

SONOCO PRODUCTS CO
Form 10-Q
November 02, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 2, 2016
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 001-11261
SONOCO PRODUCTS COMPANY

Incorporated under the laws of South Carolina I.R.S. Employer Identification No. 57-0248420
1 N. Second St.
Hartsville, South Carolina 29550
Telephone: 843/383-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock at October 21, 2016:
Common stock, no par value: 99,848,875

SONOCO PRODUCTS COMPANY
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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SONOCO PRODUCTS COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(Dollars and shares in thousands)

	October 2, 2016	December 31, 2015*
Assets		
Current Assets		
Cash and cash equivalents	\$ 159,321	\$ 182,434
Trade accounts receivable, net of allowances	669,200	627,962
Other receivables	48,995	46,801
Inventories:		
Finished and in process	129,128	139,589
Materials and supplies	247,189	245,894
Prepaid expenses	43,090	64,698
Assets held for sale	183,284	—
	1,480,207	1,307,378
Property, Plant and Equipment, Net	1,068,432	1,112,036
Goodwill	1,076,493	1,140,461
Other Intangible Assets, Net	217,771	245,095
Deferred Income Taxes	48,451	52,626
Other Assets	153,195	156,089
Total Assets	\$4,044,549	\$4,013,685
Liabilities and Equity		
Current Liabilities		
Payable to suppliers	\$488,730	\$508,057
Accrued expenses and other	304,004	294,227
Notes payable and current portion of long-term debt	60,787	113,097
Accrued taxes	12,050	7,135
Liabilities held for sale	20,126	—
	885,697	922,516
Long-term Debt, Net of Current Portion	1,030,338	1,015,270
Pension and Other Postretirement Benefits	409,464	432,964
Deferred Income Taxes	81,319	72,933
Other Liabilities	48,094	37,129
Commitments and Contingencies		
Sonoco Shareholders' Equity		
Common stock, no par value		
Authorized 300,000 shares		
99,941 and 100,944 shares issued and outstanding at October 2, 2016 and December 31, 2015, respectively	7,175	7,175
Capital in excess of stated value	356,824	404,460
Accumulated other comprehensive loss	(672,235)	(702,533)
Retained earnings	1,874,829	1,803,827
Total Sonoco Shareholders' Equity	1,566,593	1,512,929
Noncontrolling Interests	23,044	19,944

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Total Equity	1,589,637	1,532,873
Total Liabilities and Equity	\$4,044,549	\$4,013,685

*The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. See accompanying Notes to Condensed Consolidated Financial Statements

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SONOCO PRODUCTS COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)

(Dollars and shares in thousands except per share data)

	Three Months Ended		Nine Months Ended	
	October 2, 2016	September 27, 2015	October 2, 2016	September 27, 2015
Net sales	\$ 1,208,724	\$ 1,242,592	\$ 3,640,680	\$ 3,697,234
Cost of sales	973,351	1,013,219	2,918,041	3,007,155
Gross profit	235,373	229,373	722,639	690,079
Selling, general and administrative expenses	121,583	130,341	382,387	357,893
Restructuring/Asset impairment charges	8,947	19,551	41,453	29,637
Income before interest and income taxes	104,843	79,481	298,799	302,549