



Quarterly Financial Review



Sonoco Third Quarter 2020 Results

Investor Presentation
October 2020

Defining
Our
Next
Decade

A yellow arrow graphic pointing to the right, integrated into the 'Next' line of the 'Defining Our Next Decade' logo.



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 Q3 2020 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

3rd Quarter: 2020 Vs. 2019

	3rd Quarter		Year To Date	
	2020	2019	2020	2019
Actual EPS	\$ 0.82	\$ 0.91	\$ 2.17	\$ 2.44
Addback for:				
Restructuring & Asset Impairment, Net	0.18	0.05	0.44	0.23
Non-Operating Pension Costs	0.06	0.05	0.18	0.14
Deferred Tax Write-Down	(0.20)	—	(0.20)	—
M&A Costs, Other Items	—	(0.04)	—	(0.03)
Base EPS*	\$ 0.86	\$ 0.97	\$ 2.59	\$ 2.78

*Due to rounding individual items may not sum down



P&L Summary (Base)

3rd Quarter: 2020 Vs. Plan Vs. 2019

(Dollars in millions)

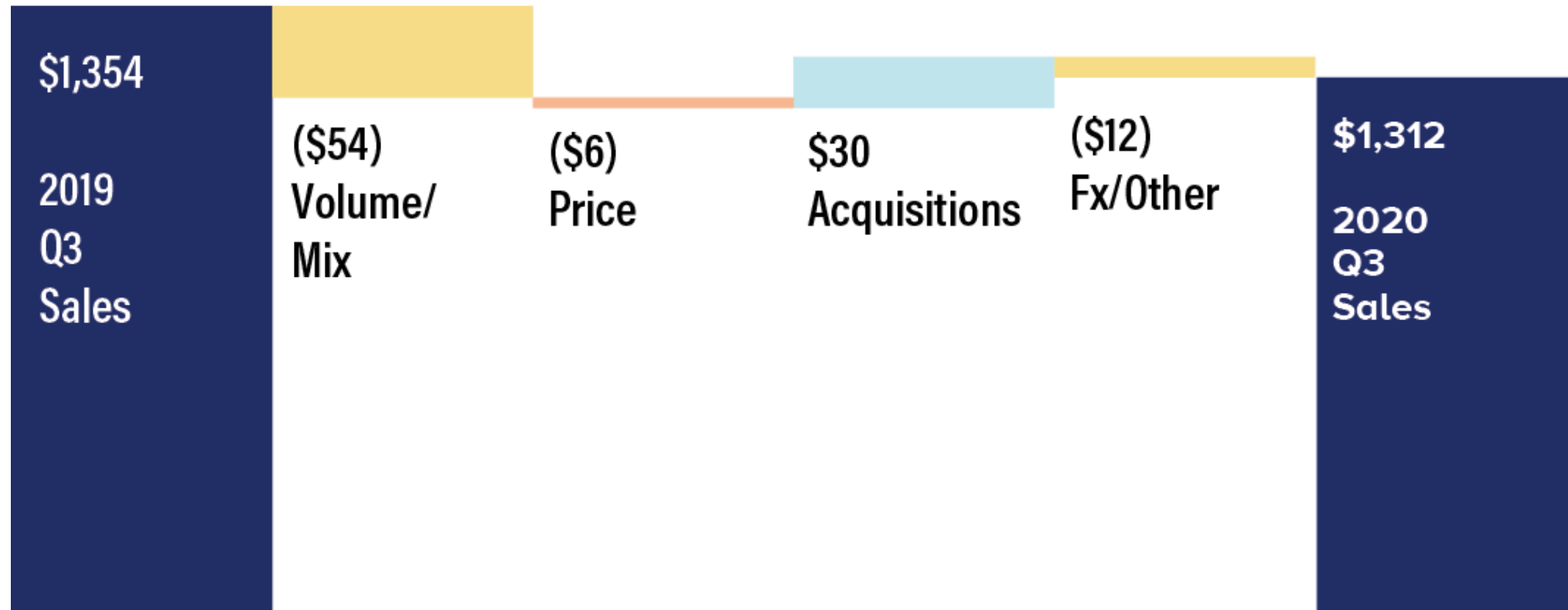
	2020	2019	Better / (Worse)	
			\$	%
Net sales	\$ 1,312	\$ 1,354	\$ (42)	(3.1)%
Gross profit	257	265	(8)	(3.2)%
SG&A Expenses, Net of Other Income	(126)	(126)	—	— %
Operating profit	\$ 131	\$ 139	\$ (8)	(6.1)%
Net interest	(19)	(15)	(4)	(25.9)%
Provision for income taxes	\$ (27)	\$ (28)	\$ 1	2.6 %
Net Income, after tax	\$ 85	\$ 97	\$ (12)	(12.0)%
Equity in Affiliates and Minority Interest	2	2	—	7.8 %
Net income attributable to Sonoco	\$ 87	\$ 98	\$ (11)	(11.3)%
Operating profit before D&A	\$ 194	\$ 199	\$ (5)	(2.4)%
Gross profit %	19.6 %	19.6 %		
SG&A %	9.6 %	9.3 %		
Operating profit %	9.9 %	10.3 %		
Operating profit before D&A%	14.8 %	14.7 %		
Effective tax rate	24.1 %	22.3 %		



Sales Bridge

3rd Quarter: 2020 Vs. 2019

Dollars in millions

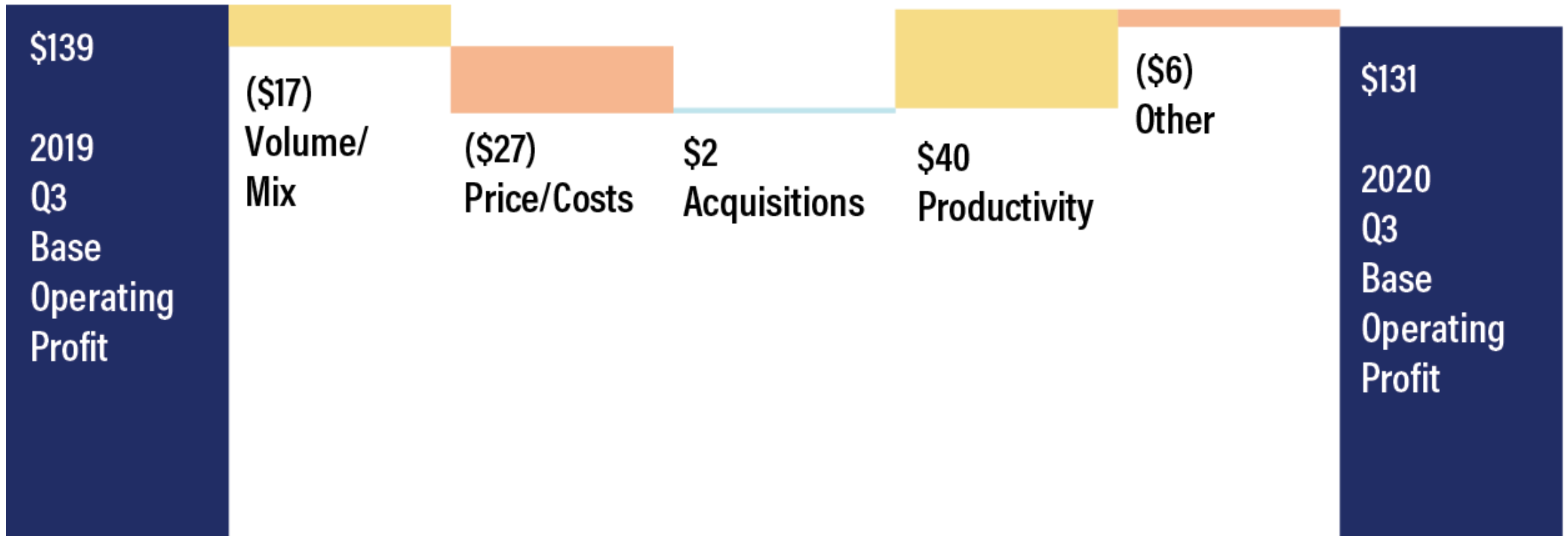




Base Operating Profit Bridge

3rd Quarter: 2020 Vs. 2019

Dollars in millions





Segment Analysis

3rd Quarter: 2020 Vs. 2019

(Dollars in millions)

	NET SALES			BASE OPERATING PROFIT		
	2020	2019	% Chg	2020	2019	% Chg
Consumer Packaging	\$ 584	\$ 581	0.4 %	\$ 68	\$ 57	19.7 %
Display & Packaging	138	145	(5.1) %	11	9	20.9 %
Paper & Ind Conv Prods	459	496	(7.4) %	34	59	(42.2) %
Protective Solutions	132	132	— %	18	14	25.2 %
	<u>\$ 1,312</u>	<u>\$ 1,354</u>	<u>(3.1) %</u>	<u>\$ 131</u>	<u>\$ 139</u>	<u>(6.1) %</u>
				OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging				11.6 %	9.8 %	1.9 %
Display & Packaging				7.8 %	6.1 %	1.7 %
Paper & Ind Conv Prods				7.5 %	12.0 %	(4.5) %
Protective Solutions				13.3 %	10.6 %	2.7 %
				<u>9.9 %</u>	<u>10.3 %</u>	<u>(0.3) %</u>

NOTE: Totals are based on unrounded amounts



Cash Flow

3rd Quarter Year to date: 2020 Vs. 2019
(Dollars in millions)

	Year To Date		Year Over Year Change
	Q3 2020	Q3 2019	
Net income	\$ 219	\$ 247	\$ (29)
Asset impairment charges and (gain)/loss on disposition of assets	22	10	12
Depreciation and amortization expenses	187	173	14
Pension and postretirement plan contributions, net of expenses	8	(204)	212
Changes in working capital	(16)	(41)	26
Other operating activity	70	53	17
Operating cash flow	\$ 490	\$ 239	\$ 251
Capital expenditures net of dispositions	(108)	(144)	36
Cash dividends	(129)	(127)	(2)
Free cash flow	\$ 252	\$ (32)	\$ 284

NOTE: Totals and differences are calculated using unrounded amounts.



Balance Sheet

(Dollars in millions)

	9/27/2020	6/28/2020	Change \$
Cash and cash equivalents	\$ 783	\$ 857	\$ (74)
Trade accounts receivable, net of allowances	694	693	1
Other receivables	93	104	(11)
Inventories	446	524	(78)
Prepaid expenses	67	60	7
Assets held for sale	202	—	202
Current Assets	\$ 2,283	\$ 2,239	\$ 44
Property, plant and equipment, net	1,227	1,236	(9)
Goodwill	1,369	1,424	(55)
Other intangible assets, net	374	361	13
Right of Use Asset - Operating leases	306	294	12
Other assets	207	186	21
Total Assets	\$ 5,767	\$ 5,739	\$ 28
Payable to suppliers and others	882	908	(26)
Income taxes payable	14	21	(7)
Liabilities held for sale	94	—	94
Total debt	2,136	2,265	(129)
Pension and other postretirement benefits	304	304	—
Noncurrent operating lease liabilities	269	249	20
Deferred income taxes and other	187	183	4
Total equity	1,881	1,808	73
Total Liabilities and Shareholders' Equity	\$ 5,767	\$ 5,739	\$ 28

Net debt / Total capital

41.8 %

43.8 %

Net debt = Total debt minus cash and cash equivalents

Total capital = Net debt plus total equity

NOTE: Totals and differences are calculated using unrounded amounts.



EPS and Cash Flow Guidance

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2019 Base EPS	\$0.85	\$0.95	\$0.97	\$0.75	\$3.53
2020 Base EPS	\$0.94	\$0.79	\$0.86		
2020 Guidance	\$0.83 - \$0.89	\$0.73 - \$0.83	\$0.73 - \$0.83	\$0.70 - \$0.80	\$3.29 - \$3.39

Full Year Cash Flow Guidance	<u>December 31, 2020</u>	
	Est. Low End	Est. High End
Operating cash flow	\$ 643	\$ 663
Free cash flow	\$ 290	\$ 310



Key Drivers to Q4 Earnings Guidance

Q4-2020 vs Q4-2019

COVID-19 Impact

- Demand for our products – Mixed impact (+/-)
- Mitigating actions – Ongoing cost reductions

Price / Cost Impact

- Industrial segment – Negative due to lower market pricing and higher OCC costs

Other Impacts

- Interest expense – Higher due to increased borrowings (liquidity actions)
- Tax rate – Higher due to various positive items in Q4-19
- Addition of TEQ and Can Packaging acquisitions
- Includes D&P Europe for remainder of 2020



Cash Flow Outlook – FY 2020

- Solid Free Cash Flow generation expected to continue
 - Assumes stable earnings and working capital trends
- Expect ~ \$35 million cash benefit in 2020 due to global government assistance programs (mostly US)
- Full-year 2020 Cap Ex spend estimated at ~ \$180 million
 - \$160 million “normal” operations plus \$20 million Project Horizon
- Pension termination contribution (~ \$150 million) deferred into 2021
 - Cash tax benefit of ~ \$37 million in 2020
- No dividend increase in 2020



Liquidity: Q3 Update and Outlook

ST Investments	\$ 578,000
Additional consolidated cash	\$ 205,000
Total Cash (Q3 2020)	\$ 783,000
Total Revolver	\$ 500,000
Less: Borrowing	\$ -
Revolver Availability	\$ 500,000
Total ST Liquidity (Q3 2020)	\$1,283,000

Liquidity Outlook

- Repaying \$300 million of bank term loans in October (use excess cash)
- Potential debt repayment after receipt of D&P Europe divestiture proceeds

Liquidity Position Remains Very Strong

Q4 Outlook: State of Our Platforms



• Food Packaging

- All Platforms (Rigid Paper, Rigid Plastics & Flexibles) Positive but stabilizing as at-home eating trend continues

• ThermoSafe

- Flu Vaccine shipments

• Portion control plastics

• Protective/ Consumer Fiber

- Strong appliance recovery



• Paper

- Strong backlog in North America

• Tissue & towel

• Automotive Molded Foam

• Reels

• Medical Device Packaging

- Elective surgeries recovering



• Industrial: Tubes & Cores / Cones

- Gradually improving globally

• Industrial Plastics

• Promotional Displays

• Retail Security

• Confection



Appendix



Defining
Our
Next 
Decade



P&L Summary (Base)

3rd Quarter Year to date: 2020 Vs. 2019

(Dollars in millions)

	2020	2019	Better / (Worse)	
			\$	%
Net sales	\$ 3,861	\$ 4,065	\$ (204)	(5.0)%
Gross profit	772	811	(39)	(4.9)%
SG&A Expenses, Net of Other Income	(371)	(400)	29	7.3 %
Operating Profit	\$ 401	\$ 411	\$ (10)	(2.5)%
Net interest	(53)	(46)	(7)	(15.7)%
Provision for income taxes	\$ (89)	\$ (88)	\$ (1)	(1.0)%
Net Income, after tax	\$ 259	\$ 277	\$ (18)	(6.7)%
Equity Affiliates and Minority Interest	3	4	(1)	(23.8)%
Net income attributable to Sonoco	\$ 262	\$ 281	\$ (18)	(6.5)%
<hr/>				
Operating profit before D&A	\$ 588	\$ 588	\$ —	— %
Gross Profit %	20.0 %	19.9 %		
SG&A %	9.6 %	9.8 %		
Operating profit %	10.4 %	10.1 %		
Operating profit before D&A %	15.2 %	14.5 %		
Effective tax rate	25.6 %	24.1 %		



Segment Analysis

3rd Quarter Year to date: 2020 Vs. 2019
(Dollars in millions)

	NET SALES			SEGMENT OPERATING PROFIT		
	2020	2019	% Chg	2020	2019	% Chg
Consumer Packaging	\$ 1,787	\$ 1,774	0.7 %	\$ 222	\$ 182	22.0 %
Display & Packaging	366	417	(12.3) %	25	21	16.9 %
Paper & Ind Conv Prods	1,369	1,483	(7.7) %	118	169	(30.0) %
Protective Solutions	339	391	(13.2) %	36	39	(8.3) %
	<u>\$ 3,861</u>	<u>\$ 4,065</u>	<u>(5.0) %</u>	<u>\$ 401</u>	<u>\$ 411</u>	<u>(2.5) %</u>

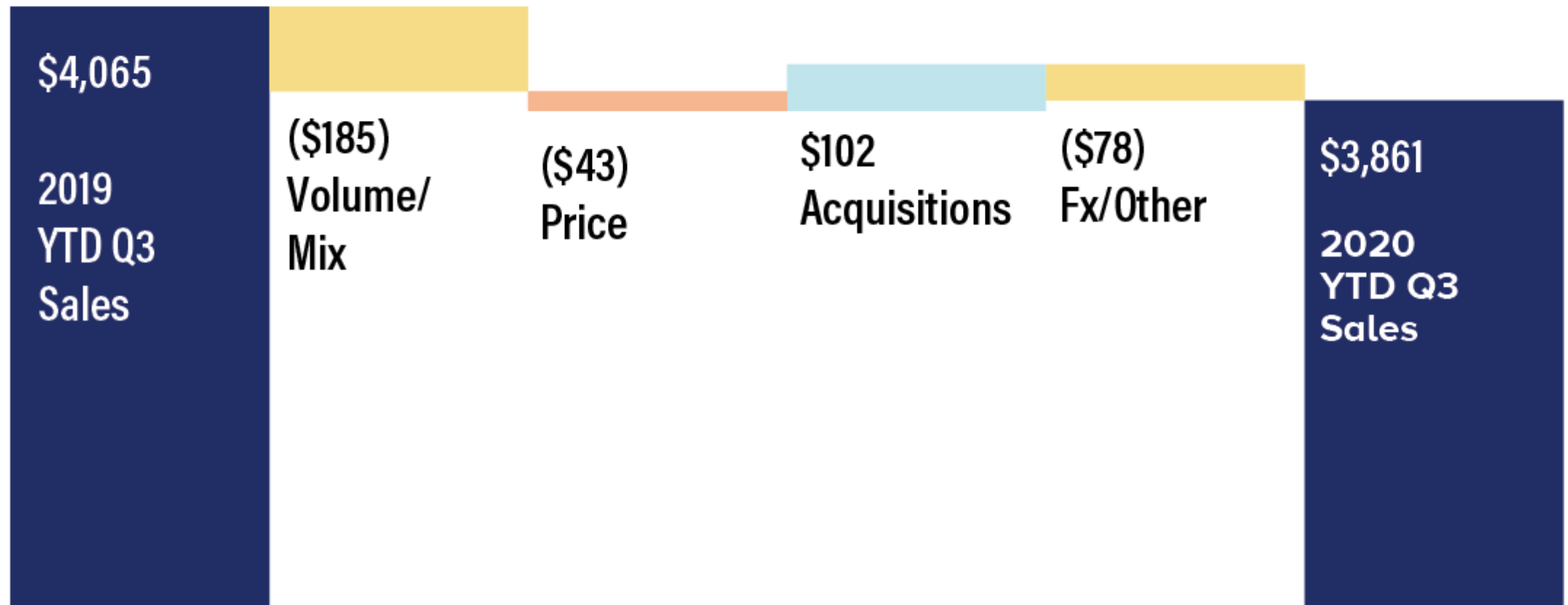
	SEGMENT OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	12.4 %	10.2 %	2.2 %
Display & Packaging	6.8 %	5.1 %	1.7 %
Paper & Ind Conv Prods	8.6 %	11.4 %	(2.8) %
Protective Solutions	10.6 %	10.0 %	0.6 %
	<u>10.4 %</u>	<u>10.1 %</u>	<u>0.3 %</u>



Sales Bridge

YTD: 2020 Vs. 2019

Dollars in millions

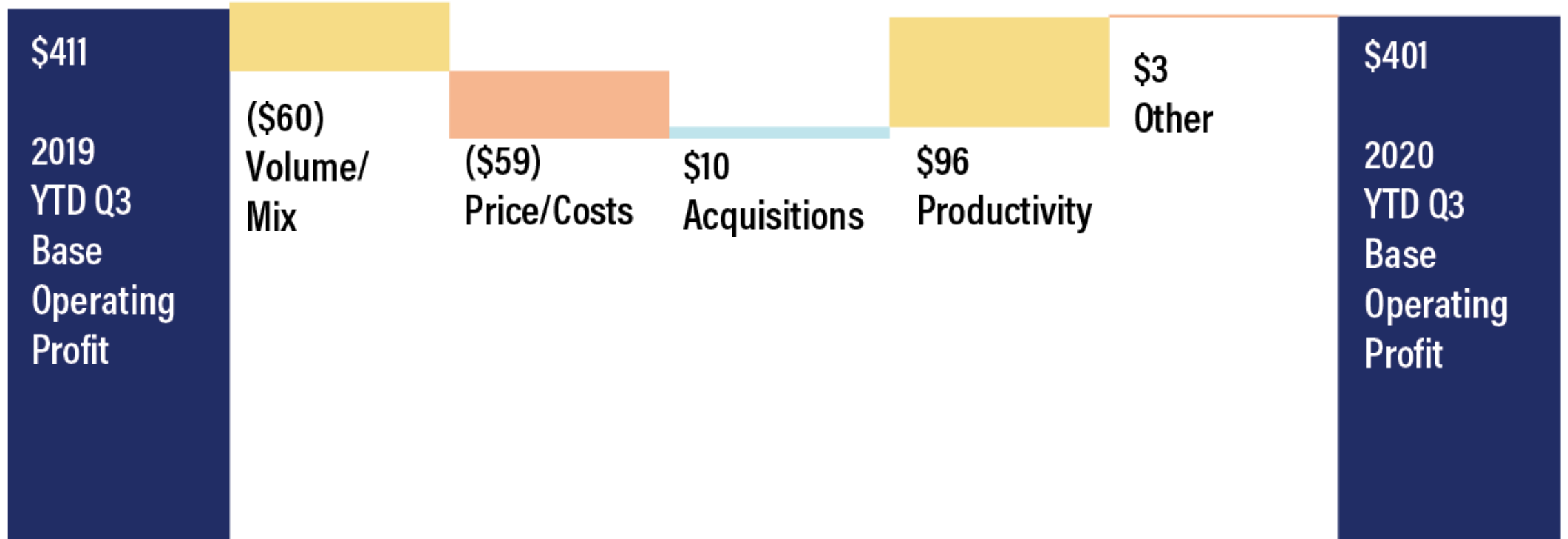




Base Operating Profit Bridge

YTD: 2020 Vs. 2019

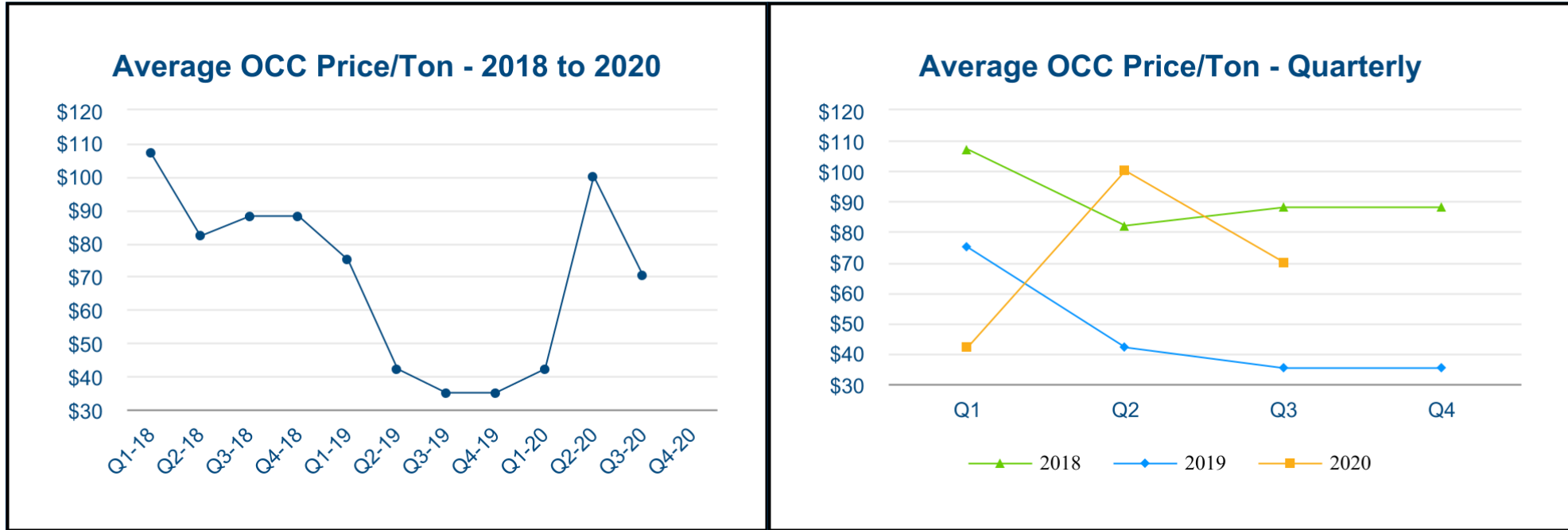
Dollars in millions





OCC: Official Board Market

3rd Quarter: 2020 Vs. 2019 Vs. 2018
(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
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
2020	35	40	50	42	85	125	90	100	70	70	70	70	70			