



Sonoco Products Company (SON)

Updated May 5th, 2025 by Nathan Parsh

Key Metrics

Current Price:	\$45	5 Year CAGR Estimate:	18.6%	Market Cap:	\$4.4 billion
Fair Value Price:	\$73	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	05/09/25
% Fair Value:	61%	5 Year Valuation Multiple Estimate:	10.2%	Dividend Payment Date:	06/10/25
Dividend Yield:	4.7%	5 Year Price Target	\$93	Years Of Dividend Growth:	49
Dividend Risk Score:	A	Sector:	Materials	Rating:	Buy

Overview & Current Events

Sonoco Products provides packaging, industrial products and supply chain services to its customers. The markets that use the company's products include those in the appliances, electronics, beverage, construction and food industries. Sonoco was founded in Hartsville, South Carolina in 1899 and introduced the first paper textile cone. The company generates more than \$5 billion in annual sales. Sonoco Products is now composed of 2 major segments, Consumer Packaging, and Industrial Packaging, with all other businesses listed as "All Other".

On June 24th, 2024, Sonoco Products announced that it had entered into an agreement to purchase European food can manufacturer Eviosys.

On April 16th, 2025, Sonoco Products announced that it raised its quarterly dividend 1.9% to \$0.53, extending the company's dividend growth streak to 49 consecutive years.

On April 29th, 2025, Sonoco Products reported first quarter results for the period ending March 30th, 2025. For the quarter, revenue grew 30.5% to \$1.71 billion, which was \$330 million less than expected. Adjusted earnings-per-share of \$1.38 compared to \$1.12 in the prior year, but was \$0.03 below estimates.

Revenues and earnings benefited from the addition of Eviosys. For the quarter, Consumer Packaging revenues of \$1.07 billion were up 83% year-over-year, mostly due to contributions from Eviosys. Volumes improved as well while pricing and costs were favorable in the U.S. metal cans packaging business. Industrial Paper Packing sales decreased 6% to \$558 million due to volume declines, the impact of foreign currency exchange rates, and two plant divestitures in China last year. Price increases helped to offset some of these headwinds. All Other was lower by 37% to \$85 million, mostly due to the sale of a business unit and weaker volumes.

Sonoco Products reaffirmed its prior outlook for 2025 as well, with the company still expecting adjusted earnings-per-share in a range of \$6.00 to \$6.20 for the year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.51	\$2.72	\$2.78	\$3.37	\$3.53	\$3.41	\$3.93	\$6.48	\$5.26	\$4.89	\$6.10	\$7.79
DPS	\$1.37	\$1.46	\$1.54	\$1.62	\$1.70	\$1.72	\$1.80	\$1.92	\$2.02	\$2.07	\$2.12	\$2.71
Shares¹	101	99	99	101	101	101	99	99	99	99	99	99

Earnings-per-share declined 21% from 2008 to 2009, but Sonoco Products was able to return to growth the following year. The company has grown earnings-per-share at a rate of 7.7% since 2015. We maintain our expected growth rate of 5% due to the high base from which earnings-per-share are starting.

Sonoco Products has a long history of dividend growth. Given the very reasonable payout ratio, we project that dividend growth can continue for years to come. We see the payout reaching \$2.71 by 2030.

¹ In millions of shares

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.2	17.8	18.5	15.8	17.0	15.6	16.3	9.4	10.6	10.0	7.7	12.0
Avg. Yld.	3.2%	3.0%	3.0%	3.0%	2.8%	3.2%	3.1%	3.2%	3.6%	4.2%	4.7%	2.9%

Shares of Sonoco Products have declined \$2, or 4.3%, since our February 21st, 2025 update. Based off company's guidance for the year, shares trade with a price-to-earnings multiple of 7.4. The stock has a 10-year average P/E ratio of 14.8, but the multiple falls to 12.4 when looking at just last five years. We reaffirm our 2030 target P/E of 12 as this better reflects the average multiple over the medium-term and takes into account the declining results over the past few years. Reaching this target would add 10.2% annual returns over the next five years. Shares of Sonoco Products currently yield 4.7%, which is well above the stock's long-term average yield of 3.2%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	55%	54%	55%	48%	49%	50%	46%	30%	38%	42%	35%	35%

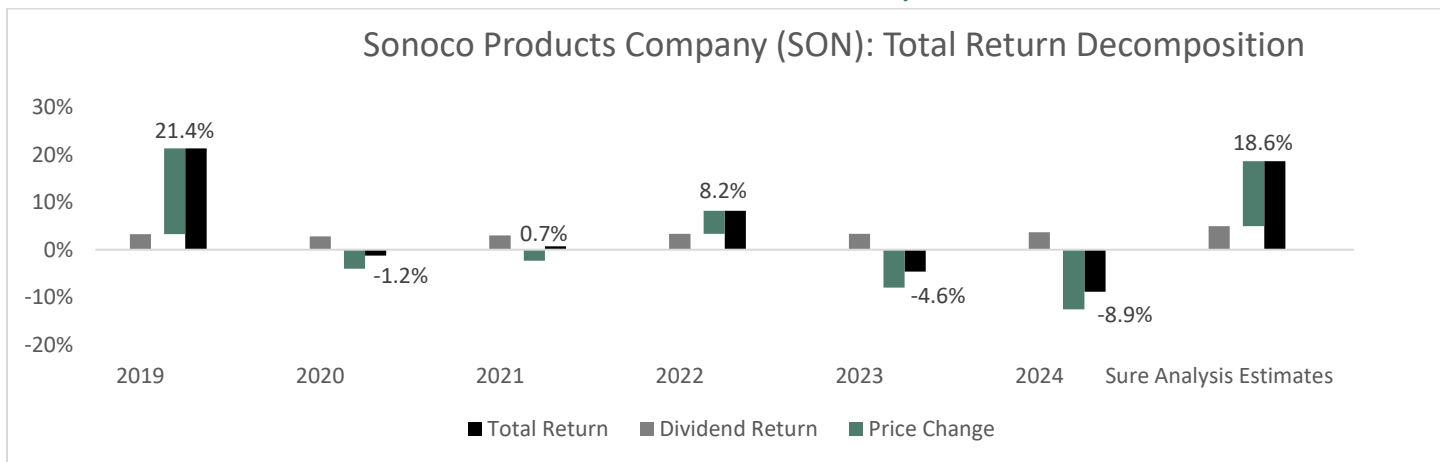
Sonoco Products showed in the last recession that it is somewhat susceptible to deteriorating market conditions. Over the past decade the company has averaged a 47% dividend payout ratio, but it is projected to be much lower than that this year. Sonoco Products has a very reasonable dividend payout ratio of 35% based off our expectations for 2025. As such, Sonoco Products' dividend appears safe.

A key competitive advantage for Sonoco Products is that the company is usually able to pass along rising raw material and transportation costs to its customers. Ability to pass along costs is an advantage as this shows that the company's offerings are in demand. Also helping grow the top and bottom lines is Sonoco Products' history of acquisitions. The Eviosys, Ball Metalpack, Conitex, and Can Packaging, and Eviosys are prime examples of growing through acquisitions.

Final Thoughts & Recommendation

Following first quarter earnings results, Sonoco Products Company is now expected to offer a total annual return of 18.6% through 2030, up from our previous estimate of 17.6%. Our projected return stems from a 5% earnings growth rate, a 4.7% starting yield, and a low double-digit tailwind from multiple expansion. The company has offered aggressive guidance for 2025. There is much to like about the company and the stock, including the dividend growth history and the valuation. We reaffirm our five-year price target of \$93 and we continue to view shares of Sonoco Products as a buy due to projected returns and the company's long track record of dividend growth.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	4,964	4,783	5,037	5,391	5,374	5,237	5,590	7,251	6,781	5,305
Gross Profit	929	946	959	1,041	1,058	1,046	1,062	1,440	1,436	1,139
Gross Margin	18.7%	19.8%	19.0%	19.3%	19.7%	20.0%	19.0%	19.9%	21.2%	21.5%
SG&A Exp.	496	503	508	563	531	528	558	707	742	724
Operating Profit	433	443	451	478	527	518	504	732	694	415
Operating Margin	8.7%	9.3%	9.0%	8.9%	9.8%	9.9%	9.0%	10.1%	10.2%	7.8%
Net Profit	250	286	175	314	292	207	(85)	466	475	164
Net Margin	5.0%	6.0%	3.5%	5.8%	5.4%	4.0%	-1.5%	6.4%	7.0%	3.1%
Free Cash Flow	261	212	159	397	230	511	43	180	520	456
Income Tax	88	165	147	75	93	53	(67)	119	149	6

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	4,014	3,923	4,558	4,583	5,126	5,277	5,073	7,053	7,192	12,508
Cash & Equivalents	182	257	255	120	145	565	171	227	152	431
Accounts Receivable	628	625	725	737	698	659	756	863	905	908
Inventories	385	373	474	494	504	451	562	1,096	774	1,016
Goodwill & Int. Ass.	1,386	1,317	1,573	1,661	1,818	1,711	1,603	2,417	2,664	5,112
Total Liabilities	2,481	2,368	2,828	2,811	3,311	3,367	3,224	4,980	4,760	10,222
Accounts Payable	508	478	548	556	538	537	721	819	707	1,735
Long-Term Debt	1,128	1,053	1,447	1,385	1,681	1,700	1,611	3,222	3,083	7,040
Shareholder's Equity	1,513	1,532	1,707	1,759	1,803	1,900	1,837	2,066	2,424	2,286
LTD/E Ratio	0.75	0.69	0.85	0.79	0.93	0.90	0.88	1.56	1.27	3.08

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.1%	7.2%	4.1%	6.9%	6.0%	4.0%	-1.7%	7.7%	6.7%	1.7%
Return on Equity	16.5%	18.6%	10.7%	17.9%	16.3%	11.1%	-4.5%	23.8%	21.1%	6.9%
ROIC	9.2%	10.9%	6.1%	9.9%	8.8%	5.8%	-2.4%	10.7%	8.8%	2.2%
Shares Out.	101	99	99	101	101	101	99	99	99	99
Revenue/Share	48.48	46.99	49.94	53.37	53.12	51.75	56.12	73.44	68.57	53.43
FCF/Share	2.55	2.08	1.58	3.93	2.27	5.05	0.43	1.83	5.26	4.60

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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