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Sonoco 1st Quarter 2017 Results

Investor Presentation
April 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 Q3 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

1st Quarter: 2017 Vs. 2016

	1st Quarter	
	2017	2016
Actual EPS	\$ 0.53	\$ 0.59
Addback for:		
Restructuring & Asset Impair, Net	0.03	0.06
Acquisition Costs / Other	0.03	—
Base EPS	\$ 0.59	\$ 0.65
Sonoco Guidance	\$0.55 to \$0.63	

P&L Summary (Base)

1st Quarter: 2017 Vs. 2016

(Dollars in thousands)

	2017	2016	Better / (Worse)	
			\$	%
Net sales	\$ 1,172,324	\$ 1,226,276	\$ (53,952)	(4.4)%
Cost of sales	(952,102)	(981,023)	28,921	2.9%
Gross profit	220,222	245,253	(25,031)	(10.2)%
Selling, general and administrative expenses	(123,445)	(133,782)	10,337	7.7%
Income before interest and taxes (EBIT)	96,777	111,471	(14,694)	(13.2)%
Net interest	(12,058)	(13,787)	1,729	12.5%
Income before income taxes	84,719	97,684	(12,965)	(13.3)%
Provision for income taxes	(26,196)	(32,218)	6,022	18.7%
Income before equity in earnings of affiliates	58,523	65,466	(6,943)	(10.6)%
Equity in earnings of affiliates, net of tax	1,954	1,339	615	45.9%
Net income	60,477	66,805	(6,328)	(9.5)%
Noncontrolling interests	(599)	(283)	(316)	(100.0)%
Net income attributable to Sonoco	\$ 59,878	\$ 66,522	\$ (6,644)	(10.0)%
EPS diluted	\$ 0.59	\$ 0.65	\$ (0.06)	(9.2)%
Gross profit %	18.8%	20.0%		
SG&A %	10.5%	10.9%		
EBIT %	8.3%	9.1%		
Effective tax rate	30.9%	33.0%		



Sales Bridge

1st Quarter: 2017 Vs. 2016
(Dollars in millions)

	<u>Q1-2017</u>
2016 Sales	\$ 1,226
Volume / Mix	(29)
Price	33
Acq / Div	(34)
Exchange / Other	<u>(24)</u>
2017 Sales	<u>\$ 1,172</u>

Base EBIT Bridge

1st Quarter: 2017 Vs. 2016

(Dollars in millions)

	<u>Q1-2017</u>
2016 Base EBIT	\$ 111
Volume / Mix	(10)
Price / Mat'l, Energy, Frt Costs	(4)
Acq / Div	(6)
Productivity	(1)
Other	9
Pension	<u>(2)</u>
2017 Base EBIT	<u>\$ 97</u>

Segment Analysis

1st Quarter: 2017 Vs. 2016

(Dollars in thousands)

	NET SALES			BASE EBIT		
	2017	2016	% Chg	2017	2016	% Chg
Consumer Packaging	\$ 482,181	\$ 527,338	(8.6)%	\$ 58,010	\$ 62,865	(7.7)%
Display & Packaging	114,635	144,267	(20.5)%	3,183	3,281	(3.0)%
Paper & Ind Conv Prods	442,502	423,074	4.6%	24,723	33,299	(25.8)%
Protective Solutions	133,006	131,597	1.1%	10,861	12,026	(9.7)%
	<u>\$ 1,172,324</u>	<u>\$ 1,226,276</u>	<u>(4.4)%</u>	<u>\$ 96,777</u>	<u>\$ 111,471</u>	<u>(13.2)%</u>

	EBIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	12.0%	11.9%	0.1%
Display & Packaging	2.8%	2.3%	0.5%
Paper & Ind Conv Prods	5.6%	7.9%	(2.3)%
Protective Solutions	8.2%	9.1%	(0.9)%
	<u>8.3%</u>	<u>9.1%</u>	<u>(0.8)%</u>

Earnings Guidance

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2016 Base EPS	\$0.65	\$0.73	\$0.72	\$0.62	\$2.72
2017 Base EPS	\$0.59				
2017 Guidance*	\$0.55 - \$0.63	\$0.67 - \$0.73			\$2.73 - \$2.83

* Including impact of acquisitions

Cash Flow

1st Quarter: 2017 Vs. 2016
(Dollars in thousands)

	First Quarter	
	2017	2016
Operating cash flow	\$67,398	\$66,387
Capital expenditures net of dispositions	(48,974)	(53,093)
Cash dividends	(36,840)	(35,396)
Free cash flow	\$(18,416)	\$(22,102)
Cost of acquisitions, net of cash acquired	\$(221,417)	\$—
Net debt proceeds/(Repayments)	193,660	2,794
Share repurchases	—	(15,318)

Balance Sheet

(Dollars in thousands)

	4/2/2017	12/31/2016	Change \$
Cash and cash equivalents	\$ 212,790	\$ 257,226	\$ (44,436)
Trade accounts receivable, net of allowances	663,312	625,411	37,901
Other receivables	43,003	43,553	(550)
Inventories	430,359	372,814	57,545
Prepaid expenses and deferred income taxes	41,831	49,764	(7,933)
Current Assets	\$ 1,391,295	\$ 1,348,768	\$ 42,527
Property, plant and equipment, net	1,155,192	1,060,017	95,175
Goodwill	1,156,674	1,092,215	64,459
Other intangible assets, net	273,894	224,958	48,936
Other assets	213,350	197,245	16,105
Total Assets	\$ 4,190,405	\$ 3,923,203	\$ 267,202
Payable to suppliers and others	787,602	751,827	35,775
Income taxes payable	18,086	18,744	(658)
Total debt	1,253,900	1,052,743	201,157
Pension and other postretirement benefits	419,180	447,339	(28,159)
Deferred income taxes and other	102,770	97,845	4,925
Total equity	1,608,867	1,554,705	54,162
Total Liabilities and Shareholders' Equity	\$ 4,190,405	\$ 3,923,203	\$ 267,202
Net debt / Total capital	39.3%	33.8%	

Net debt = Total debt minus cash and cash equivalents

Total capital = Net debt plus total equity



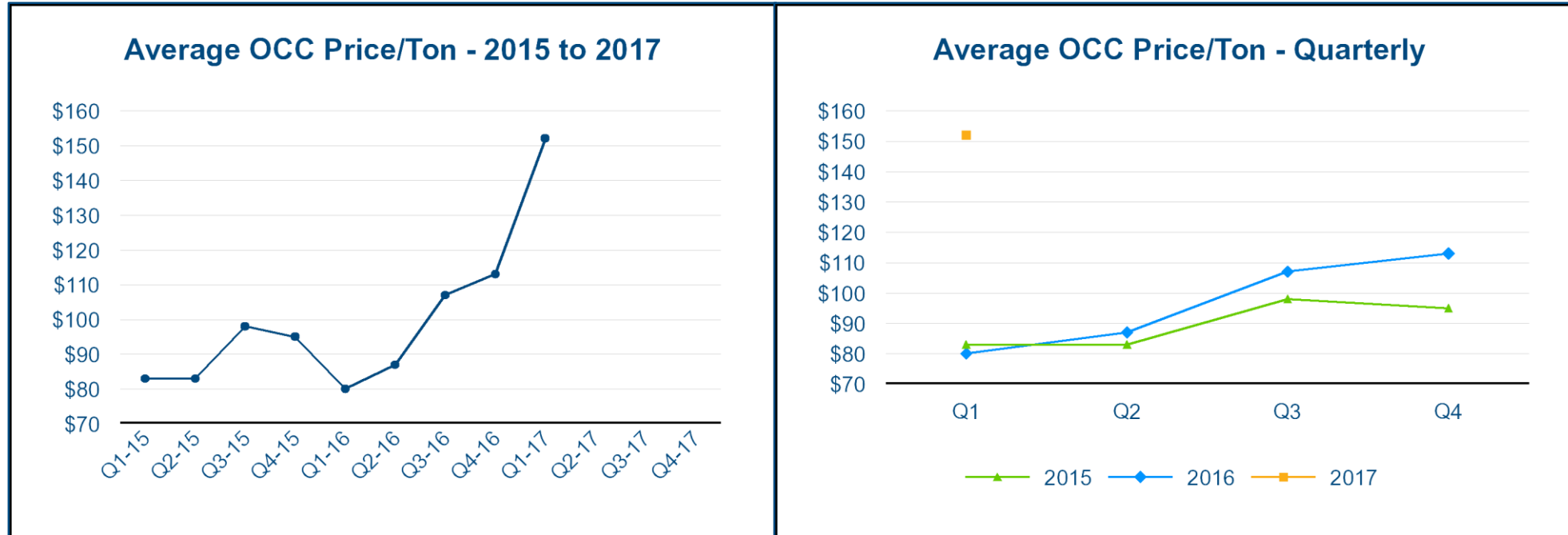
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Appendix

OCC: Official Board Market

1st Quarter: 2017 Vs. 2016 Vs. 2015
(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
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	185	152	175											

