

# Quarterly Financial Review

## Sonoco Second Quarter 2022 Results

Investor Presentation | July 2022



Better  
Than Ever.



# 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](http://sonoco.com) under Investor Relations, Webcasts & Presentations, Non-GAAP Reconciliations for Q2 2022 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](http://sonoco.com).

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

# Today's Attendees



**HOWARD COKER**  
President & CEO



**ROB DILLARD**  
Chief Financial Officer



**RODGER FULLER**  
Chief Operating Officer



**LISA WEEKS**  
VP of IR & Communications

# Q2-22 Overview

- Strong quarterly results
  - Continued benefits from ongoing strategic pricing actions
  - Continued strong Sonoco Metal Packaging performance
  - Relative stability in volume/mix
- Year-over-year revenue growth of ~38%
- Continued solid execution against a dynamic macro environment backdrop
  - Managing ongoing supply chain and inflationary challenges
  - Strategically investing to secure supply and support customers
- Expanded base EBITDA margins to 16.0% from 13.7% in Q2-21
- Grew base earnings per share to \$1.76, an 89% year-over-year increase
- Raised full-year base earnings per share guidance to \$6.20 - \$6.30
- Allocating capital for internal investments and recurring dividends to shareholders

# EPS Summary 2nd Quarter: 2022 Vs. 2021

	2nd Quarter		Year to Date	
	2022	2021	2022	2021
<b>GAAP EPS</b>	\$ 1.33	\$ (3.34)	\$ 2.50	\$ (2.60)
Addback for:				
Acquisition related costs, net	\$ 0.09	\$ 0.01	\$ 0.47	\$ 0.09
LIFO Reserve change	\$ 0.05	\$ —	\$ 0.19	\$ —
Acquisition Intangibles Amortization expense	\$ 0.16	\$ 0.09	\$ 0.30	\$ 0.19
Restructuring, net	\$ 0.10	\$ (0.02)	\$ 0.21	\$ 0.03
Non-Operating Pension Costs	\$ 0.01	\$ 4.10	\$ 0.02	\$ 4.14
Other Items	\$ 0.02	\$ 0.09	\$ (0.06)	\$ 0.08
<b>Base EPS</b>	\$ 1.76	\$ 0.93	\$ 3.61	\$ 1.93

# P&L Summary (Base) 2nd Quarter: 2022 Vs. 2021

(Dollars in thousands)

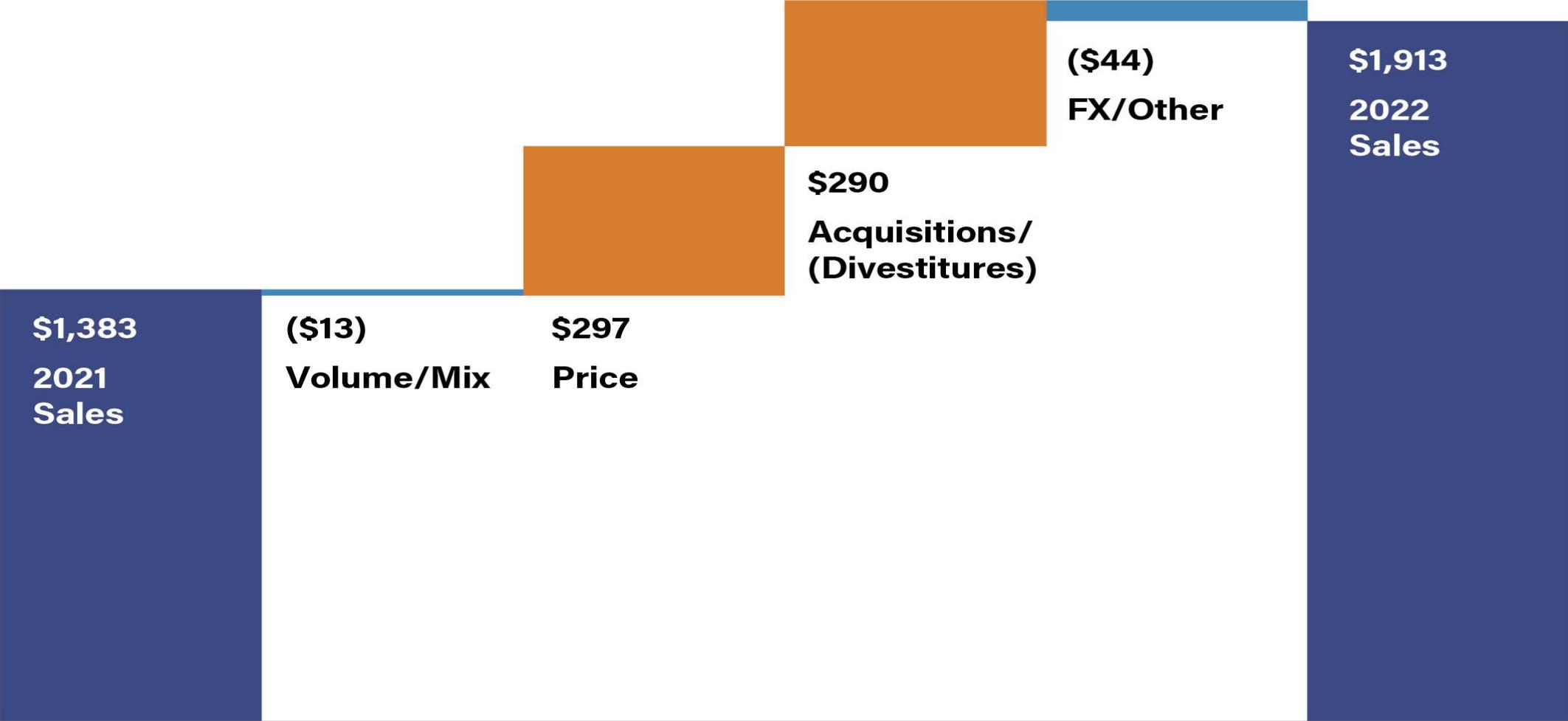
			Better / (Worse)	
	2022	2021	\$	%
Net sales	\$ 1,913	\$ 1,383	531	38%
Cost of sales	\$ 1,512	\$ 1,120	392	35%
Gross profit	\$ 401	\$ 263	139	53%
SG&A Expenses, net of Other Income	(151)	(122)	(29)	(24)%
Operating profit	\$ 250	\$ 141	109	78%
Net interest	\$ (23)	\$ (17)	(6)	(37)%
Income before income taxes	\$ 227	\$ 124	103	83%
Provision for income taxes	\$ (57)	\$ (33)	(24)	(74)%
Net Income, after tax	\$ 170	\$ 91	79	86%
Equity in Affiliates and Minority Interest	\$ 4	\$ 2	2	77%
Net income attributable to Sonoco	\$ 174	\$ 94	81	86%
EBITDA	306	190	117	62%
Gross profit %	21.0%	19.0%		
SG&A, net of Other Income %	7.9%	8.8%		
Operating profit %	13.1%	10.2%		
EBITDA%	16.0%	13.7%		
Effective tax rate	25.0%	26.3%		

NOTE: Due to rounding individual items may not sum down



# Sales Bridge 2nd Quarter: 2022 Vs. 2021

(Dollars in millions)



# Base Operating Profit Bridge 2nd Quarter: 2022 Vs. 2021

(Dollars in millions)



# Segment Analysis 2nd Quarter: 2022 Vs. 2021

(Dollars in millions)

	NET SALES			BASE OPERATING PROFIT		
	2022	2021	% Chg	2022	2021	% Chg
Consumer Packaging	\$ 990	\$ 598	65.6%	\$ 139	\$ 65	113.5%
Industrial Paper Packaging	\$ 727	\$ 609	19.5%	\$ 94	\$ 60	57.5%
All Other	\$ 196	\$ 176	11.1%	\$ 17	\$ 16	5.9%
<b>Total Sonoco</b>	<b>\$ 1,913</b>	<b>\$ 1,383</b>	<b>38.4%</b>	<b>\$ 250</b>	<b>\$ 141</b>	<b>77.8%</b>

	OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	14.1%	10.9%	3.2%
Industrial Paper Packaging	13.0%	9.8%	3.1%
All Other	8.4%	8.8%	(0.4)%
<b>Total Sonoco</b>	<b>13.1%</b>	<b>10.2%</b>	<b>2.9%</b>

# Cash Flow Year to date: 2022 Vs. 2021

(Dollars in millions)

	Year To Date		Change
	Q2 2022	Q2 2021	
Net income	\$ 247	\$ (262)	\$ 509
Asset impairment charges / Losses on disposition of assets	10	5	5
Depreciation and amortization	146	122	24
Pension and postretirement plan contributions, net of expenses	(26)	414	(440)
Changes in working capital	(258)	(46)	(212)
Changes in tax accounts	39	(146)	185
Other operating activity	26	15	11
<b>Operating cash flow</b>	<b>\$ 184</b>	<b>\$ 102</b>	<b>\$ 82</b>
Capital expenditures, net of dispositions	(144)	(93)	(51)
<b>Free cash flow</b>	<b>\$ 40</b>	<b>\$ 9</b>	<b>\$ 31</b>
<b>Cash dividends paid</b>	<b>\$ (92)</b>	<b>\$ (90)</b>	<b>(2)</b>

# Balance Sheet

(Dollars in millions)

	7/3/2022*	12/31/2021	Change \$
Cash and cash equivalents	\$ 175	\$ 171	\$ 4
Trade accounts receivable, net of allowances	1,026	756	270
Other receivables	99	96	3
Inventories	974	562	412
Prepaid expenses	103	74	29
<b>Current Assets</b>	<b>\$ 2,376</b>	<b>\$ 1,659</b>	<b>\$ 717</b>
Property, plant and equipment, net	1,629	1,298	331
Goodwill	1,658	1,325	333
Other intangible assets, net	733	278	455
Right of Use Asset - Operating leases	297	268	29
Other assets	296	246	50
<b>Total Assets</b>	<b>\$ 6,990</b>	<b>\$ 5,073</b>	<b>\$ 1,917</b>
Payable to suppliers and others	1,326	1,103	223
Income taxes payable	21	12	9
<b>Total debt</b>	<b>3,127</b>	<b>1,611</b>	<b>1,516</b>
Pension and other postretirement benefits	154	158	(4)
Noncurrent operating lease liabilities	255	234	21
Deferred income taxes and other	172	106	66
<b>Total equity</b>	<b>1,936</b>	<b>1,850</b>	<b>86</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 6,990</b>	<b>\$ 5,073</b>	<b>\$ 1,917</b>
<b>Net debt / Total capital</b>	<b>60.4 %</b>	<b>43.8 %</b>	

# Earnings Guidance

	April 2022 Guidance	Updated Guidance	Change
<b>2022 Base EPS Updated Guidance</b> <small>Excludes Amortization of Acquisition Intangibles</small>	\$5.25 - \$5.45	\$6.20 - \$6.30	~17%
<b>Base EBITDA Updated Guidance</b> <small>(\$ millions)</small>	\$995 - \$1,045	\$1,125 - \$1,150	~12%
<b>2022 Operating Cash Flow Guidance</b> <small>(\$ millions)</small>	\$690 - \$740	\$690 - \$740	—
<b>2022 Free Cash Flow Guidance</b> <small>(\$ millions)</small>	\$365 - \$415	\$365 - \$415	—

<b>2022 Base EPS Updated Guidance - 3rd Quarter</b> <small>Excludes Amortization of Acquisition Intangibles</small>	\$1.35 - \$1.45
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# Progress on Strategic Priorities

## Priorities

## Progress to Date

### Simplify the Portfolio

- Aligning to fewer, bigger businesses
- Manufacturing footprint optimization
- Focus on maximizing for operational and logistical efficiencies

### Align Structure and Talent

- Simplifying infrastructure for cost savings
- Enhancing focus on centers of excellence and shared services
- Building a talented, diverse and inclusive workforce through focused actions

### Invest to Grow our Core

- Allocating strategic growth capital to high return opportunities
- Executing ongoing self-help activities
- Augmenting the core with inorganic investments where required

### Execute Sustainability

- Sustainability is core to our mission
- Reducing environmental impacts (operational & product footprints)
- Partnership collaborations to drive circular economy solutions

# Appendix

# P&L Summary (Base) 2nd Quarter Year to date: 2022 Vs. 2021

(Dollars in millions)

			Better / (Worse)	
	2022	2021	\$	%
Net sales	\$ 3,684	\$ 2,736	\$ 948	35%
Gross profit	817	541	276	51%
SG&A Expenses, net of Other Income	(306)	(247)	(59)	(24)%
Operating Profit	\$ 511	\$ 293	\$ 218	74%
Net interest	(42)	(35)	(8)	(22)%
Income before income taxes	469	258	210	81%
Provision for income taxes	(118)	(67)	\$ (51)	(76)%
Net Income, after tax	\$ 351	\$ 191	\$ 160	83%
Equity Affiliates and Minority Interest	6	4	2	61%
Net income attributable to Sonoco	\$ 357	\$ 195	\$ 162	83%
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EBITDA	\$ 620	\$ 391	\$ 229	58%
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Gross Profit %	22.2 %	19.8 %		
SG&A, net of Other Income %	8.3 %	9.0 %		
Operating profit %	13.9 %	10.7 %		
EBITDA %	16.8 %	14.3 %		
Effective tax rate %	25.1 %	25.9 %		

# Segment Analysis Year to date: 2022 Vs. 2021

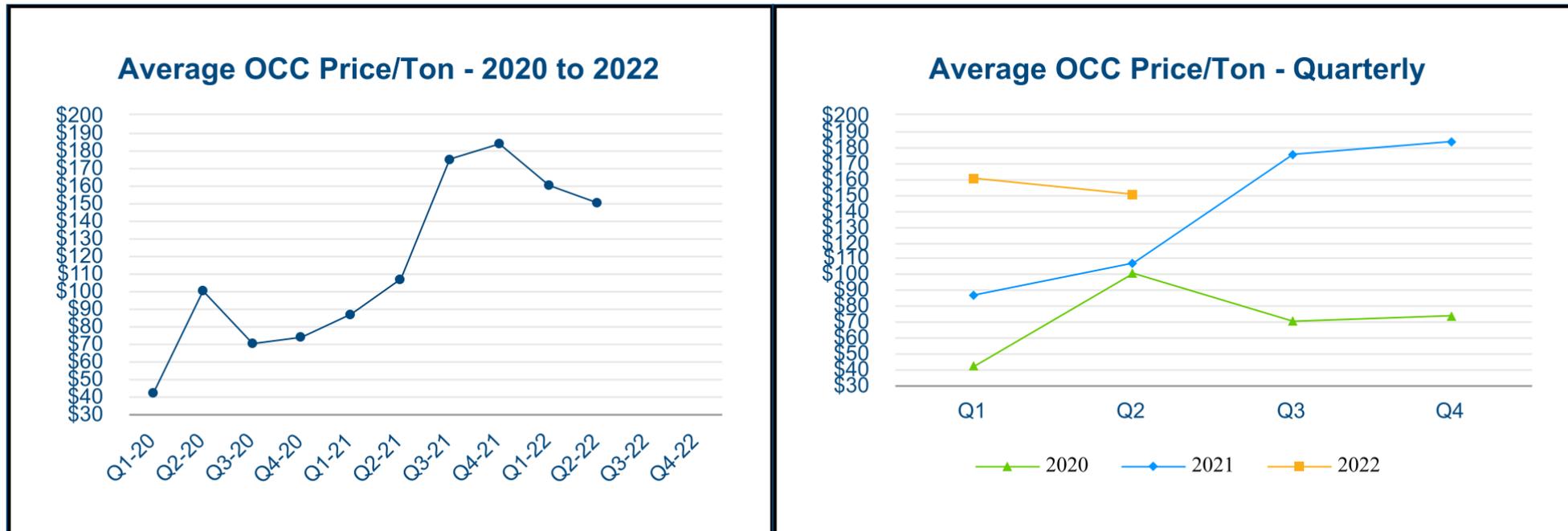
(Dollars in millions)

	NET SALES			SEGMENT OPERATING PROFIT		
	2022	2021	% Chg	2022	2021	% Chg
Consumer Packaging	\$ 1,858	\$ 1,181	57.4%	\$ 313	\$ 147	113.4%
Industrial Paper Packaging	\$ 1,427	1,174	21.5%	167	112	48.8%
All Other	\$ 400	382	4.8%	31	34	(9.6)%
<b>Total Sonoco</b>	<b>\$ 3,684</b>	<b>\$ 2,736</b>	<b>34.7%</b>	<b>\$ 511</b>	<b>\$ 293</b>	<b>74.3%</b>

	OPERATING PROFIT AS % OF SALES		MARGIN CHANGE
Consumer Packaging	16.8%	12.4%	4.4%
Industrial Paper Packaging	11.7%	9.6%	2.1%
All Other	7.8%	9.0%	(1.2)%
<b>Total Sonoco</b>	<b>13.9%</b>	<b>10.7%</b>	<b>3.2%</b>

# OCC: Official Board Market 2nd Quarter: 2022 Vs. 2021 Vs. 2020

(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
2020	35	40	50	42	85	125	90	100	70	70	70	70	70	70	80	73
2021	85	85	90	87	95	100	125	107	145	185	195	175	195	185	170	183
2022	165	160	155	160	150	145	145	146	155	-	-	-	-	-	-	-