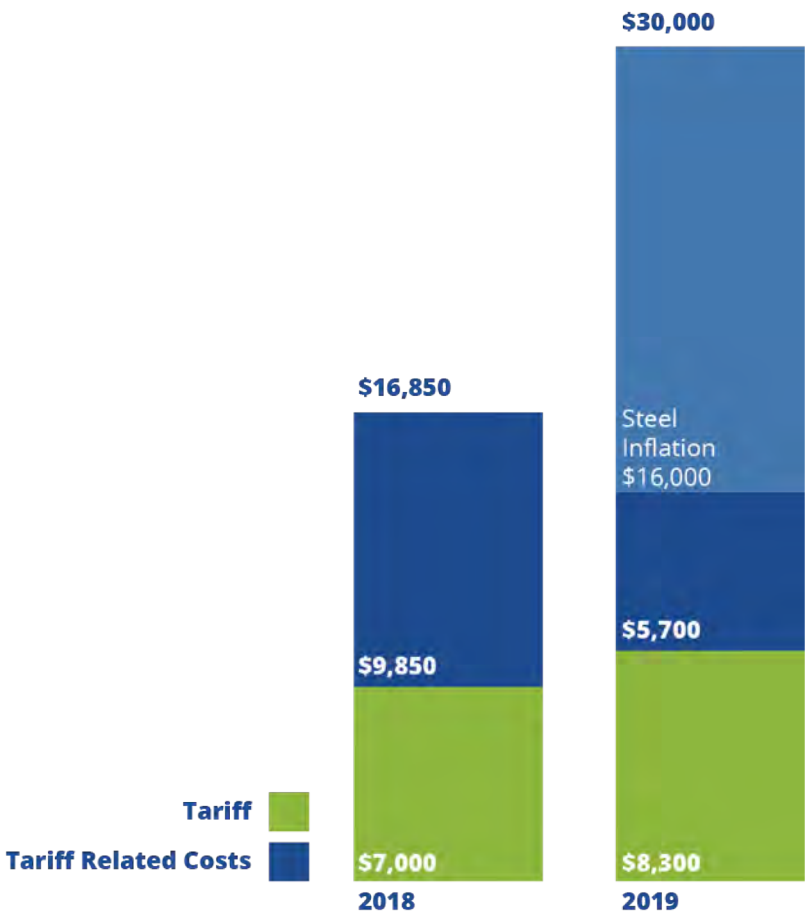
# Sonoco NA **Logistics Focus Areas 2019**

Harnessing Technology and Procurement Best Practices to Control Costs



# Tariff Impacts: Steel and Aluminum

Tariff and Tariff Related Impacts \$M vs. 2017



## 2018 vs. 2019

2019 is full year tariffs vs. mid-year start in 2018

U.S. Steel market harmonized with tariff rates in 2019

Costs are compared against 2017 baseline

# 2018 FINANCIAL REVIEW AND 2019 OUTLOOK

**BARRY SAUNDERS**  
SVP, Chief Financial Officer

**JULIE ALBRECHT**  
VP, Treasurer and CFO-Elect



# YTD Q3 2018 Financial Performance

(\$ Millions Except Base EPS)

Better/(Worse)

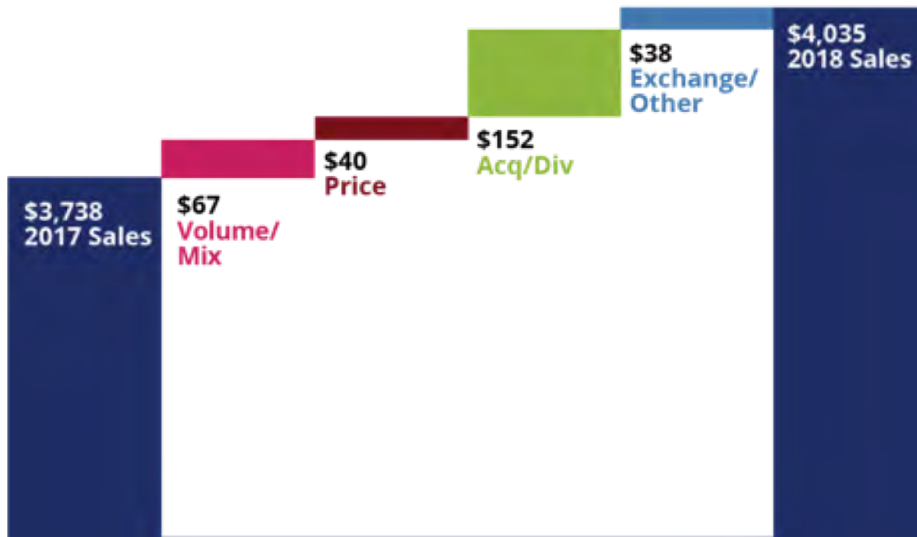
	YTD 2018	YTD 2017	\$	%
Net Sales	4,035.3	3,737.6	297.7	8.0
Operating Profit, Base	375.6	344.7	30.9	9.0
Base OPBDA*	552.5	503.8	48.7	9.7
Base OPBDA* Margin	13.7%	13.5%	—	—
Net Income, Attributable to Sonoco, Base	255.8	208.3	47.5	22.8
EPS, Base - Diluted	2.53	2.07	0.46	22.2

\*Operating profit before depreciation and amortization, base

# Sales and Base Operating Profit Bridges

Q1-Q3 2017 Vs. Q1-Q3 2018

**Sales Bridge**  
YTD: 2017 Vs. 2018  
(Dollars in millions)



**Base Operating Profit Bridge**  
YTD: 2017 Vs. 2018  
(Dollars in millions)

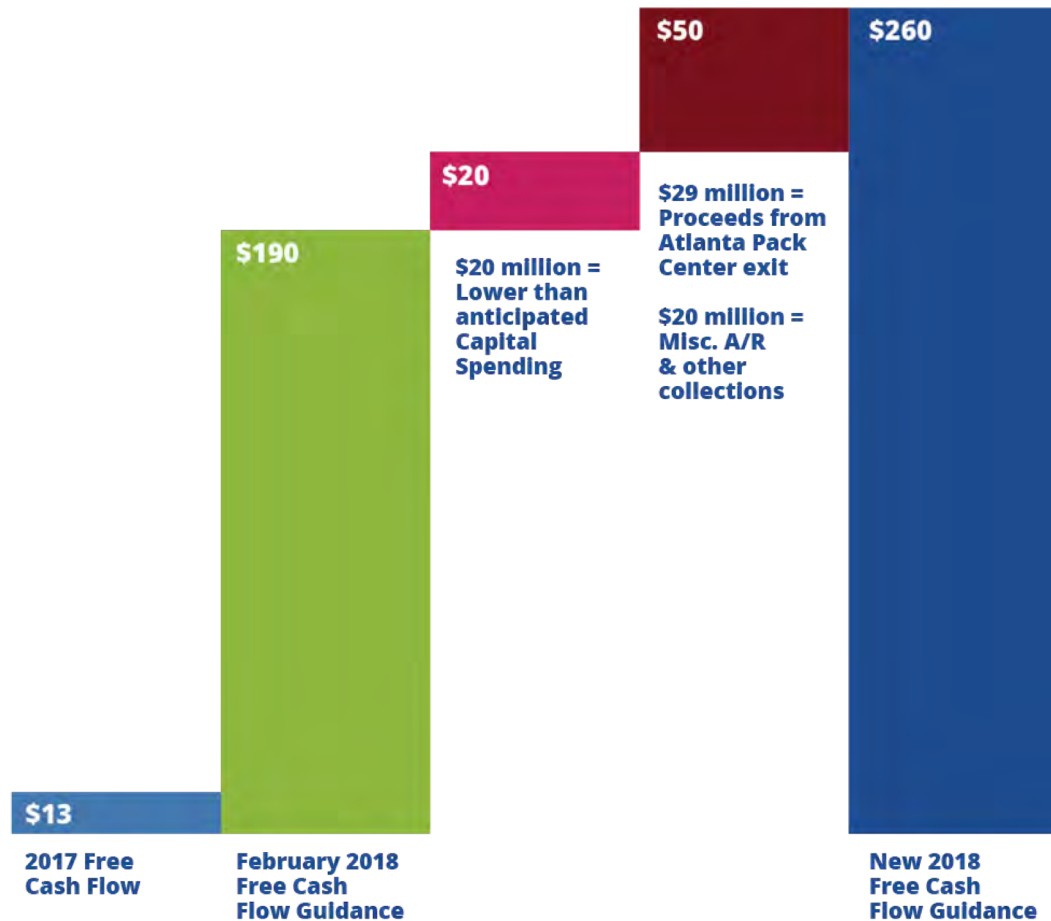


# Sonoco Raises Q4 and 2018 Base EPS Guidance

Full-Year 2017 Base EPS	\$2.79
YTD 3Q 2018 Base EPS Results	\$2.53
4Q 2018 Base EPS Guidance	<b>\$0.79 to \$0.85</b> (Previous \$0.75 to \$0.81)
Full-Year 2018 Base EPS Guidance	<b>\$3.32 to \$3.38</b> (Previous \$3.28 to \$3.34)

# Guidance Raised for 2018 Cash Flow

Operating Cash Flow and Free Cash Flow Guidance Increased  
(Dollars in Millions)



**Operating Cash Flow**  
**\$590 million to \$610 million**  
(Previous \$580 million to \$600 million)

**Free Cash Flow\***  
**\$250 million to \$270 million**  
(Previous \$230 million to \$250 million)

\*Free Cash Flow is defined as Operating Cash Flow minus Capital Expenditures and Dividends

# JULIE ALBRECHT

VP, Treasurer and CFO-Elect

# 2019 Key Base Earnings Assumptions\*

Volume/mix growth projected approximately 1%

## Material cost changes

- OCC projected to average \$90/ton
- Tan Bending Chip paperboard assumed to remain at \$730/ton

Resin prices expected to decline by 2% on average

2019 Depreciation and Amortization expected to be \$252 million, includes impact of Conitex acquisition

Most major currencies (GBP, EUR, PLZ, CAD) projected to weaken slightly against USD in 2019 compared to 2018 average rates

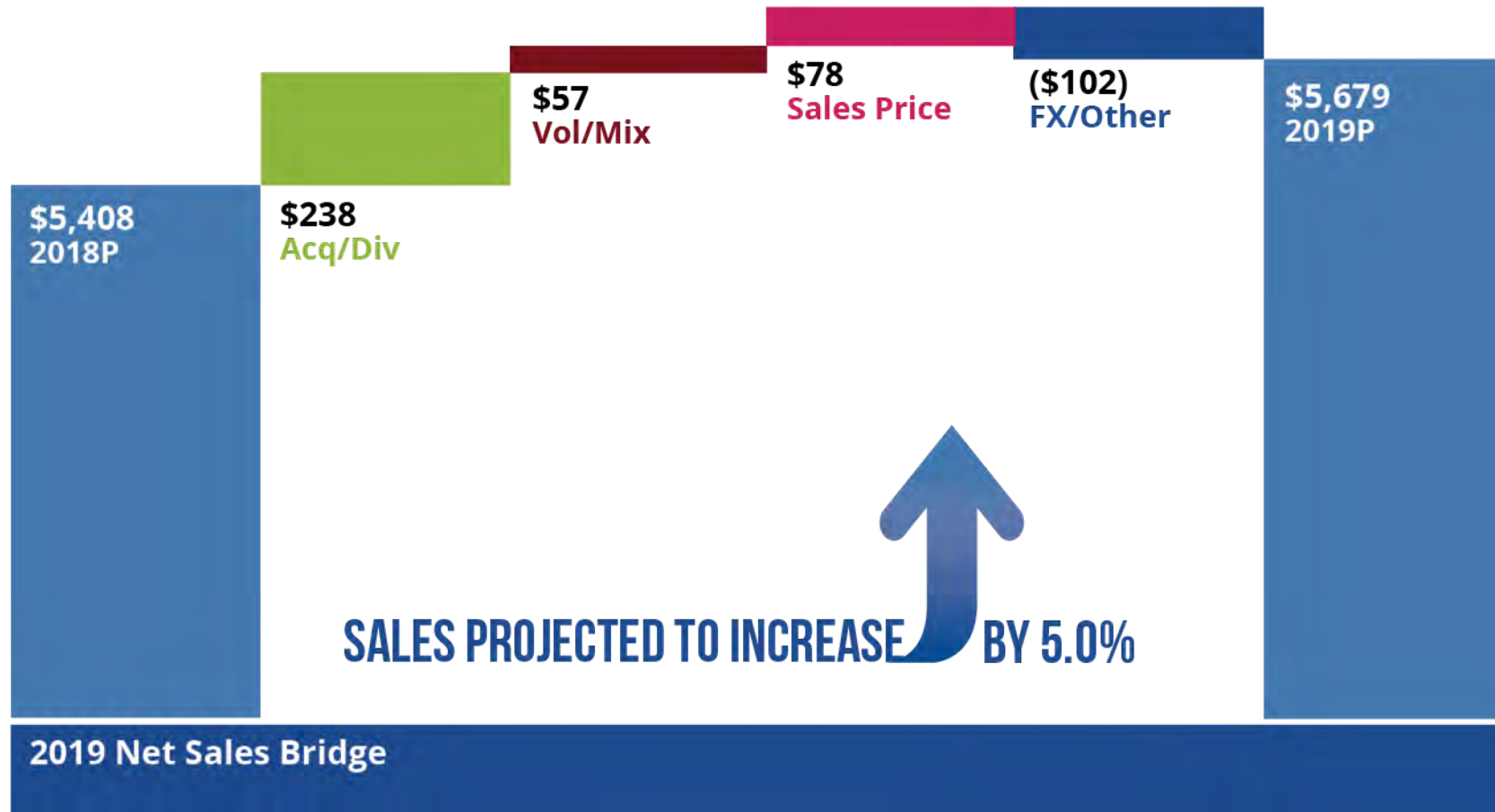
Interest expense projected to decline slightly due to lower debt

Base effective tax rate assumed at 26.0%

\*Sonoco is excluding non-operating pension costs/(income) from Base Earnings starting in 2019. The 2019 expense excluded is estimated to be approximately \$11 million before taxes  
\*2019 projections do not reflect the pending adoption of the new lease accounting standard which becomes effective January 1, 2019

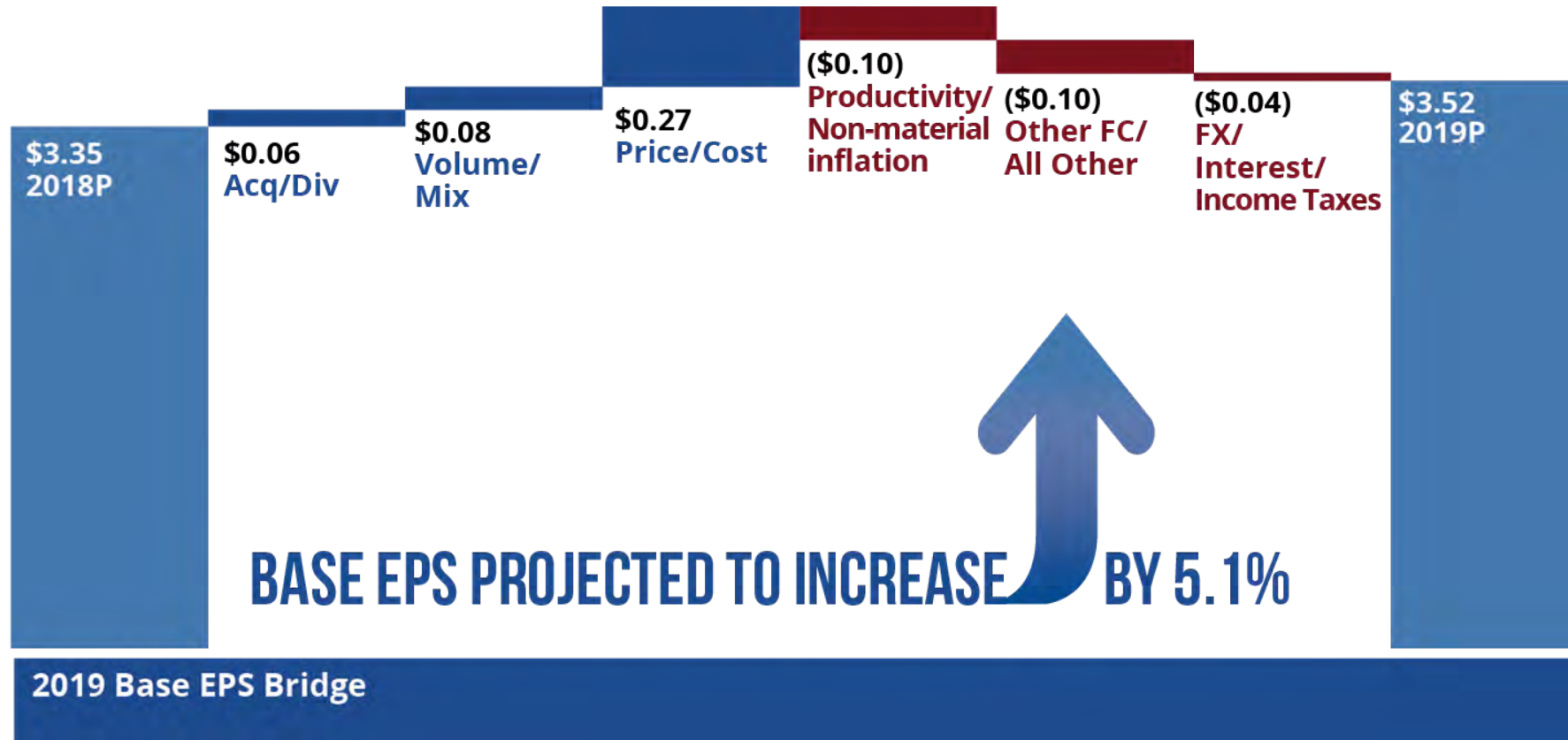
# 2019 Net Sales Bridge

(Dollars in Millions)



# 2019 Base EPS Bridge

Sonoco Guidance for 2019 Base EPS: \$3.47 to \$3.57



# Key Components of **Projected Cash Flow**

(Dollars in Millions)

	2018P*	2019P
<b>Operating Cash Flow</b>	<b>600</b>	<b>610</b>
Capital Expenditures, net of Dispositions	(178)	(205)
Dividends	(162)	(170)
<b>Free Cash Flow**</b>	<b>260</b>	<b>235</b>

\*Includes \$50 million unique cash flow items

\*\*Free Cash Flow is defined as Operating Cash Flow minus Capital Expenditures and Dividends

# Capital Structure

(Dollars in Millions)

			Q3-2018
	2017	Q3-2018	
Total Debt	\$1,447	\$1,387	Commercial Paper
Cash	\$ 255	\$ 250	Term Loan due 2022
<b>Net Debt</b>	<b>\$1,192</b>	<b>\$1,137</b>	1.0% Euro Debt due 2021
			9.2% Bonds due 2021
			4.375% Bonds due 2021
Net Debt to OPBDA	1.9x	1.6x	5.75% Bonds due 2040
Net Debt to Total Cap	41%	38%	Other Debt
			<b>Total Debt</b>
			<b>\$1,387</b>

MOODY'S - Baa2

STANDARD & POOR'S - BBB+

# Sonoco's 2019 Guidance Overview

Sales, Base Earnings, Operating Cash Flow and Free Cash Flow Targets at Midpoint

Net Sales Guidance	~ <b>\$5.7 billion</b> (up 5.0%)
Base EPS Guidance	<b>\$3.52</b> (up 5.1%)
Cash Flow from Operations	<b>\$610 million</b> (underlying growth of 6.5%)*
Free Cash Flow*	<b>\$235 million</b> (underlying growth of 11.9%)*
Base OPBDA**	<b>\$785 million</b> (up 7.1%)
Base OPBDA** as % of Sales	<b>13.8%</b> (up 20 basis points)

\*Free Cash Flow is defined as Operating Cash Flow minus Capital Expenditures and Dividends

\*\*Operating profit before depreciation and amortization, base

\*\*\*Cash flow growth rates exclude certain unique positive items in 2018

# Capital Deployment Strategy

Total Capital Expenditures  
on profitable growth  
projects in 2019

**\$205  
Million**

## Return cash to shareholders

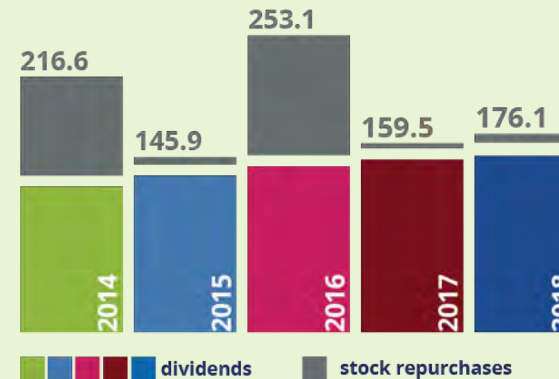
Current Annual Dividend Payout

**\$1.64  
per share**

and

**94**  
consecutive years

Dividends and Stock Repurchases  
millions of dollars



**\$950 Million**

In cash returned to shareholders  
over the past five years



Pursue accretive  
acquisitions in targeted  
Consumer and  
Industrial markets

**Flexibles  
Thermoforming**

**Paper  
Tubes and Cores**

# Building for the **Next 120 Years**



**Structural  
Simplification**



**Profitable  
Growth  
&  
Margin  
Improvement**



**Portfolio  
Optimization**

# Why Invest in Sonoco?

BUILDING FOR THE NEXT 120 YEARS

01

Diversified  
Business Mix

02

Solid Balance  
Sheet

03

Consistent  
Earnings  
Improvement

04

2018 Record Sales  
and Operating  
Profit and Base  
Earnings

05

2018 Record  
Operating Cash  
Flow and Free  
Cash Flow

06

Project Record  
2019 results



**BUILDING**  
*for the next*  
**120**  
YEARS  
1899-2019



# Q & A

Sonoco Products Company | December 7, 2018





# NEW YORK ANALYST MEETING

Sonoco Products Company | December 7, 2018

