



Grow & Optimize



Sonoco Fourth Quarter 2016 Results

Investor Presentation
February 2017

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 under Investor Relations, Webcasts & Presentations, Non-GAAP Reconciliations for Q4 2016 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.

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

EPS Summary

Fourth Quarter: 2016 Vs. 2015

	4th Quarter		Year To Date	
	2016	2015	2016	2015
Actual EPS	\$ 1.04	\$ 0.55	\$ 2.81	\$ 2.44
Addback for:				
Restructuring & Asset Impair, Net	0.04	0.15	0.35	0.43
Blow Mold Disposition	(0.49)	—	(0.48)	—
Canton Disposition	—	—	—	(0.16)
Tax Reserve Adjustments	0.01	(0.06)	0.01	(0.09)
Reversal of Fox River Reserve	0.01	—	0.01	(0.21)
Irapuato Professional Fees	—	—	—	0.04
Acquisition / Divestiture Costs	0.01	(0.01)	0.03	0.02
Other	—	0.01	(0.01)	0.04
Base EPS	\$ 0.62	\$ 0.64	\$ 2.72	\$ 2.51

P&L Summary (Base)

Fourth Quarter: 2016 Vs. 2015

(Dollars in thousands)

	2016	2015	Better / (Worse)	
			\$	%
Net sales	\$ 1,142,197	\$ 1,267,135	\$ (124,938)	(9.9)%
Cost of sales	(927,410)	(1,027,792)	100,382	9.8%
Gross profit	214,787	239,343	(24,556)	(10.3)%
Selling, general and administrative expenses	(120,304)	(136,149)	15,845	11.6%
Income before interest and taxes (EBIT)	94,483	103,194	(8,711)	(8.4)%
Net interest	(11,789)	(14,089)	2,300	16.3%
Income before income taxes	82,694	89,105	(6,411)	(7.2)%
Provision for income taxes	(23,743)	(26,479)	2,736	10.3%
Income before equity in earnings of affiliates	58,951	62,626	(3,675)	(5.9)%
Equity in earnings of affiliates, net of tax	3,778	3,125	653	20.9%
Net income	62,729	65,751	(3,022)	(4.6)%
Noncontrolling interests	(205)	(267)	62	23.2%
Net income attributable to Sonoco	\$ 62,524	\$ 65,484	\$ (2,960)	(4.5)%
EPS diluted	\$ 0.62	\$ 0.64	\$ (0.02)	(3.1)%
Gross profit %	18.8%	18.9%		
SG&A %	10.5%	10.7%		
EBIT %	8.3%	8.1%		
Effective tax rate	28.7%	29.7%		

Sales Bridge

Fourth Quarter: 2016 Vs. 2015

(Dollars in millions)

	<u>Q4-2016</u>		<u>YTD 2016</u>	
2015 Sales	\$	1,267	\$	4,964
Volume / Mix		(73) (5.7)%		6 0.1%
Price		7		(25)
Acq / Div		(25)		(25)
Exchange / Other		(34)		(137)
2016 Sales	\$	1,142	\$	4,783



Base EBIT Bridge

Fourth Quarter: 2016 Vs. 2015

(Dollars in millions)

	<u>Q4-2016</u>		<u>YTD 2016</u>	
2015 Base EBIT	\$	103	\$	412.56
Volume / Mix		(23)		(6)
Price / Mat'l, Energy, Frt Costs		—		22
Acq / Div		(2)		1
Productivity		(2)		10
Other		15		(15)
Pension		3		12
2016 Base EBIT	\$	94	\$	437

Segment Analysis

Fourth Quarter: 2016 Vs. 2015

(Dollars in thousands)

	NET SALES			BASE EBIT		
	2016	2015	% Chg	2016	2015	% Chg
Consumer Packaging	\$ 485,038	\$ 550,069	(11.8)%	\$ 54,790	\$ 64,750	(15.4)%
Display & Packaging	113,256	155,777	(27.3)%	1,333	3,626	(63.2)%
Paper & Ind Conv Prods	412,422	430,846	(4.3)%	25,660	25,005	2.6%
Protective Solutions	131,481	130,443	0.8%	12,700	9,813	29.4%
	<u>\$ 1,142,197</u>	<u>\$ 1,267,135</u>	<u>(9.9)%</u>	<u>\$ 94,483</u>	<u>\$ 103,194</u>	<u>(8.4)%</u>

	EBIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	11.3%	11.8%	(0.5)%
Display & Packaging	1.2%	2.3%	(1.1)%
Paper & Ind Conv Prods	6.2%	5.8%	0.4%
Protective Solutions	9.7%	7.5%	2.2%
	<u>8.3%</u>	<u>8.1%</u>	<u>0.2%</u>

2017 Base Earnings Guidance

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2015 Base EPS	\$0.54	\$0.68	\$0.65	\$0.64	\$2.51
2016 Base EPS	\$0.65	\$0.73	\$0.72	\$0.62	\$2.72
2017 Guidance	\$0.55 - \$0.63				\$2.66 - \$2.76*
Acquisition and/or Share Repurchase Target					\$0.06 – \$0.08



* Excluding impact of acquisitions and/or share repurchases

Cash Flow

Fourth Quarter: 2016 Vs. 2015
(Dollars in thousands)

	4th Quarter		Year To Date	
	2016	2015	2016	2015
Operating Cash Flow*	\$50,002*	\$145,538	\$398,679*	\$452,930
Capital Expenditures net of Dispositions	(42,673)	(60,954)	(186,617)	(159,765)
Cash Dividends	(36,543)	(35,330)	(146,364)	(138,032)
Free Cash Flow*	\$(29,214)*	\$49,254	\$65,698*	\$155,133
Proceeds of Divestitures net of Acquisitions	204,519	—	183,181	(17,447)
Share Repurchases	(41,724)	(139)	(106,739)	(7,868)



* 2016 Operating Cash Flow and resulting Free Cash Flow includes estimated cash tax payments and fees of \$64.4 million related to the sale of Blowmolding operations.

Balance Sheet

(Dollars in thousands)

	12/31/2016	10/2/2016	Change \$
Cash and cash equivalents	\$ 257,226	\$ 159,321	\$ 97,905
Trade accounts receivable, net of allowances	625,411	669,200	(43,789)
Other receivables	43,553	48,995	(5,442)
Inventories	372,814	376,317	(3,503)
Prepaid expenses and deferred income taxes	49,764	43,090	6,674
Assets held for sale	—	183,284	(183,284)
Current Assets	\$ 1,348,768	\$ 1,480,207	\$ (131,439)
Property, plant and equipment, net	\$ 1,065,004	\$ 1,068,432	\$ (3,428)
Goodwill	1,092,215	1,076,493	15,722
Other intangible assets, net	224,958	217,771	7,187
Other assets	196,544	201,646	(5,102)
Total Assets	\$ 3,927,489	\$ 4,044,549	\$ (117,060)
Payable to suppliers and others	751,827	792,734	(40,907)
Income taxes payable	18,744	12,050	6,694
Liabilities held for sale	—	20,126	(20,126)
Total debt	1,052,743	1,091,125	(38,382)
Pension and other postretirement benefits	447,339	409,464	37,875
Deferred income taxes and other	102,131	129,413	(27,282)
Total equity	1,554,705	1,589,637	(34,932)
Total Liabilities and Shareholders' Equity	\$ 3,927,489	\$ 4,044,549	\$ (117,060)
Net debt / Total capital	33.8%	37.0%	

Net debt = Total debt minus cash and cash equivalents

Total capital = Net debt plus total equity



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Appendix

P&L Summary (Base)

Year to date: 2016 Vs. 2015

(Dollars in thousands)

	2016	2015	Better / (Worse)	
			\$	%
Net sales	\$ 4,782,877	\$ 4,964,369	(181,492)	(3.7)%
Cost of sales	(3,845,451)	(4,034,947)	189,496	4.7%
Gross profit	937,426	929,422	8,004	0.9%
Selling, general and administrative expenses	(500,500)	(516,858)	16,358	3.2%
Income before interest and taxes (EBIT)	436,926	412,564	24,362	5.9%
Net interest	(51,557)	(54,598)	3,041	5.6%
Income before income taxes	385,369	357,966	27,403	7.7%
Provision for income taxes	(117,770)	(111,134)	(6,636)	(6.0)%
Income before equity in earnings of affiliates	267,599	246,832	20,767	8.4%
Equity in earnings of affiliates, net of tax	11,235	10,416	819	7.9%
Net income	278,834	257,248	21,586	8.4%
Noncontrolling interests	(1,608)	(581)	(1,027)	(100.0)%
Net income attributable to Sonoco	\$ 277,226	\$ 256,667	20,559	8.0%
EPS diluted	\$ 2.72	\$ 2.51	\$ 0.21	8.4%
Gross profit %	19.6%	18.7%		
SG&A %	10.5%	10.4%		
EBIT %	9.1%	8.3%		
Effective tax rate	30.6%	31.0%		



Segment Analysis

Year to date: 2016 Vs. 2015

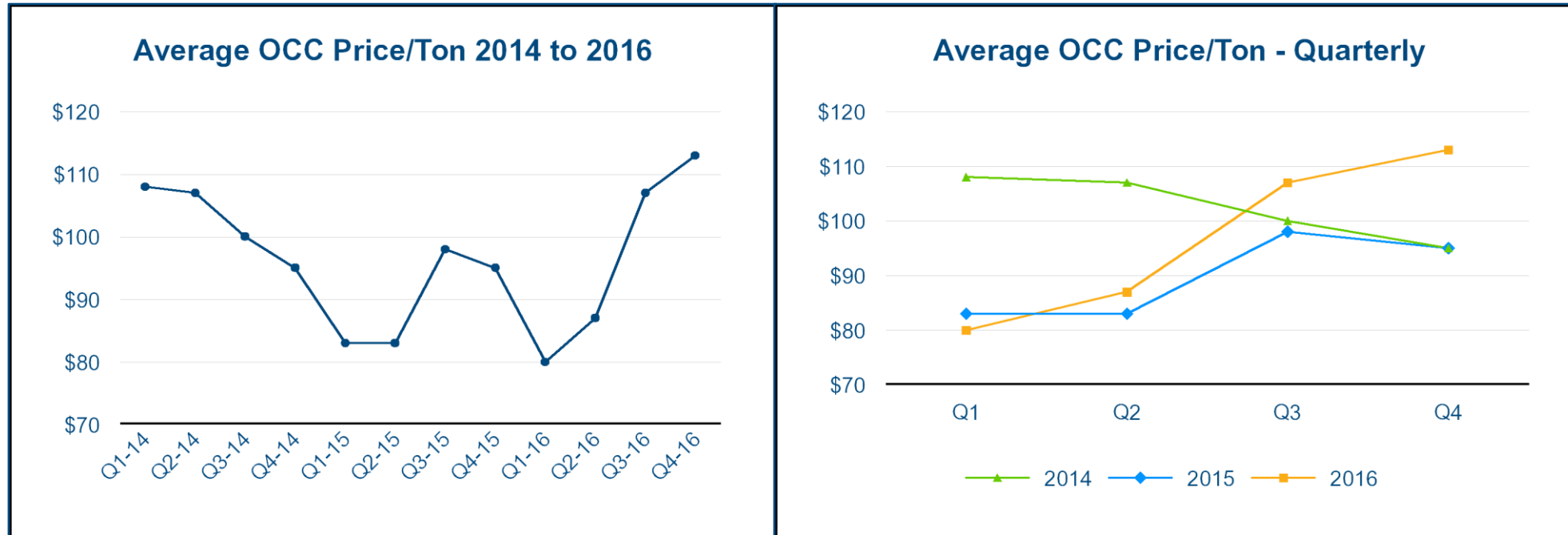
(Dollars in thousands)

	NET SALES			SEGMENT OPERATING PROFIT		
	2016	2015	% Chg	2016	2015	% Chg
Consumer Packaging	\$ 2,043,112	\$ 2,122,559	(3.7)%	\$ 240,925	\$ 231,590	4.0%
Display & Packaging	520,413	606,111	(14.1)%	14,797	10,904	35.7%
Paper & Ind Conv Prods	1,693,453	1,729,786	(2.1)%	129,678	124,057	4.5%
Protective Solutions	525,899	505,913	4.0%	51,526	46,013	12.0%
	<u>\$ 4,782,877</u>	<u>\$ 4,964,369</u>	<u>(3.7)%</u>	<u>\$ 436,926</u>	<u>\$ 412,564</u>	<u>5.9%</u>

	EBIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	11.8%	10.9%	0.9%
Display & Packaging	2.8%	1.8%	1.0%
Paper & Ind Conv Prods	7.7%	7.2%	0.5%
Protective Solutions	9.8%	9.1%	0.7%
	<u>9.1%</u>	<u>8.3%</u>	<u>0.8%</u>

OCC: Official Board Market

Fourth Quarter: 2016 Vs. 2015 Vs. 2014
(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
2014	100	100	125	108	110	105	105	107	105	100	95	100	95	95	95	95
2015	90	80	80	83	80	80	90	83	95	100	100	98	100	95	90	95
2016	80	80	80	80	80	85	95	87	100	110	110	107	110	110	120	113
2017	125	145														

