



**1ST QUARTER 2024**

# **EARNINGS RESULTS**

May 1, 2024

# FORWARD-LOOKING STATEMENTS / NON-GAAP FINANCIAL MEASURES

Statements included herein that are not historical in nature, are intended to be, and are hereby identified as “forward-looking statements” for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. In addition, the Company and its representatives may from time to time make other oral or written statements that are also “forward-looking statements.” Words such as “aim,” “anticipate,” “assume,” “believe,” “can,” “committed,” “consider,” “continue,” “could,” “estimate,” “expect,” “forecast,” “future,” “goal,” “guidance,” “improve,” “intend,” “likely,” “may,” “might,” “objective,” “ongoing,” “outlook,” “plan,” “potential,” “project,” “seek,” “strategy,” “target,” “will,” or the negative thereof, and similar expressions identify forward-looking statements.

Forward-looking statements in this communication include statements regarding, but not limited to: the Company’s future operating and financial performance, including second quarter and full-year 2024 outlook, long-term targets and the anticipated drivers thereof; the Company’s ability to support its customers and manage costs; opportunities for productivity and other operational improvements; price/cost, customer demand and volume outlook; expected benefits from and integration efforts related to acquisitions and divestitures; the Company’s expectations with respect to the VPPA and its sustainability goals; the effectiveness of the Company’s strategy and strategic initiatives, including with respect to capital expenditures, portfolio simplification and capital allocation priorities; the Company’s pipeline of organic and inorganic investment opportunities; the effects of the macroeconomic environment and inflation on the Company and its customers; and the Company’s ability to generate continued value and return capital to shareholders, including its expectations with respect to a competitive and growing dividend. Such forward-looking statements are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management. Such information includes, without limitation, discussions as to guidance and other estimates, perceived opportunities, expectations, beliefs, plans, strategies, goals and objectives concerning our future financial and operating performance. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed or forecasted in such forward-looking statements.

The risks, uncertainties and assumptions include, without limitation, those related to: the Company’s ability to execute on its strategy, including with respect to acquisitions (and integrations thereof), divestitures, cost management, productivity improvements, restructuring and capital expenditures, and achieve the benefits it expects therefrom; the operation of new manufacturing capabilities; the Company’s ability to achieve anticipated cost and energy savings; the availability, transportation and pricing of raw materials, energy and transportation, including the impact of potential changes in tariffs or sanctions and escalating trade wars, and the impact of war, general regional instability and other geopolitical tensions (such as the ongoing conflict between Russia and Ukraine as well as the economic sanctions related thereto, and the ongoing conflict in Israel and Gaza), and the Company’s ability to pass raw material, energy and transportation price increases and surcharges through to customers or otherwise manage these commodity pricing risks; the costs of labor; the effects of inflation, fluctuations in consumer demand, volume softness, and other macroeconomic factors on the Company and the industries in which it operates and that it serves; the Company’s ability to meet its environmental and sustainability goals, including with respect to greenhouse gas emissions, and to meet other social and governance goals, including challenges in implementation thereof; and the other risks, uncertainties and assumptions discussed in the Company’s filings with the Securities and Exchange Commission, including its most recent reports on Forms 10-K and 10-Q, particularly under the heading “Risk Factors.” The Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur.

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 [investor.sonoco.com](http://investor.sonoco.com) under Webcasts & Presentations, and Non-GAAP Reconciliations for the Q1 2024 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 [investor.sonoco.com](http://investor.sonoco.com).

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

# TODAY'S ATTENDEES



**Lisa Weeks**

VP of IR & Communications



**Howard Coker**

President & CEO



**Rob Dillard**

Chief Financial Officer



**Rodger Fuller**

Chief Operating Officer

# BUSINESS UPDATE

**Howard Coker**

President & CEO

# DELIVERED SOLID RESULTS FROM PRODUCTIVITY



Revenue

**\$1.64B**



Adj. EBITDA

**\$245M**

15% Margin



Adj. Net Income\*

**\$111M**

7% Margin



Adj. Earnings Per Share\*

**\$1.12**

## Q1 Highlights

### First quarter results above the midpoint of guidance

- EBITDA margins remain strong at ~15%
- Generated \$166 million of operating cash flow

### Business drivers:

- Positive productivity of \$51 million from prior capital investments and portfolio simplification initiatives
- Overall demand volumes remained muted as price/cost headwinds persisted as projected
- North America consumer volumes remained challenged from inflationary pricing

\* Net Income = Net Income attributable to Sonoco. See Appendix for EPS Adjusted to GAAP reconciliation. See [investor.sonoco.com](http://investor.sonoco.com) for reconciliations of other non-GAAP financial measures.

# POSITIONED TO DELIVER LONG-TERM SHAREHOLDER VALUE

## 2028 SONOCO TARGETS

### Portfolio



### Adjusted EBITDA

**\$1.5B**  
Margins in  
High Teens

### Cash Flow

**\$4-\$5B**  
cumulative operating  
cash flow (2024-28)

### Capital Strategy

- Investment Grade Balance Sheet
- Dynamic Capital Allocation

Deliver on the above with a **competitive and growing dividend**

## 2024-28 NEXT ERA ENTERPRISE STRATEGY



Focused,  
Bigger-Better  
Portfolio Strategy



BU-specific Margin  
Improvement and  
Capital Allocation  
Priorities



Invest in Our  
People and  
Sustainability  
Initiatives

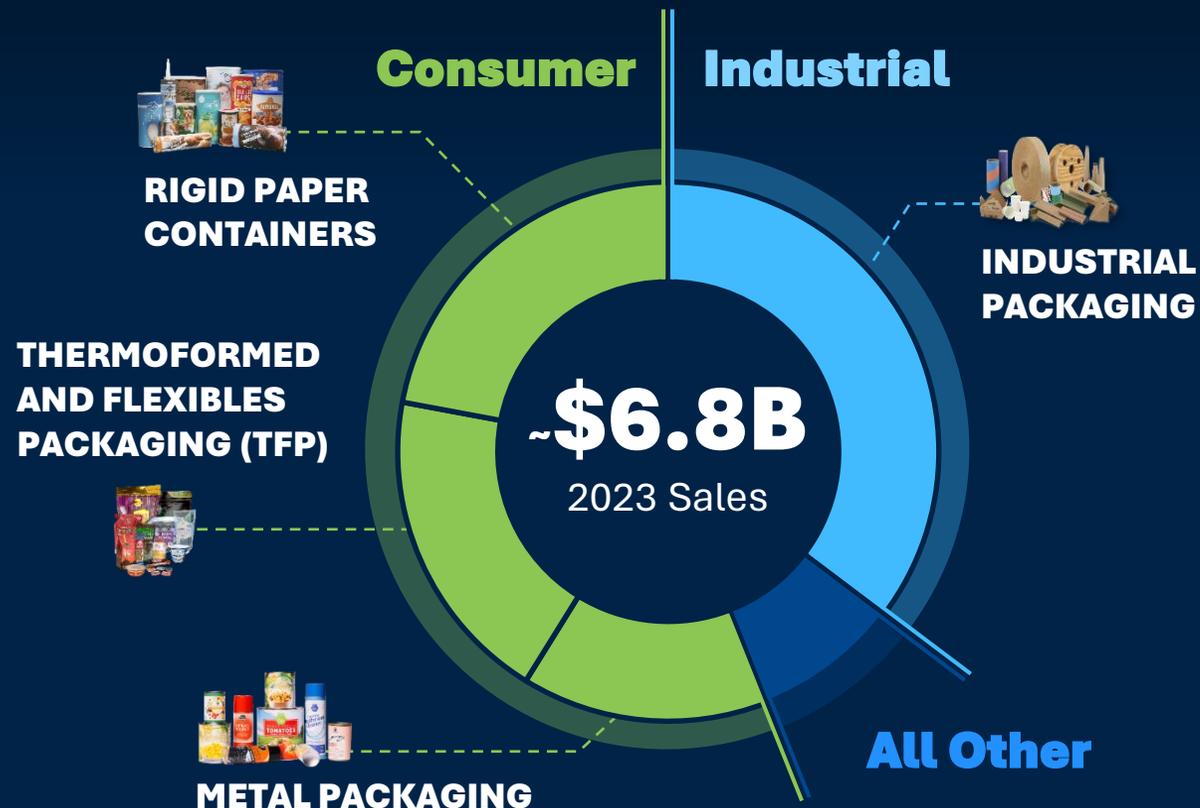


Operate with  
Discipline

# 2024-2025 STRATEGIC PRIORITIES

## PORTFOLIO ALIGNMENT

- ✓ Building New Strategic Platform Thermoformed and Flexibles Packaging (TFP)
- ✓ Resolving the *All Other* group of businesses
- ✓ Organic Growth Investments
- ✓ Strategic M&A Pipeline



# 2024-2025 STRATEGIC PRIORITIES

## PROGRESS UPDATES

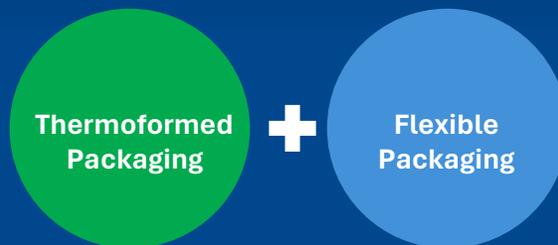
### Completed Divestiture



- Planned portfolio simplification
- Transaction closed April 1, 2024
- Proceeds of ~\$80 million



### Integration Progress



- New Platform created Jan. 1, 2024
- Five operations merged into one
- Integration well underway



### Sonoco Design Awards



- Winners at the 2024 PAC Awards
- Alloyd® EnviroSense® Paper Blister™
- EnviroCan™ Rigid Paper Container



### Sonoco Signs VPPA



- 15-Year Virtual Power Purchase Agreement (VPPA) with ENGIE's Texas wind project
- Contract for 140 megawatts of electricity in 2025 (~half of Sonoco's U.S. consumption)



# SONOCO RELEASES 2023 CORPORATE SUSTAINABILITY REPORT

Covers the company's progress during the past year and sets sustainability goals for 2025 & 2030

## Highlights



### Protecting our environment

**1.5%** YoY decrease in Energy consumption

**8%** YoY decrease in GHG emissions

### Investing in our people & communities

**25%** Female Workforce Representation

**34.5%** Racial Ethnic Group Representation

**~\$2M** Sonoco Foundation annual spend

### Striving for transparency at the executive level

**45%** Board Diversity Rate

**96.5%** Say on Pay

## Recognition & Ratings



\* All Metrics are for 2023

# FINANCIAL RESULTS & OUTLOOK

**Rob Dillard**

Chief Financial Officer

# RESILIENT OPERATING PERFORMANCE

	Q1-23	Q1-24	YoY % Change
Net Sales (\$M)	\$1,730	\$1,638	-5.3%
Adjusted Operating Profit (\$M)	\$213	\$176	-17.5%
Adjusted Operating Profit Margin	12.3%	10.7%	
Adjusted EBITDA (\$M)	\$276	\$245	-11.4%
Adjusted EBITDA Margin	16.0%	14.9%	
Adjusted EPS	\$1.40	\$1.12	-19.4%
Adjusted EPS Guidance Range		\$1.05 - \$1.15	

Lower prices across the portfolio resulted in sales declines

Unfavorable price/cost from Industrial input inflation and index timing and metal price overlap

Strong productivity of **\$51M** supported adjusted EBITDA margins

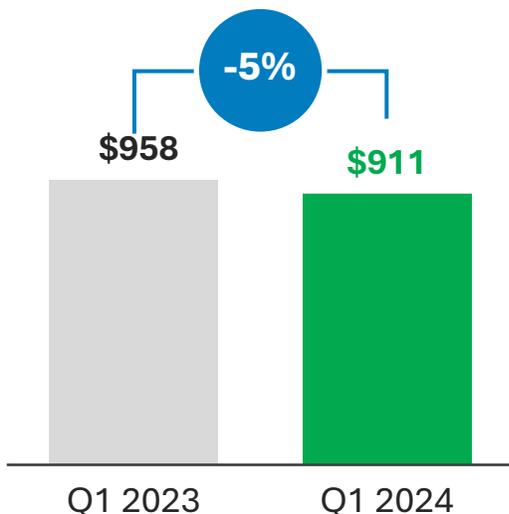
Earnings of **\$1.12** above the mid-point of guidance

# VOLUME PRESSURES PRIMARILY IN NA

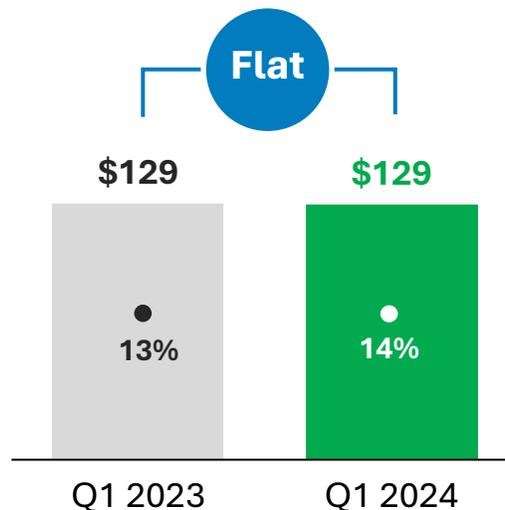
## Q1 Results

- Inflationary pricing continued to negatively impact volume – primarily in snacks and confectionary in North America
- RPC and TFP grew volumes outside of North America
- Metal packaging sales were flat with higher aerosol volumes overcoming softer food can volumes
- Metal price overlap as expected in Q1, small carryover into Q2
- Strong productivity of **\$16M** across Consumer

Sales (\$M)



Adj. EBITDA (\$M)



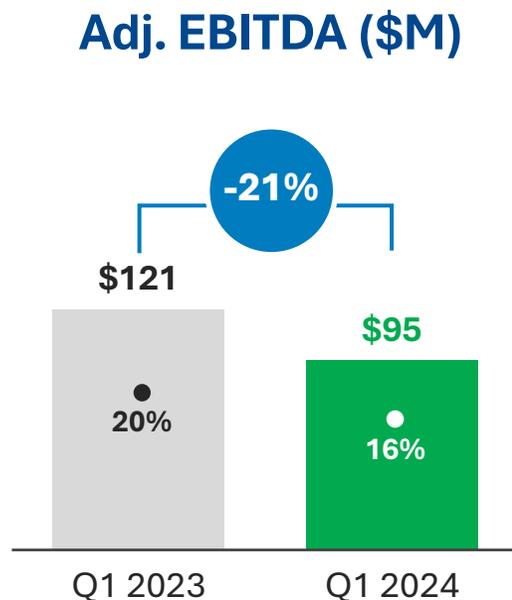
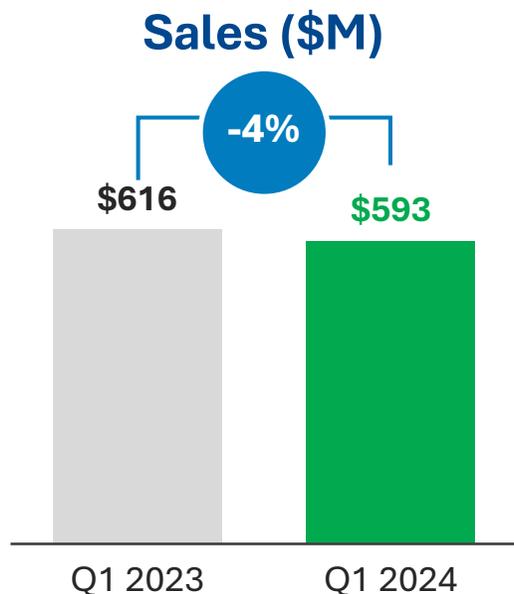
### Sales Volume/Mix\* (y/y)

	Q1 2024	2024 Outlook
 Rigid Paper Containers (RPC)	- HSD	Flat
 Thermoformed and Flexibles Packaging (TFP)	Flat	Up
 Metal Packaging (MP)	Flat	Up

\* Includes Acquisitions and Divestitures

HSD = High Single Digits

# VOLUMES STABILIZING



**Sales Volume/Mix\* (y/y)**

	Q1 2024	2024 Outlook
North America	+ Mid-Teens	Up
Central and South America	- HSD	Flat
Europe	+ MSD	Up
Asia Pacific	+ HSD	Up

\* Includes Acquisitions and Divestitures

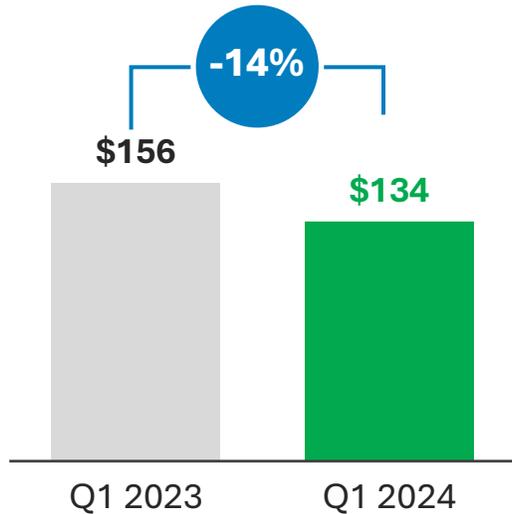
MSD = Mid Single Digits

## Q1 Results

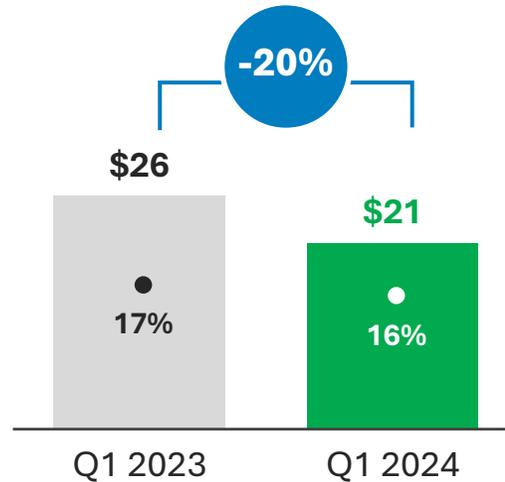
- Volumes stabilizing; improving paper demand in North America and Europe
- Transitioning recycling to a procurement function reduced sales
- Paper price increases implemented, OCC and other inflationary costs unabated
- Negative price/cost as expected with continued impact in Q2 due to pricing index lag
- Strong productivity of **\$28M** due to ongoing restructuring

# THREE BUSINESSES REMAIN

Sales (\$M)



Adj. EBITDA (\$M)



## Q1 Results

- Sales declined due to development cycle delays in temperature assured packaging
- Sale of Protective Solutions completed on April 1, 2024, proceeds used to reduce debt
- All Other reduced to three businesses following the sale of Protective Solutions

Evaluating Strategic Alternatives



# BALANCED APPROACH TO CAPITAL ALLOCATION

## Disciplined Investment in Our Strategy

### Capital Investment

- Invest in the businesses
- Dynamic capital allocation
- Focus on increasing ROIC

### Share Repurchases

- Additional mode of rewarding shareholders
- Target leverage and strategic activity first



### Dividend

- Reward shareholders
- Track record of consistent dividend growth
- Industry leading yield

### M&A

- Programmatic M&A
- Disciplined focus:
  - “Wide Aperture / Tight Filter”
  - “Right to Win”
  - Focus on Metal and TFP

# STRONG CASH FLOW GENERATION

Operating Cash Flow (\$M)



Gross Capital Investment\* (\$M)



\*Gross capital investment, not reduced by the proceeds from sales of assets

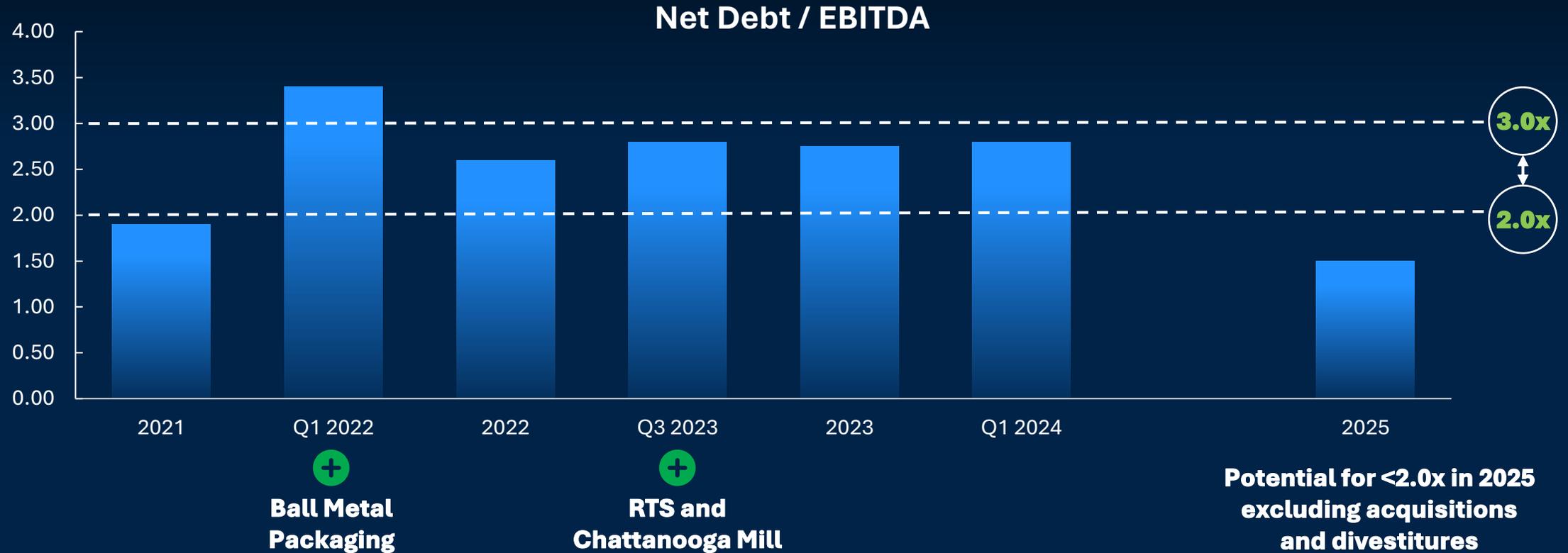
## Q1 Results

- Generated \$166M of Operating Cash Flow in Q1, a 70% increase versus Q1 2023
- Tight working capital controls expected to drive Operating Cash Flow opportunity in 2024
- Laddered debt maturity structure; weighted average maturity of 6.9 years; 80% fixed-rate
- Over \$1.1B of total liquidity\*\*

\*\* \$172 million of cash + \$900 million in revolver capacity

# FOCUS ON INVESTMENT GRADE CAPITAL STRUCTURE

## Prioritizing Debt Reduction



**>\$1.1B**  
Total Liquidity

Strong and flexible balance sheet to support balanced capital allocation strategy

**\$375M**

Gross debt repaid\* since Ball Metal Packaging Acquisition in 2022

\* Including \$75 M in April 2024

# DIVIDEND IS FOUNDATIONAL

## Raised Dividend for the 41<sup>st</sup> Consecutive Year



**Quarterly Dividend of \$0.52 per share as of April 17, 2024**

**41** Years of Consecutive Annual Increases

**99** Consecutive Years Paid

# 2024 FINANCIAL OUTLOOK

Updated for the Protective Solutions divestiture

\$ in Millions (except EPS)

## 2024 Guidance

**Adjusted EBITDA**

\$1,050 - \$1,090

**Adjusted EPS**

\$5.00 - \$5.30

**Operating Cash Flow**

\$650 - \$750

**\$1.25 - \$1.35**

Q2-24 Adjusted EPS Guidance Range

## Summary

- EBITDA and EPS ranges revised for sale of Protective Solutions and continue to represent anticipated modest volume recovery, meaningful price/cost headwinds in the first half in Consumer and Industrial, and higher depreciation
- Operating Cash Flow reflects expected modest investment in working capital to support volume growth and normalized steel inventory
- Capital Expenditures expected to be ~\$350M

# Q2-24 SEGMENT OUTLOOK

## CONSUMER PACKAGING

- Anticipate sales up sequentially from seasonally higher volumes in metal packaging and thermoformed products
- Overall North American Consumer food volumes expected to remain challenged, expect organic volume flat YoY
- Negative metal price overlap impacts dissipate in April, benefitting the second quarter sequentially
- Carefully watching tightening steel supply given tariff uncertainties and domestic supply situation
- Expect strong productivity to continue across Consumer

## INDUSTRIAL PRODUCTS

- Anticipate organic volumes up low single digits sequentially and year-over-year
- Expect improving demand in North America paper and converting; rest of world demand expected to remain flat
- Continued negative price/cost in Q2 from higher input costs as price increases have not been reflected in index pricing
- Productivity expected to remain strong supported by footprint rationalization and other expense reduction activities

## ALL OTHER BUSINESSES

- Anticipate lower than expected sales due to lower volumes in temperature assured packaging due to development cycle delays
- Continued pricing actions across the business expected to drive value
- Focus on productivity initiatives and selective growth investments

# NEXT STAGE OF VALUE CREATION

## Foundation

- Differentiated operating model
- Strong business positions
- Strong balance sheet
- History of growing dividends

## Future

- Margin improvement plans
- Business specific growth strategies
- Dynamic capital allocation
- Active portfolio management

Q & A



**Q1 2024  
EARNINGS**

May 1, 2024

# APPENDIX

Quarter-ending: March 31, 2024

# EPS SUMMARY

2024 Vs. 2023

	First Quarter	
	2024	2023
<b>GAAP EPS</b>	\$ 0.66	\$ 1.50
<b>Addback for:</b>		
Acquisition and divestiture related costs, net	0.04	0.04
LIFO Reserve change	—	(0.04)
Acquisition intangibles amortization expense	0.18	0.16
Restructuring, net	0.25	0.22
Gain on disposition and other	—	(0.55)
Non-operating pension costs	0.02	0.03
Other Items	(0.03)	0.04
<b>Adjusted EPS*</b>	<b>\$ 1.12</b>	<b>\$ 1.40</b>

\*NOTE: Due to rounding individual items may not sum appropriately

# P&L SUMMARY (ADJUSTED)

First Quarter: 2024 Vs. 2023

(Dollars in millions)

	2024	2023	Better / (Worse)	
			\$	%
Net sales	\$ 1,638	\$ 1,730	\$ (92)	(5.3) %
Gross profit	338	369	(31)	(8.3) %
SG&A Expenses, net of Other Income	(162)	(156)	(5)	(3.5) %
Operating Profit	\$ 176	\$ 213	\$ (37)	(17.5) %
Net interest	(28)	(33)	5	15.5 %
Income before income taxes	\$ 148	\$ 180	\$ (32)	(17.8) %
Provision for income taxes	(38)	(45)	(7)	15.5 %
Net Income, after tax	\$ 110	\$ 135	\$ (25)	(18.5) %
Equity in Affiliates and Minority Interest	1	2	—	— %
Net income attributable to Sonoco	\$ 111	\$ 137	\$ (26)	(19.0) %
AJD. EBITDA	\$ 245	\$ 276	\$ (31)	(11.3) %
Gross Profit %	20.6 %	21.3 %		
SG&A, Net of Other Income %	9.9 %	9.0 %		
Operating profit %	10.7 %	12.3 %		
ADJ. EBITDA %	14.9 %	16.0 %		
Effective tax rate	25.6 %	24.8 %		

NOTE: Due to rounding individual items may not sum down

# BALANCE SHEET

(Dollars in millions)

	3/31/2024	12/31/2023	Change \$
Cash and cash equivalents	\$ 172	\$ 152	\$ 20
Trade accounts receivable, net of allowances	940	905	35
Other receivables	102	107	(5)
Inventories	749	774	(25)
Prepaid expenses	101	113	(12)
<b>Current Assets</b>	<b>\$ 2,064</b>	<b>\$ 2,051</b>	<b>\$ 13</b>
Property, plant and equipment, net	1,922	1,906	16
Goodwill	1,796	1,811	(15)
Other intangible assets, net	828	854	(26)
Long-term deferred income taxes	28	31	(3)
Right of use asset - operating leases	333	315	18
Other assets	227	225	2
<b>Total Assets</b>	<b>\$ 7,198</b>	<b>\$ 7,193</b>	<b>\$ 5</b>
Payable to suppliers and others	1,117	1,108	9
Income taxes payable	7	11	(4)
<b>Total debt</b>	<b>3,084</b>	<b>3,083</b>	<b>1</b>
Pension and other postretirement benefits	142	143	(1)
Noncurrent operating lease liabilities	283	265	18
Deferred income taxes and other	138	151	(13)
<b>Total equity</b>	<b>2,427</b>	<b>2,432</b>	<b>(5)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 7,198</b>	<b>\$ 7,193</b>	<b>\$ 5</b>
Net debt / Total capital	54.5 %	54.7 %	

Net debt = Total debt minus cash and cash equivalents

Total capital = Net debt plus total equity

NOTE: Due to rounding individual items may not sum down

# Sales and Adj. Operating Profit Bridge

Year over Year

(Dollars in millions)

## Sales

	Consumer	Industrial	All Other	Total
<b>Q1 2023</b>	\$ 958	\$ 616	\$ 156	\$ 1,730
Volume / Mix*	(25)	49	(23)	2
Price	(20)	(37)	—	(57)
FX / Other	(2)	(35)	—	(37)
<b>Q1 2024</b>	<b>\$ 911</b>	<b>\$ 593</b>	<b>\$ 134</b>	<b>\$ 1,638</b>

## Adj Operating Profit

<b>Q1 2023</b>	\$ 96	\$ 94	\$23	\$213
Volume / Mix*	(15)	8	(9)	(16)
Price / Cost	(9)	(56)	(2)	(67)
Productivity	16	28	7	51
FX / Other	5	(8)	(2)	(5)
<b>Q1 2024</b>	<b>\$ 93</b>	<b>\$ 66</b>	<b>\$ 17</b>	<b>\$ 176</b>

\* Includes Acquisitions and Divestitures