Sonoco Products Company
Reconciliation of Non-GAAP Financial Measures

In accordance with the SEC's Regulation G, the following provides definitions of the non-GAAP financial measures used by the company, together with the most directly comparable financial measures calculated in accordance with GAAP, and a reconciliation of the differences between the non-GAAP financial measures disclosed and the most directly comparable financial measures calculated in accordance with GAAP.

Definition and Reconciliation of Non-GAAP Financial Measures

The Company's results determined in accordance with U.S. generally accepted accounting principles (GAAP) are referred to as "as reported" or "GAAP" results. Some of the information presented in this press release reflects the Company's "as reported" or "GAAP" results adjusted to exclude amounts, including the associated tax effects, related relating to restructuring initiatives, asset impairment charges, non-operating pension costs or income, environmental reserve charges/releases, acquisition/divestiture-related costs, gains and or losses on dispositions of businesses, excess insurance recoveries, and certain income tax related events and other items, if any, including other income tax-related adjustments and/or events, the exclusion of which management believes improves comparability and analysis of the ongoing operating performance of the business. These adjustments, which are referred to as "non-base", result in the non-GAAP financial measures referred to in this press release as "Base Earnings" and "Base Earnings per Diluted Share."

These non-GAAP measures are not in accordance with, or an alternative for, 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. Sonoco uses these non-GAAP financial measures for internal planning and forecasting purposes, to evaluate its ongoing operations, and to evaluate the ultimate performance of each business unit against budget 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. Whenever Sonoco uses a non-GAAP financial measure, except with respect to guidance, it provides a reconciliation of the non-GAAP financial measure to the most closely applicable directly comparable GAAP financial measure. Whenever reviewing a non-GAAP financial measure, investors are encouraged to fully review and consider the related reconciliation as detailed below. Second-quarter and full-year 2021 GAAP guidance are is not provided in this release due to the likely occurrence of one or more of the following, the timing and magnitude of which we are unable to reliably forecast: possible gains or losses on the sale of businesses or other assets, restructuring costs and restructuring-related impairment charges, acquisition related costs, and the income tax effects of these items and/or other income tax-related events. These items could have a significant impact on the Company's future GAAP financial results.

Reconciliation of GAAP to Non-GAAP Financial Measures

For the three months ended July 4, 2021

Dollars and shares in thousands, except per share data

		Non-GAAP Adjustments		
	GAAP	Restructuring / Asset Impairment Charges(1)	Other Adjustments(2)	Base
Operating profit	$ 135,291	$ (1,445)	$ (5,236)	$ 128,610
Non-operating pension costs	555,009	—	(555,009)	—
Interest expense, net	14,794	—	2,165	16,959
Loss from the early extinguishment of debt	20,184	—	(20,184)	—
(Loss)/Income before income taxes	(454,696)	(1,445)	567,792	111,651
(Benefit)/Provision for income taxes	(118,151)	715	146,939	29,503
(Loss)/Income before equity in earnings of affiliates	(336,545)	(2,160)	420,853	82,148
Equity in earnings of affiliates, net of taxes	2,306	—	—	2,306
Net (loss)/income	(334,239)	(2,160)	420,853	84,454
Net loss attributable to noncontrolling interests	169	—	—	169
Net (loss)/income attributable to Sonoco	$ (334,070)	$ (2,160)	$ 420,853	$ 84,623
Diluted weighted average common shares outstanding (3):	100,082	—	543	100,625
Per Diluted Share*	$ (3.34)	$ (0.02)	$ 4.18	$ 0.84

*Due to rounding individual items may not sum across

Effective tax rate	26.0%			26.4%

Reconciliation of GAAP to Non-GAAP Financial Measures

For the three months ended June 28, 2020

Dollars and shares in thousands, except per share data

		Non-GAAP Adjustments		
	GAAP	Restructuring / Asset Impairment Charges(1)	Other Adjustments(4)	Base
Operating profit	$ 103,727	$ 22,885	$ (56)	$ 126,556
Non-operating pension costs	7,600	—	(7,600)	—
Interest expense, net	18,685	—	—	18,685
Income before	77,442	22,885	7,544	107,871
Provision for income taxes	23,230	6,224	(717)	28,737
Income before equity in earnings of affiliates	54,212	16,661	8,261	79,134
Equity in earnings of affiliates, net of taxes	778	—	—	778
Net income	54,990	16,661	8,261	79,912
Net loss/(income) attributable to noncontrolling interests	221	(5)	—	216
Net income attributable to Sonoco	$ 55,211	$ 16,656	$ 8,261	$ 80,128
Per Diluted Share*	$ 0.55	$ 0.16	$ 0.08	$ 0.79

*Due to rounding individual items may not sum across

Effective tax rate	30.0%			26.6%

(1) Restructuring/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. In the second quarter of 2021 gains totaling approximately $5,500 were recognized related to the sale of previously closed facilities in the Company's tubes and core business. These were partially offset by net restructuring and asset impairment charges, mostly related to severance and asset write-offs, totaling approximately $4,000.

(2) Includes non-operating pension costs, which include $547,000 of settlement charges, losses from early extinguishment of debt, and costs related to actual/potential acquisitions and divestitures, partially offset by a foreign VAT refund, including applicable interest, and a hedge gain related to a Euro-denominated loan repayment.

(3) Due to the magnitude of Non-Base losses in the second quarter 2021, the Company reported a GAAP Net Loss Attributable to Sonoco. In instances where a company has a net loss, GAAP requires that the company shall not consider any unexercised share awards or other like instruments dilutive for purposes of calculating weighted average shares outstanding. Accordingly, the Company did not consider any unexercised share awards dilutive in calculating weighted average shares outstanding for GAAP purposes in the table above, which resulted in Basic Weighted Average Shares Outstanding and Diluted Weighted Average Common Shares Outstanding being the same. However, the Company also presents Base Net Income Attributable to Sonoco, which excludes the net Non-Base items. In order to maintain consistency in the computation of Base Diluted EPS, unexercised stock instruments that meet GAAP requirements for dilution were considered dilutive to the same extent they would be if GAAP Net Income Attributable to Sonoco were equal to Base Net Income Attributable to Sonoco.

(4) Consists of non-operating pension costs, costs related to actual and potential acquisitions and divestitures, the anticipated impact of the settlement of a U.S. Tax Audit, and tax benefits related primarily to a tax rate change.

Reconciliation of GAAP to Non-GAAP Financial Measures

For the six months ended July 4, 2021

Dollars and shares in thousands, except per share data

		Non-GAAP Adjustments		
	GAAP	Restructuring / Asset Impairment Charges(1)	Other Adjustments(2)	Base
Operating profit	$ 255,600	$ 5,401	$ 7,276	$ 268,277
Non-operating pension costs	562,293	—	(562,293)	—
Interest expense, net	32,525	—	2,165	34,690
Loss from the early extinguishment of debt	20,184	—	(20,184)	—
(Loss)/Income before income taxes	(359,402)	5,401	587,588	233,587
(Benefit)/Provision for income taxes	(94,106)	2,341	152,572	60,807
(Loss)/Income before equity in earnings of affiliates	(265,296)	3,060	435,016	172,780
Equity in earnings of affiliates, net of taxes	3,350	—	—	3,350
Net (loss)/income	(261,946)	3,060	435,016	176,130
Net loss attributable to noncontrolling interests	172	—	—	172
Net (loss)/income attributable to Sonoco	$ (261,774)	$ 3,060	$ 435,016	$ 176,302
Diluted weighted average common shares outstanding (3):	100,571	—	498	101,069
Per Diluted Share*	$ (2.60)	$ 0.03	$ 4.30	$ 1.74

*Due to rounding individual items may not sum across

Effective tax rate	26.2%			26.0%

Reconciliation of GAAP to Non-GAAP Financial Measures

For the six months ended June 28, 2020

Dollars and shares in thousands, except per share data

		Non-GAAP Adjustments		
	GAAP	Restructuring / Asset Impairment Charges(1)	Other Adjustments(4)	Base
Operating profit	$ 233,830	$ 35,484	$ 1,154	$ 270,468
Non-operating pension costs	15,179	—	(15,179)	—
Interest expense, net	34,730	—	—	34,730
Income before income taxes	183,921	35,484	16,333	235,738
Provision for income taxes	49,986	9,353	2,683	62,022
Income before equity in earnings of affiliates	133,935	26,131	13,650	173,716
Equity in earnings of affiliates, net of taxes	1,291	—	—	1,291
Net income	135,226	26,131	13,650	175,007
Net (income) attributable to noncontrolling interests	430	(17)	—	413
Net income attributable to Sonoco	$ 135,656	$ 26,114	$ 13,650	$ 175,420
Per Diluted Share*	$ 1.34	$ 0.26	$ 0.14	$ 1.73
*Due to rounding individual items may not sum across				
Effective tax rate	27.2%			26.3%

(1) Restructuring/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. In the first six months of 2021 restructuring and asset impairment charges, mostly related to asset write-offs and severance, totaled approximately $10,900. These were partially offset by gains totaling approximately $5,500 related to the sale of previously closed facilities in the Company's tubes and core business.

(2) Includes non-operating pension costs, which include $547,000 of settlement charges and losses from early extinguishment of debt. Additionally, includes acquisition/divestiture-related costs, the loss on the disposition of the Company's U.S. display and packaging business, which were partially offset by a hedge gain related to a Euro-denominated loan repayment, a foreign VAT refund, including applicable interest, and life insurance gains.

(3) Due to the magnitude of Non-Base losses in the second quarter 2021, the Company reported a GAAP Net Loss Attributable to Sonoco. In instances where a company has a net loss, GAAP requires that the company shall not consider any unexercised share awards or other like instruments dilutive for purposes of calculating weighted average shares outstanding. Accordingly, the Company did not consider any unexercised share awards dilutive in calculating weighted average shares outstanding for GAAP purposes in the table above, which resulted in Basic Weighted Average Shares Outstanding and Diluted Weighted Average Common Shares Outstanding being the same. However, the Company also presents Base Net Income Attributable to Sonoco, which excludes the net Non-Base items. In order to maintain consistency in the computation of Base Diluted EPS, unexercised stock instruments that meet GAAP requirements for dilution were considered dilutive to the same extent they would be if GAAP Net Income Attributable to Sonoco were equal to Base Net Income Attributable to Sonoco.

(4) Consists of non-operating pension costs, costs related to actual and potential acquisitions and divestitures, the anticipated impact of the settlement of a U.S. Tax Audit, and tax benefits related primarily to a tax rate change.

FREE CASH FLOW*	Six Months Ended July 4, 2021		Six Months Ended June 28, 2020	
Net cash provided by operating activities	$	101,953	$	281,991
Purchase of property, plant and equipment, net		(92,526)		(71,572)
Free Cash Flow	$	9,427	$	210,419

FREE CASH FLOW*	Year Ended Estimated Low End December 31, 2021		Year Ended Estimated High End December 31, 2021		Actual December 31, 2020	
Net Cash provided by operating activities	$	437,000	$	467,000	$	705,621
Add: Pension-settlement-related contribution		133,000		133,000		—
Net cash provided by operating activities excluding pension-settlement-related contribution	$	570,000	$	600,000	$	705,621
Purchase of property, plant and equipment, net		(300,000)		(300,000)		(181,161)
Free Cash Flow*	$	270,000	$	300,000	$	524,460

* Free Cash Flow is a non-GAAP measure that does not imply the amount of residual cash flow available for discretionary expenditures, as both it and net cash provided by operating activities do not include mandatory debt service requirements and other non-discretionary expenditures. Note that this is the Company's definition of this metric and may not be comparable to similarly named metrics of other organizations.