

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 19, 2018

SONOCO PRODUCTS COMPANY

Commission File No. 001-11261

**Incorporated under the laws
of South Carolina**

**I.R.S. Employer Identification
No. 57-0248420**

**1 N. Second St.
Hartsville, South Carolina 29550
Telephone: 843/383-7000**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 8 - Other Events**Item 8.01 Other Events.**

Effective January 1, 2018, the Company adopted Accounting Standards Update (ASU) 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." ASU 2017-07 requires service costs to be reported in the same line item as other compensation costs arising from employees during the period and requires the non-service cost components of net benefit cost to be reported separately from service cost and outside of operating profit. As a result of adopting the new standard, the non-service cost components of benefit costs previously included in "Cost of sales" and "Selling, general and administrative expenses" have been removed from those line items and included under a new caption titled "Non-operational pension (income)/cost." This new caption is located outside of "Operating profit," which had previously been titled "Income before interest and income taxes."

The following table sets forth the Company's revised consolidated statements of income for each quarter of 2017, reflecting the adoption of ASU 2017-07:

Consolidated Statements of Income (Unaudited)
(dollars in thousands)

| | 2017 | | | | |
|---|------------------|-------------------|------------------|-------------------|--------------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Year to Date |
| Net sales | \$ 1,172,324 | \$ 1,240,674 | \$ 1,324,634 | \$ 1,299,018 | \$ 5,036,650 |
| Cost of Sales* | 949,345 | 1,002,297 | 1,071,755 | 1,054,601 | 4,077,998 |
| Gross profit* | 222,979 | 238,377 | 252,879 | 244,417 | 958,652 |
| Selling, general and administrative expenses* | 125,209 | 125,300 | 129,136 | 128,179 | 507,824 |
| Restructuring/asset impairment charges | 4,111 | 7,897 | 511 | 25,900 | 38,419 |
| Operating profit* | 93,659 | 105,180 | 123,232 | 90,338 | 412,409 |
| Non-operational pension (income)/cost* | 3,686 | 34,410 | 3,150 | 3,864 | 45,110 |
| Interest expense | 13,085 | 13,823 | 14,741 | 15,571 | 57,220 |
| Interest income | 1,027 | 1,031 | 1,094 | 1,323 | 4,475 |
| Income before income taxes | 77,915 | 57,978 | 106,435 | 72,226 | 314,554 |
| Provision for income taxes | 25,539 | 17,167 | 35,545 | 68,338 | 146,589 |
| Income before equity in earnings of affiliates | 52,376 | 40,811 | 70,890 | 3,888 | 167,965 |
| Equity in earnings of affiliates, net of tax | 1,954 | 2,845 | 2,521 | 2,162 | 9,482 |
| Net income | 54,330 | 43,656 | 73,411 | 6,050 | 177,447 |
| Net (income) attributable to noncontrolling interests | (597) | (531) | (599) | (375) | (2,102) |
| Net income attributable to Sonoco | <u>\$ 53,733</u> | <u>\$ 43,125</u> | <u>\$ 72,812</u> | <u>\$ 5,675</u> | <u>\$ 175,345</u> |

* reflects change from amounts previously reported as a result of adopting ASU 2017-07.

To ensure comparability of 2018 quarterly segmental financial results with previous periods, the Company will recast prior year segmental operating profit to conform to the current presentation. The following table sets forth quarterly operating profit for 2017 for each of the Company's business segments reflecting the adoption of ASU 2017-07:

Reportable Segment Results by Quarter (Unaudited)
(dollars in thousands)

| | 2017 | | | | |
|---|------------------|-------------------|-------------------|-------------------|--------------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Year to Date |
| Operating profit: | | | | | |
| Segment operating profit ¹ : | | | | | |
| Consumer Packaging | \$ 59,460 | \$ 60,376 | \$ 68,922 | \$ 67,001 | \$ 255,759 |
| Display and Packaging | 3,222 | 1,479 | 1,993 | (4,062) | 2,632 |
| Paper and Industrial Converted Products | 26,850 | 45,437 | 43,696 | 45,608 | 161,591 |
| Protective Solutions | 10,931 | 11,016 | 11,323 | 9,087 | 42,357 |
| Restructuring/Asset impairment charges | (4,111) | (7,897) | (511) | (25,900) | (38,419) |
| Other, net | (2,693) | (5,231) | (2,191) | (1,396) | (11,511) |
| Consolidated operating profit | <u>\$ 93,659</u> | <u>\$ 105,180</u> | <u>\$ 123,232</u> | <u>\$ 90,338</u> | <u>\$ 412,409</u> |

¹ Segment results viewed by Company management to evaluate segment performance do not include restructuring charges, asset impairment charges, acquisition-related charges, or certain other items, if any, the exclusion of which the Company believes improves comparability and analysis. Accordingly, segment operating profit is defined as the segment's portion of "Operating profit," excluding such items.

Definition and Reconciliation of Non-GAAP Financial Measures

To assess and communicate the financial performance of the Company, Sonoco management uses, both internally and externally, certain financial performance measures that are not in conformity with generally accepted accounting principles ("non-GAAP" financial measures). These non-GAAP financial measures reflect the Company's GAAP operating results adjusted to remove amounts, including the associated tax effects, relating to restructuring initiatives, asset impairment charges, environmental charges, acquisition-related costs, gains or losses from the disposition of businesses, excess property insurance recoveries, pension settlement charges, certain income tax events and other items, if any, including other income tax-related adjustments and/or events, the exclusion of which management believes improves the period-to-period comparability and analysis of the underlying financial performance of the business. The adjusted non-GAAP results are identified using the term "base," for example, "base earnings."

The Company's base financial performance measures are not in accordance with, nor an alternative for, measures conforming to 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. The Company uses the non-GAAP "base" performance measures presented herein for internal planning and forecasting purposes, to evaluate its ongoing operations, and to evaluate the ultimate performance of management and 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.

Restructuring and restructuring-related 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.

Reconciliations of GAAP to base results are presented below. Whenever reviewing a non-GAAP financial measure, readers are encouraged to review the related reconciliation to fully understand how it differs from the related GAAP measure.

The following tables reconcile the Company's non-GAAP financial measures to their most directly comparable GAAP financial measures for each of the periods presented, and reflect the revisions to previously reported amounts as a result of the adoption of ASU 2017-07:

| Three Months Ended April 2, 2017 | <u>Non-GAAP Adjustments</u> | | | Base |
|---|-----------------------------|---|-------------------|------------|
| | GAAP | Restructuring / Asset Impairment Charges | Other Adjustments | |
| Operating profit | \$ 93,659 | \$ 4,111 | \$ 2,693 | \$ 100,463 |
| Non-operating pension (income)/cost | 3,686 | — | — | 3,686 |
| Interest expense, net | 12,058 | — | — | 12,058 |
| Income before income taxes | 77,915 | 4,111 | 2,693 | 84,719 |
| Provision for income taxes | 25,539 | 1,298 | (641) | 26,196 |
| Income before equity in earnings of affiliates | 52,376 | 2,813 | 3,334 | 58,523 |
| Equity in earnings of affiliates, net of taxes | 1,954 | — | — | 1,954 |
| Net income | 54,330 | 2,813 | 3,334 | 60,477 |
| Net (income) attributable to noncontrolling interests | (597) | (2) | — | (599) |
| Net income attributable to Sonoco | \$ 53,733 | \$ 2,811 | \$ 3,334 | \$ 59,878 |
| Per Diluted Share* | \$ 0.53 | \$ 0.03 | \$ 0.03 | \$ 0.59 |

*Due to rounding individual items may not sum across

| <u>Three Months Ended July 2, 2017</u> | <u>Non-GAAP Adjustments</u> | | | |
|---|------------------------------------|---|--------------------------|-------------|
| | GAAP | Restructuring / Asset Impairment Charges | Other Adjustments | Base |
| Operating profit | \$ 105,180 | \$ 7,897 | \$ 5,231 | \$ 118,308 |
| Non-operating pension (income)/cost | 34,410 | — | (31,074) | 3,336 |
| Interest expense, net | 12,792 | — | — | 12,792 |
| Income before income taxes | 57,978 | 7,897 | 36,305 | 102,180 |
| Provision for income taxes | 17,167 | 2,338 | 13,147 | 32,652 |
| Income before equity in earnings of affiliates | 40,811 | 5,559 | 23,158 | 69,528 |
| Equity in earnings of affiliates, net of taxes | 2,845 | — | — | 2,845 |
| Net income | 43,656 | 5,559 | 23,158 | 72,373 |
| Net (income) attributable to noncontrolling interests | (531) | (12) | — | (543) |
| Net income attributable to Sonoco | \$ 43,125 | \$ 5,547 | \$ 23,158 | \$ 71,830 |
| Per Diluted Share* | \$ 0.43 | \$ 0.06 | \$ 0.23 | \$ 0.71 |

*Due to rounding individual items may not sum across

| <u>Three Months Ended October 1, 2017</u> | <u>Non-GAAP Adjustments</u> | | | |
|---|------------------------------------|---|--------------------------|-------------|
| | GAAP | Restructuring / Asset Impairment Charges | Other Adjustments | Base |
| Operating profit | \$ 123,232 | \$ 511 | \$ 2,191 | \$ 125,934 |
| Non-operating pension (income)/cost | 3,150 | — | (476) | 2,674 |
| Interest expense, net | 13,647 | — | — | 13,647 |
| Income before income taxes | 106,435 | 511 | 2,667 | 109,613 |
| Provision for income taxes | 35,545 | 445 | (1,080) | 34,910 |
| Income before equity in earnings of affiliates | 70,890 | 66 | 3,747 | 74,703 |
| Equity in earnings of affiliates, net of taxes | 2,521 | — | — | 2,521 |
| Net income | 73,411 | 66 | 3,747 | 77,224 |
| Net (income) attributable to noncontrolling interests | (599) | (21) | — | (620) |
| Net income attributable to Sonoco | \$ 72,812 | \$ 45 | \$ 3,747 | \$ 76,604 |
| Per Diluted Share* | \$ 0.72 | \$ — | \$ 0.04 | \$ 0.76 |

*Due to rounding individual items may not sum across

| <u>Three Months Ended December 31, 2017</u> | <u>Non-GAAP Adjustments</u> | | | |
|---|------------------------------------|---|--------------------------|-------------|
| | GAAP | Restructuring / Asset Impairment Charges | Other Adjustments | Base |
| Operating profit | \$ 90,338 | \$ 25,900 | \$ 1,396 | \$ 117,634 |
| Non-operating pension (income)/cost | 3,864 | — | (1,211) | 2,653 |
| Interest expense, net | 14,248 | — | — | 14,248 |
| Income before income taxes | 72,226 | 25,900 | 2,607 | 100,733 |
| Provision for income taxes | 68,338 | 8,983 | (47,704) | 29,617 |
| Income before equity in earnings of affiliates | 3,888 | 16,917 | 50,311 | 71,116 |
| Equity in earnings of affiliates, net of taxes | 2,162 | — | 581 | 2,743 |
| Net income | 6,050 | 16,917 | 50,892 | 73,859 |
| Net (income) attributable to noncontrolling interests | (375) | (36) | — | (411) |
| Net income attributable to Sonoco | \$ 5,675 | \$ 16,881 | \$ 50,892 | \$ 73,448 |
| Per Diluted Share* | \$ 0.06 | \$ 0.17 | \$ 0.50 | \$ 0.72 |

*Due to rounding individual items may not sum across

| <u>Year Ended December 31, 2017</u> | <u>Non-GAAP Adjustments</u> | | | |
|---|------------------------------------|---|--------------------------|-------------|
| | GAAP | Restructuring / Asset Impairment Charges | Other Adjustments | Base |
| Operating profit | \$ 412,409 | \$ 38,419 | \$ 11,511 | \$ 462,339 |
| Non-operating pension (income)/cost | 45,110 | — | (32,761) | 12,349 |
| Interest expense, net | 52,745 | — | — | 52,745 |
| Income before income taxes | 314,554 | 38,419 | 44,272 | 397,245 |
| Provision for income taxes | 146,589 | 13,064 | (36,282) | 123,371 |
| Income before equity in earnings of affiliates | 167,965 | 25,355 | 80,554 | 273,874 |
| Equity in earnings of affiliates, net of taxes | 9,482 | — | 581 | 10,063 |
| Net income | 177,447 | 25,355 | 81,135 | 283,937 |
| Net (income) attributable to noncontrolling interests | (2,102) | (71) | — | (2,173) |
| Net income attributable to Sonoco | \$ 175,345 | \$ 25,284 | \$ 81,135 | \$ 281,764 |
| Per Diluted Share* | \$ 1.74 | \$ 0.25 | \$ 0.81 | \$ 2.79 |

*Due to rounding individual items may not sum across

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SONOCO PRODUCTS COMPANY

Date: April 19, 2018

By: /s/ Barry L. Saunders

Barry L. Saunders

Senior Vice President and Chief Financial Officer