



# Defining Our Next Decade



Investor Relations Presentation  
March 2020



# Howard Coker

President and CEO of Sonoco



**R. Howard Coker, 57, is President and CEO of Sonoco.** In this role, Coker has global leadership, sales and operating responsibility for all of the Company's diversified consumer, industrial and protective packaging businesses. He previously served as Senior Vice President, Global Paper/Industrial Converted Products.

Coker also served as Senior Vice President, Rigid Paper Containers and Paper/Engineered Carriers International, where he had responsibility for the Company's global composite can operations in North America, South America, Europe and Asia, as well as paper, tube and core operations in Europe, Latin America and Australasia.

Prior to that, Coker served as Vice President, Rigid Paper and Closures, North America. In this role, he had responsibility for Sonoco's 21 rigid paper container and seven metal and peelable membrane closure operations in the United States, Canada and Mexico. He was also elected a Corporate Officer in February 2009.

He also served as Group Vice President and held several leadership positions running global consumer-related and industrial businesses.

Coker joined Sonoco in 1985.

He is a 1985 graduate of Wofford College with a B.A. in Business Administration, and he received an MBA from Wake Forest University in 1990.

He is married, has three children and lives in Hartsville, SC.

# The State of Sonoco is Strong

## Consumer Packaging



(\$ Millions)	4Q 2019	4Q 2018
<b>Net Sales</b>	<b>\$560</b>	<b>\$574</b>
<b>Base Operating Profit</b>	<b>\$47</b>	<b>\$44</b>
(\$ Millions)	2019 YTD	2018 YTD
<b>Net Sales</b>	<b>\$2,333</b>	<b>\$2,360</b>
<b>Base Operating Profit</b>	<b>\$228</b>	<b>\$225</b>

## Paper & Industrial Converted Products



(\$ Millions)	4Q 2019	4Q 2018
<b>Net Sales</b>	<b>\$492</b>	<b>\$512</b>
<b>Base Operating Profit</b>	<b>\$50</b>	<b>\$56</b>
(\$ Millions)	2019 YTD	2018 YTD
<b>Net Sales</b>	<b>\$1,975</b>	<b>\$1,911</b>
<b>Base Operating Profit</b>	<b>\$219</b>	<b>\$211</b>

# The State of Sonoco is Strong

## Display & Packaging



(\$ Millions)	4Q 2019	4Q 2018
<b>Net Sales</b>	<b>\$137</b>	<b>\$141</b>
<b>Base Operating Profit</b>	<b>\$6</b>	<b>\$8</b>
(\$ Millions)	2019 YTD	2018 YTD
<b>Net Sales</b>	<b>\$554</b>	<b>\$592</b>
<b>Base Operating Profit</b>	<b>\$28</b>	<b>\$13</b>

## Protective Solutions



(\$ Millions)	4Q 2019	4Q 2018
<b>Net Sales</b>	<b>\$121</b>	<b>\$128</b>
<b>Base Operating Profit</b>	<b>\$11</b>	<b>\$8</b>
(\$ Millions)	2019 YTD	2018 YTD
<b>Net Sales</b>	<b>\$512</b>	<b>\$528</b>
<b>Base Operating Profit</b>	<b>\$50</b>	<b>\$43</b>



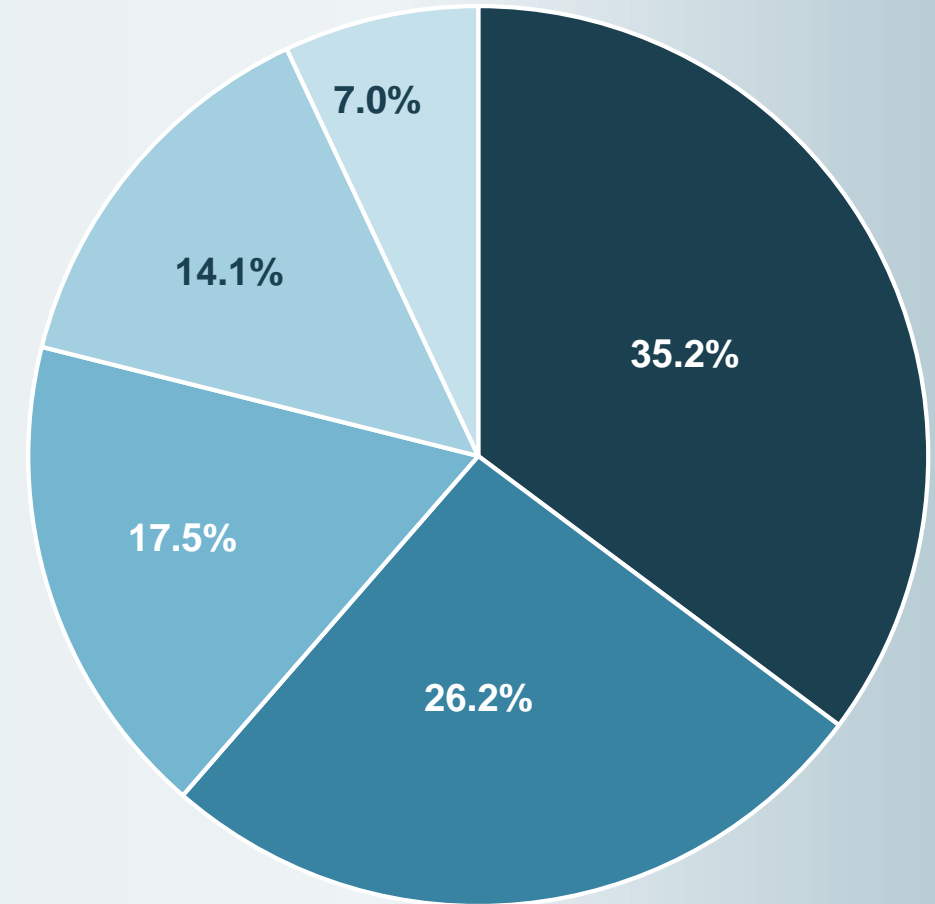
# Our Strategic Focus



# Global Paper and Industrial Converted Products



Percentage of 2019 Segment Sales  
\$1,975 Million



- Industrial Carriers North America
- Integrated Paper US/Canada
- Paper/Industrial Converted Products Europe
- Asia/Aust/NZ/Conitex
- Paper/Industrial Converted Products LATAM

# Sonoco's Integrated Industrial Model

Drive significant improvement in cash generation in the integrated supply chain



## Recycling

- Adapt to lower OCC prices
- Drive changes to existing model
- Drive sales of recycled pulp to Asia



## Primary Materials

- Maximize internalization of volume
- Complete North America/Europe capital expenditures
  - Rationalize capacity
- Long-term solution to corrugating medium position



## Tubes, Cores and Cones

- Further rationalize in North America, Europe and Asia
- Continue customer segmentation
- Drive automation
- Control costs



# Sonoco Acquires Corenso Holdings Americas

Sustainable Paperboard and Core Converting Business

## Products, Markets Served and Sustainability Attributes:

- Uncoated Recycled Paperboard (URB)
- Tubes and Cores (serving)
  - Paper mills
  - Flexible packaging films
  - Tape cores and specialty products
- Products derived from 100% recycled raw materials (paper-based fibers)



## Acquisition Highlights:

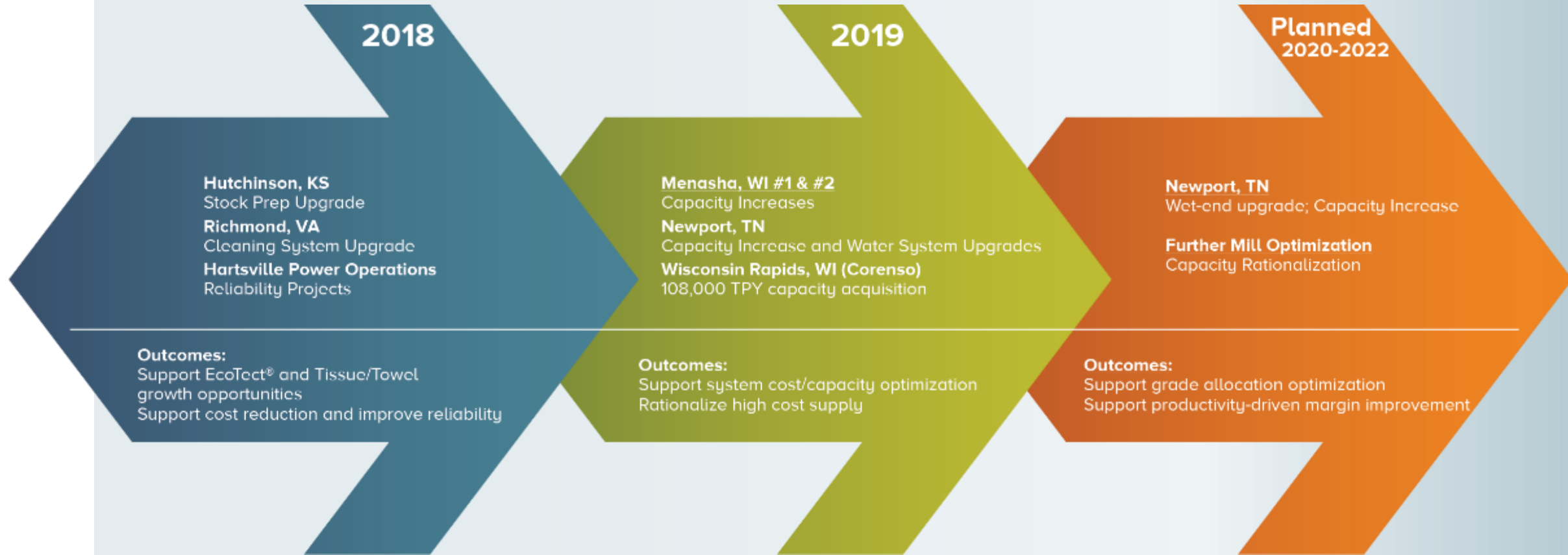
- \$75 million in net sales in 2018
- Further expands Sonoco's sustainable paperboard and core converting footprint in U.S.
- 108,000 tons per year





# North America Asset Optimization Strategy

\$70 million investment to drive cash and margin improvement



# Optimization of European Footprint

- Drive internalization of paper supply
- Consolidate tubes and cores footprint through 2022
- Opportunities for bolt-on acquisitions to further optimize paper and converting system

5 Papermills  
29 T&C Operations  
16 Countries



# Conitex Growth Opportunities and Synergies

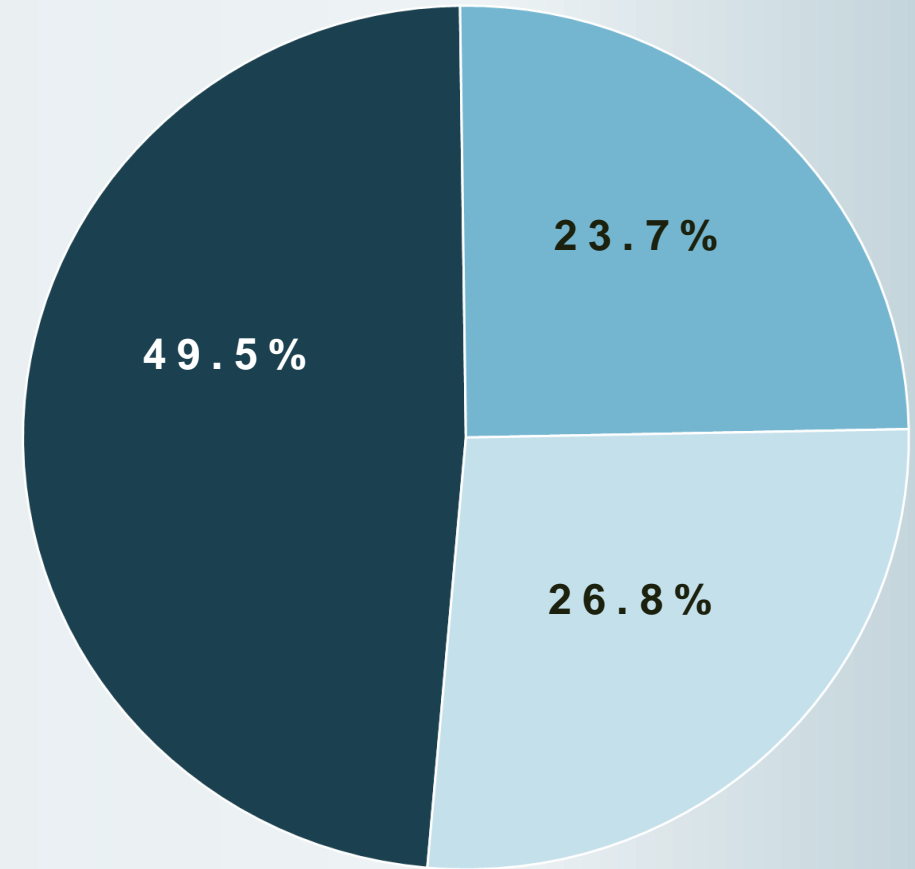
- Drive internalization of paper in Asia/Europe
- Consolidate Asia tubes and cores operations within Conitex
- Expand cone production to Brazil (2020)
- Drive additional synergies





Percentage of 2019 Segment Sales \$2,333 Million

# Global Consumer Packaging



- Global Rigid Paper and Closures
- Flexible Packaging
- Rigid Plastics

# Consumer Sector Top Priorities



Sustainable Packaging Solutions



Perimeter of Store



Healthcare/Well-being





# Paperboard Can Markets and Products



Snacks



Refrigerated  
Dough



Powdered  
Beverage



Nuts



Powdered  
Infant  
Formula



Coffee



Adhesives  
and Sealants



Ends

# Natrellis™

Ag-fiber trays for frozen and chilled foods

**Operations:** Tellus partnership for sugar cane pulp forming mill with ability to produce 30 million trays

**Technical:** Proprietary forming, tooling and coating applications, with no PFAs

**Commercial:** First test market launch by end of 1Q 2020 in frozen food trays; chilled meals in second half of 2020





# Flexible Packaging

Targeting 4% Organic Growth In 2020





# Rigid Plastic Packaging Growth

Targeting 3%-4% Organic Growth in 2020

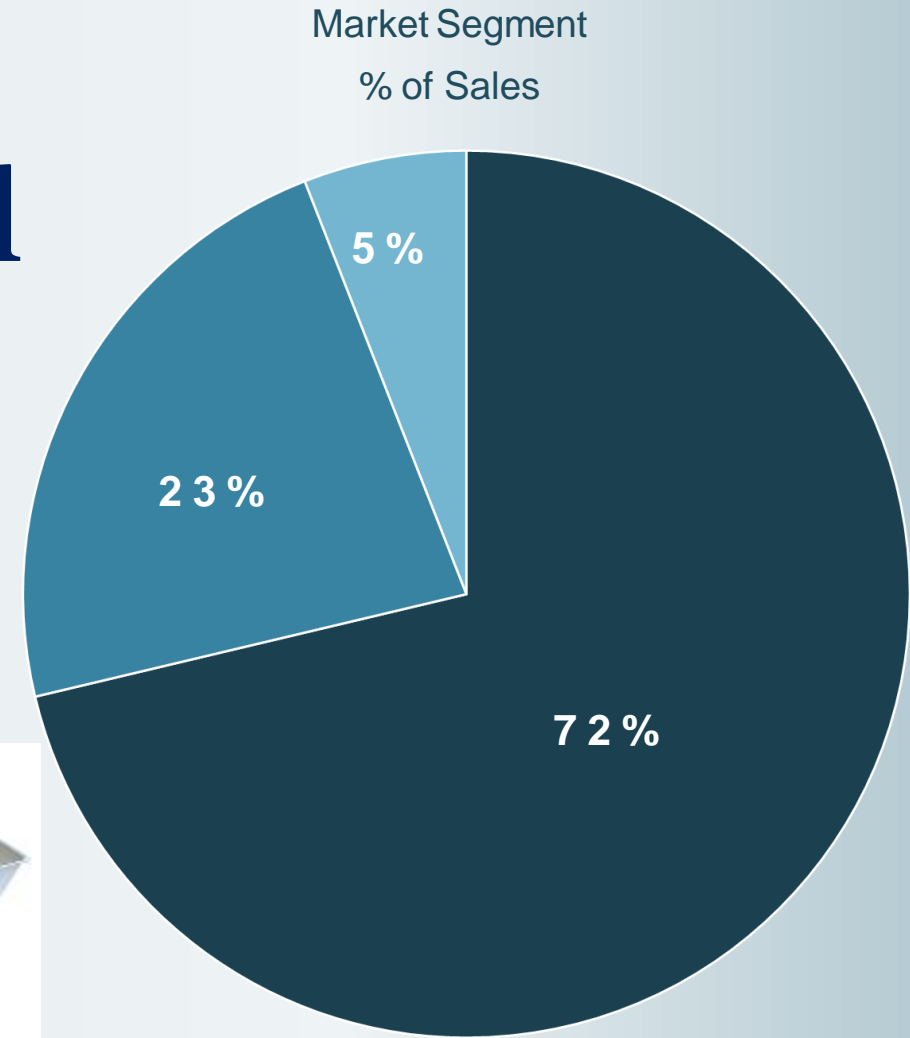
- TEQ acquisition and expansion of medical packaging
- \$20 million in prepared food trays
- New frozen food tray award
- Investing to improve POS quality and capability



# Healthcare and Medical Packaging Growth

TEQ<sup>®</sup>

Plastique  
Thermoform Engineered Quality



- Healthcare and Medical Devices
- Consumer
- Molded Fiber

# Turning Around Display and Packaging

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



## Fulfillment Centers (6)

- Social Circle, GA
- Palmyra, PA
- Allentown, PA
- Bolinbrook, 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 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.



# Sonoco Sustainability Commitments

By 2025, Sonoco will increase, by weight, the amount we recycle, or cause to be recycled, from 65% to 85%, relative to the volume of product we put into the global marketplace.

Sonoco is committed to increasing the use of post-consumer recycled resins in its plastic packaging from 19% to 25% by 2025.

Sonoco will ensure that approximately 75% of its global rigid plastic packaging is capable of making the relevant on-package recyclable claim by 2025.

Sonoco will not utilize resin additives that purport to degrade in landfills or waterways by simply breaking up into smaller pieces.

Sonoco will ensure all of its production facilities utilizing plastic pellets have systems to prevent environmental discharge of these pellets.





# Reducing Our Environmental Impact

**1 in 5**

PET bottles  
recycled in  
California are  
converted in  
Sonoco plants

Sonoco utilizes  
**26%**

recycled content  
in its resin raw  
material supply  
chain—

**23%**  
post-consumer

Sonoco recycles,  
or causes to be  
recycled, the  
equivalent by  
weight of

**65%**

of the product  
it places in the  
marketplace.

Sonoco's Paper  
Mills produce

**100%**

uncoated  
recycled paper-  
board with

**~85%**

post-consumer  
fiber.

Since 2009,  
Sonoco has  
reduced  
greenhouse gas  
emissions by

**27%\***

and water use by

**40%\***

Sonoco has  
helped more than

**70**

customer  
facilities achieve  
Zero-Waste-to-  
Landfill status

\*Normalized by tons



**SAM** | Sustainability Award  
Industry mover 2020





## Fourth Quarter and Full-Year 2019 Financial Results



# P&L Summary (Base)

4th Quarter: 2019 Vs. 2018

Dollars in millions

	2019	2018	Better / (Worse)	
			\$	%
Net sales	\$ 1,309	\$ 1,356	\$ (47)	(3.4)%
Gross profit	247	254	(7)	(2.9)%
SG&A expenses	(133)	(138)	5	3.6%
Operating Profit	114	116	(2)	(1.9)%
Net interest	(16)	(15)	—	(2.2)%
Provision for income taxes	(23)	(18)	(5)	(26.0)%
Net income, after tax	76	83	(7)	(8.7)%
Equity in Affiliates and Minority Interest	1	2	(1)	(50.0)%
Net income attributable to Sonoco	\$ 76	\$ 85	\$ (9)	(10.5)%
Operating profit before D&A	176	177	(1)	(0.3)%
Gross profit %	18.9%	18.8%		
SG&A %	10.2%	10.2%		
OP %	8.7%	8.6%		
OPBDA %	13.4%	13.0%		
Effective tax rate	23.2%	17.9%		

Note: Due to rounding individual items may not sum down. Percentages shown are based on amounts that are not rounded

# Sales Bridge

**4th Quarter: 2019 Vs. 2018**  
Dollars in millions

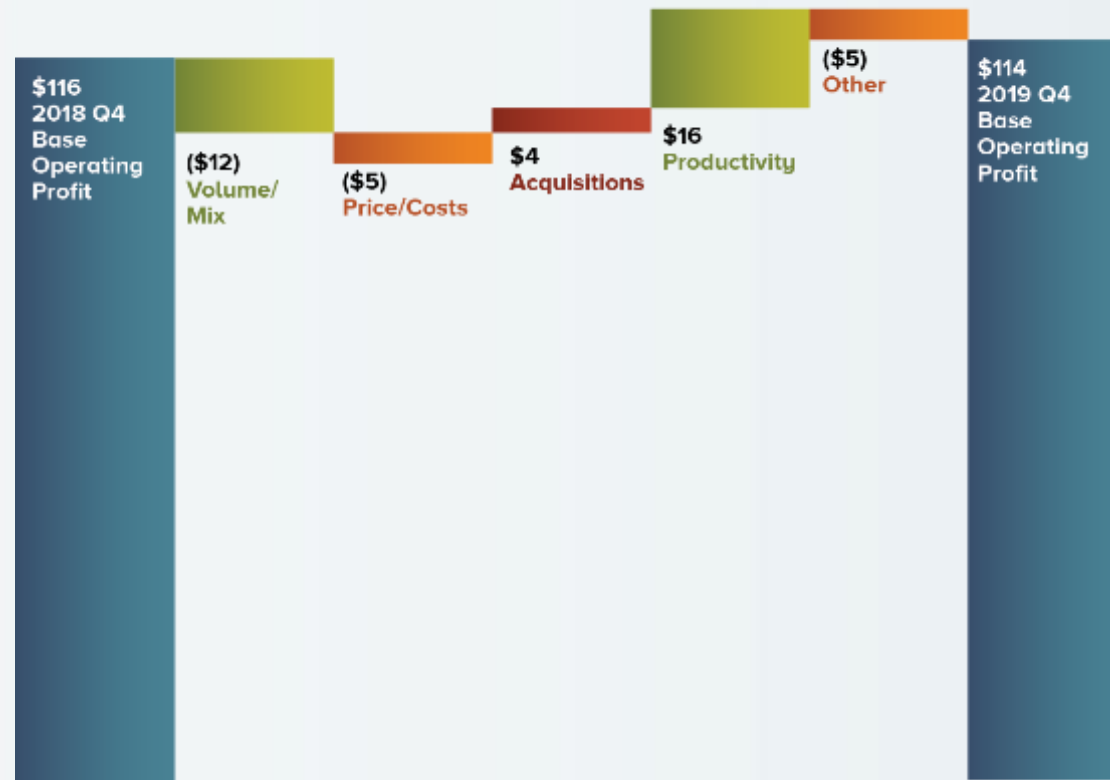


**Full Year: 2019 Vs. 2018**  
Dollars in millions

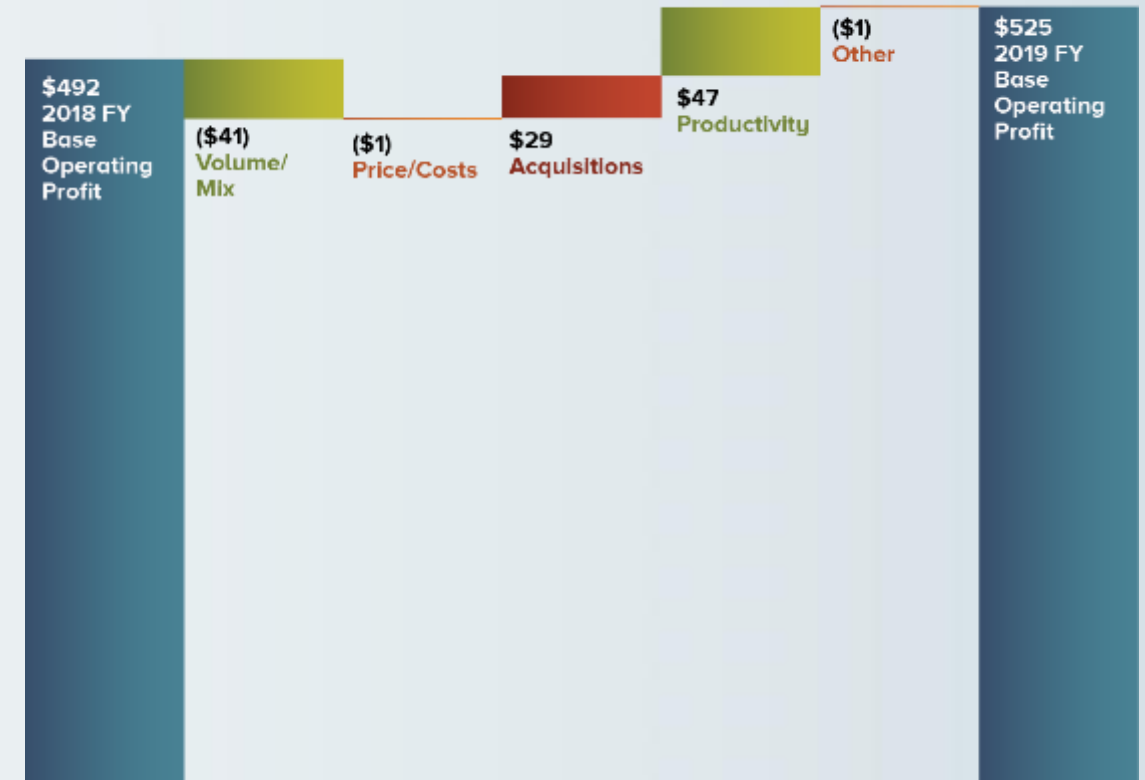


# Base Operating Profit Bridge

4th Quarter: 2019 Vs. 2018  
Dollars in millions



Full Year: 2019 Vs. 2018  
Dollars in millions





# Segment Analysis

Year to date: 2019 Vs. 2018  
(Dollars in millions)

	NET SALES			SEGMENT OPERATING PROFIT		
	2019	2018	% Chg	2019	2018	% Chg
Consumer Packaging	\$ 2,333	\$ 2,360	(1.1)%	\$ 228	\$ 225	1.7%
Display & Packaging	554	592	(6.4)%	28	13	100.0%
Paper & Ind Conv Prods	1,975	1,911	3.3%	219	211	3.8%
Protective Solutions	512	528	(3.0)%	50	43	17.0%
	<u>\$ 5,374</u>	<u>\$ 5,391</u>	<u>(0.3)%</u>	<u>\$ 525</u>	<u>\$ 492</u>	<u>6.7%</u>

	EBIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	9.8%	9.5%	0.3%
Display & Packaging	5.0%	2.2%	2.8%
Paper & Ind Conv Prods	11.1%	11.0%	0.1%
Protective Solutions	9.8%	8.1%	1.7%
	<u>9.8%</u>	<u>9.1%</u>	<u>0.7%</u>

# Capital Deployment Strategy

## Return cash to shareholders

Total Capital  
Expenditures  
in 2020

**\$195**  
Million

Current Annual Dividend Payout

**\$1.72**  
per share

and

**95**  
consecutive years

**\$1.7**  
Billion

Cash returned to shareholders  
over the past decade and  
\$915 Million in the past five years

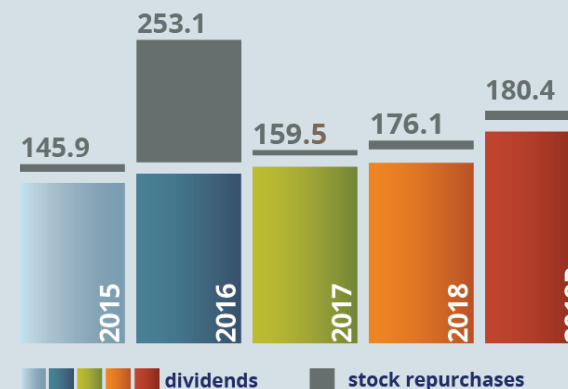
Pursue accretive  
acquisitions in targeted  
Consumer and  
Industrial markets:

**Paper  
Tubes and Cores**

**Sustainability**

Share  
Repurchases

**Dividends and Stock Repurchases**  
millions of dollars





# Appendix



# P&L Summary (Base)

Year to Date: 2019 vs. 2018

Dollars in millions

Calculations shown with full precision

	2019	2018	Better / (Worse)	
			\$	%
Net sales	\$ 5,374	\$ 5,391	\$ (17)	(0.3)%
Gross profit	1,058	1,041	17	1.6%
SG&A expenses	(532)	(549)	17	3.1%
Operating profit	525	492	33	6.7%
Net interest	(62)	(58)	(4)	(6.9)%
Provision for income taxes	(111)	(103)	(8)	(7.8)%
Net income, after tax	353	331	22	6.7%
Equity in Affiliates and Minority Interest	4	10	(6)	(60.0)%
Net income attributable to Sonoco	\$ 357	\$ 341	\$ 16	4.7%
Operating profit before D&A	764	726	38	5.2%
Gross profit %	19.7%	19.3%		
SG&A %	9.9%	10.2%		
OP %	9.8%	9.1%		
OPBDA %	14.2%	13.5%		
Effective tax rate	23.9%	23.7%		

# Balance Sheet

Dollars in millions

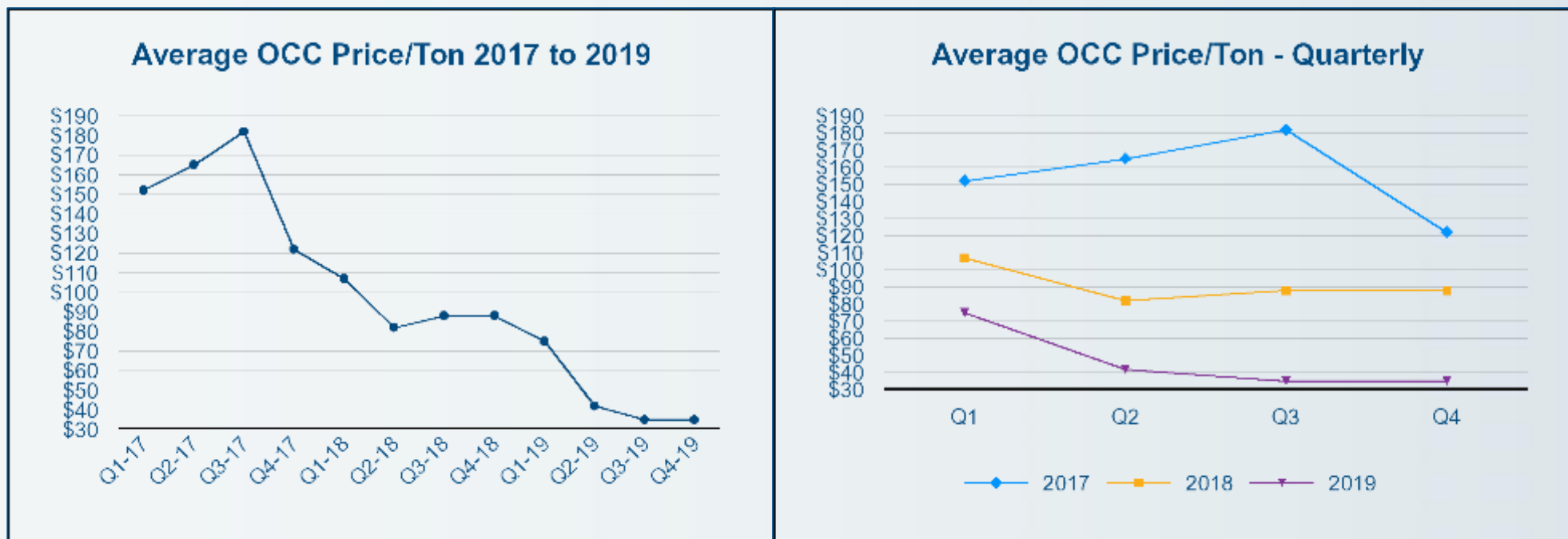
	12/31/2019	12/31/2018	Change \$
Cash and cash equivalents	\$ 145	\$ 120	\$ 25
Trade accounts receivable, net of allowances	698	737	(39)
Other receivables	114	112	2
Inventories	504	494	10
Prepaid expenses and deferred income taxes	60	56	4
<b>Current Assets</b>	<b>\$ 1,521</b>	<b>\$ 1,519</b>	<b>\$ 2</b>
Property, plant and equipment, net	1,287	1,234	53
Goodwill	1,429	1,309	120
Other intangible assets, net	388	352	36
Other assets	501	169	332
<b>Total Assets</b>	<b>\$ 5,126</b>	<b>\$ 4,583</b>	<b>\$ 543</b>
Payable to suppliers and others	905	879	26
Income taxes payable	11	9	2
<b>Total debt</b>	<b>1,681</b>	<b>1,385</b>	<b>296</b>
Pension and other postretirement benefits	305	374	(69)
Deferred income taxes and other	408	164	244
<b>Total equity</b>	<b>1,816</b>	<b>1,772</b>	<b>44</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 5,126</b>	<b>\$ 4,583</b>	<b>\$ 543</b>
Net debt / Total capital*	45.8%	41.6%	

*\*Total debt minus cash and cash equivalents / Net debt plus total equity*

*Note: Due to rounding individual items may not sum down. Percentages shown are based on amounts that are not rounded*

# OCC: Official Board Market

4th Quarter: 2019 Vs. 2018 Vs. 2017  
(Price/Ton)



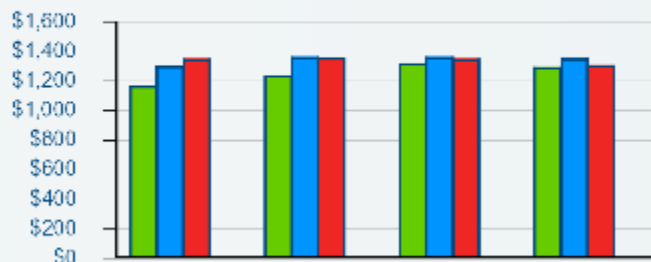
	1st Quarter				2nd Quarter				3rd Quarter				4th Quarter			
	J	F	M	Avg	A	M	J	Avg	J	A	S	Avg	O	N	D	Avg
2017	125	145	185	152	175	155	165	165	185	185	175	182	135	115	115	122
2018	115	110	95	107	85	80	80	82	85	90	90	88	90	90	85	88
2019	85	75	65	75	50	40	35	42	35	35	35	35	35	35	35	35



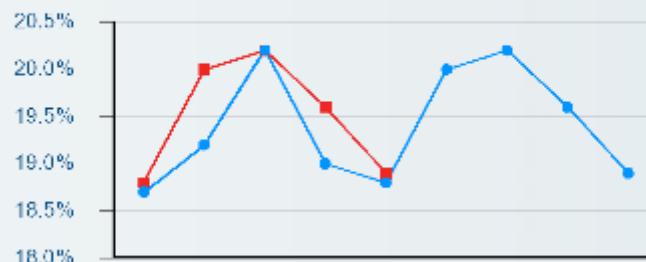
# Base Results

4th Quarter: 2019 Vs. 2018 Vs. 2017

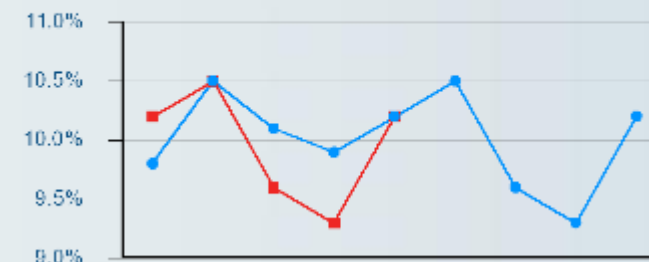
## Net Sales \$MM



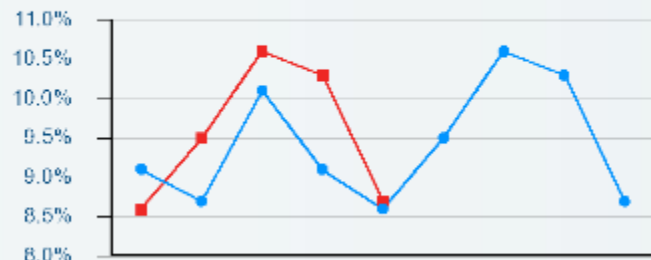
## Gross Profit %



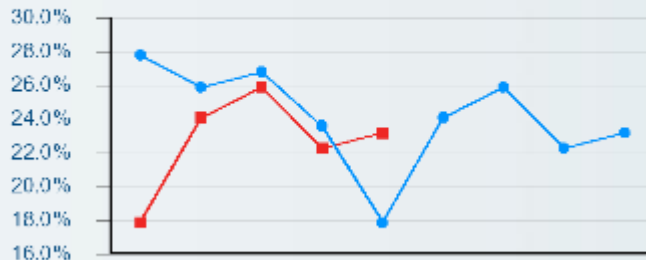
## S&A/OIC %



## Base Operating Profit %



## Tax Rate %



## Base EPS \$

