

Sonoco Products Co. (SON)

\$42.94 (Stock Price as of 12/15/2025)

Price Target (6-12 Months): **\$34.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 10/27/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

5-Strong Sell

Zacks Style Scores:

VGM: C

Value: B

Growth: D

Momentum: A

Summary

Sonoco has been witnessing volume declines in the plastic industrial business. In the third quarter of 2025, the Global Rigid Paper Can business also faced lower volumes. The company cut its outlook for 2025, anticipating ongoing volume weakness amid persistently challenging macroeconomic conditions. Benefits from recent acquisition and strong recovery in price across most of its businesses are being offset by elevated freight costs. Sonoco has also been facing supply-chain challenges, which are likely to hurt results in the near term. Although the company's ongoing focus on increasing investment in its core consumer and industrial businesses will aid growth, the gains will be negated by elevated debt levels and the consequent increase in interest expenses. Factoring in the impacts of these headwinds, the estimates have lately moved south

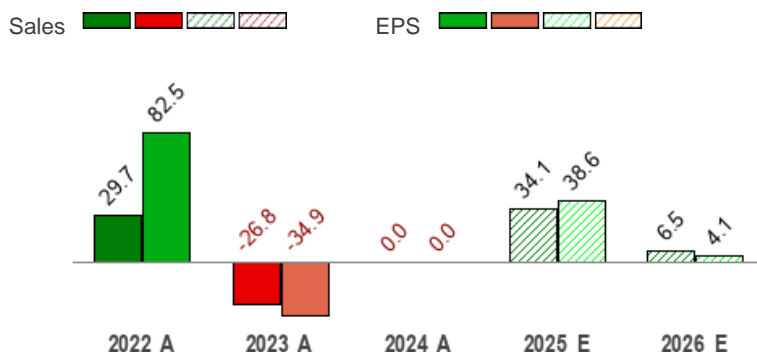
Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$51.48 - \$38.65
20 Day Average Volume (sh)	853,424
Market Cap	\$4.2 B
YTD Price Change	-12.1%
Beta	0.55
Dividend / Div Yld	\$2.12 / 4.9%
Industry	Containers - Paper and Packaging
Zacks Industry Rank	Bottom 5% (229 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Last EPS Surprise	0.5%
Last Sales Surprise	0.1%
EPS F1 Est- 4 week change	0.1%
Expected Report Date	02/17/2026
Earnings ESP	1.9%

Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026					7,574 E
2025	1,709 A	1,910 A	2,131 A	1,722 E	7,113 E
2024	1,638 A	1,623 A	1,676 A	1,363 A	5,305 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026					6.09 E
2025	1.38 A	1.37 A	1.92 A	1.43 E	5.85 E
2024	1.12 A	1.28 A	1.49 A	1.17 A	4.22 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/15/2025.

(2) The report's text and the price target are as of 10/28/2025.

Overview

Incorporated in 1899, Hartsville, SC-based Sonoco Products is a leading provider of consumer packaging, industrial products, protective packaging and packaging supply chain services. The company manufactures paperboard, primarily from recycled materials, for both internal use and open market sale.

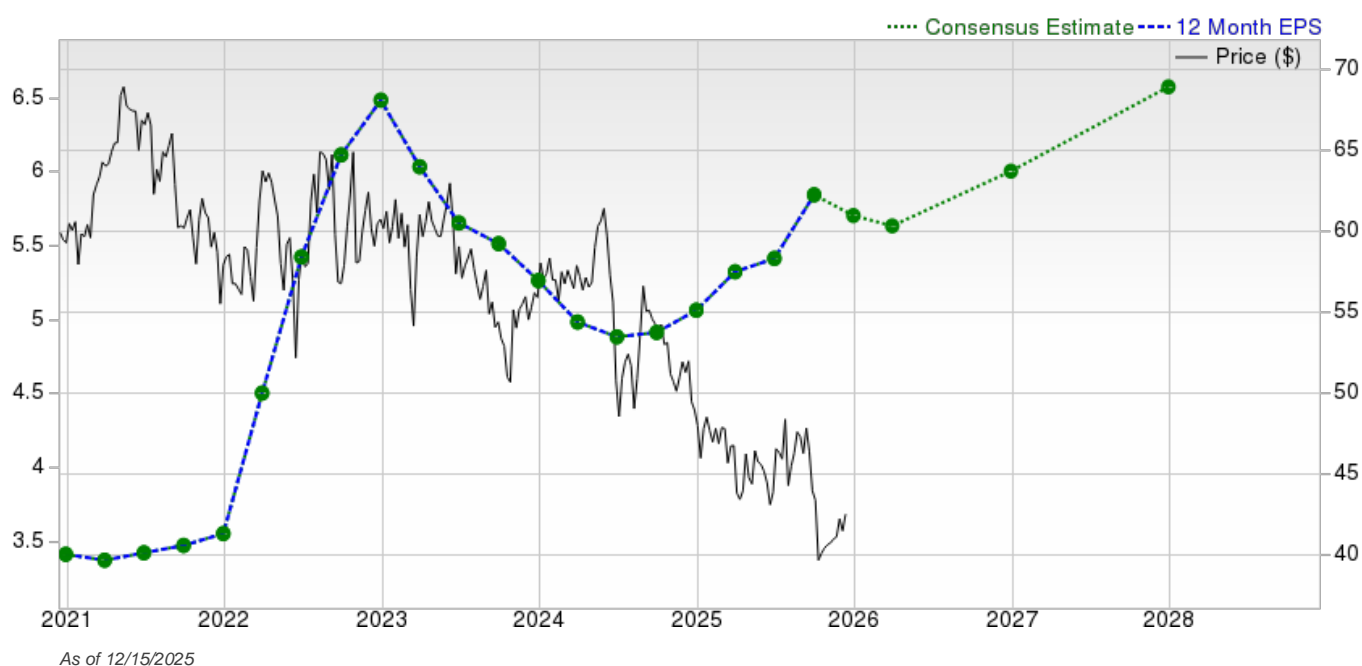
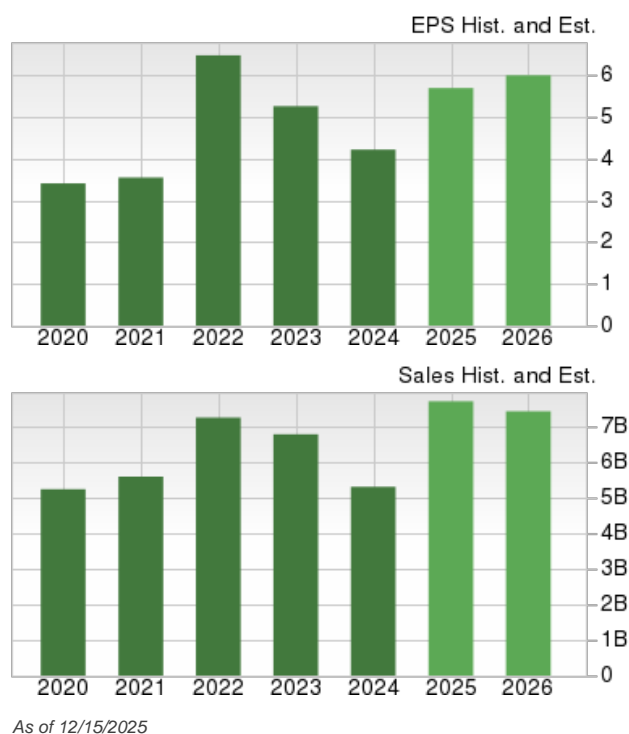
The company reports its results in two segments: Consumer Packaging and Industrial Paper Packaging. Remaining businesses are presented in an All Other group.

Consumer Packaging (52% of 2024 revenues) primarily serves processed and fresh food markets along with other packaging for direct-to-consumer products. It makes round and shaped rigid paper containers; two- and three-piece steel tinplate cans and aerosol containers; metal and peelable membrane ends and closures; thermoformed plastic trays and containers.

Industrial Paper Packaging (42% of 2024 revenues) makes paperboard tubes, cones, and cores; fiber-based construction tubes; wooden, metal and composite wire and cable reels and spools; and recycled paperboard, linerboard, corrugating medium, recovered paper and material recycling services.

Due to its geographic footprint and the cost-competitive nature of its businesses, the company is constantly seeking the most cost-effective means and structure to serve its customers and to respond to fundamental changes in its markets. As such, restructuring costs have been and are expected to be a recurring component of the company's operating costs.

In January 2022, Sonoco completed the acquisition of Ball Metalpack for a cash payment \$1.35 billion. Ball Metalpack is a foremost producer of sustainable metal packaging for food and household products and the largest manufacturer of aerosol products in North America. The deal supports Sonoco's focus on investing in the core business that strengthens its global Paper Cans and Closures business while bolstering its sustainable packaging portfolio with metal packaging. In December 2024, the company expanded global leadership in sustainable metal packaging with the acquisition of Eviosys.



Reasons To Sell:

- ▼ Sonoco's bottom line is anticipated to be impacted by unfavorable foreign currency translation and divestitures. Moreover, Sonoco will continue to bear the brunt of raw material, energy and freight cost pressures, and the impacts of supply-chain disruptions. Increased SG&A expenses are worrisome. These are likely to persist and dent the company's results in the upcoming quarters.
- ▼ Sonoco has been facing lower volumes in its plastic industrial business. In the third quarter of 2025, the Global Rigid Paper Can business faced lower volumes. Sonoco projects 2025 adjusted EPS of \$5.65-\$5.75, lowered from the previously mentioned \$6.00. The company reduced its guidance, anticipating ongoing volume weakness in the fourth quarter, particularly in the Metal Packaging and Industrial EMEA segments, amid persistently challenging macroeconomic conditions.
- ▼ Sonoco's total debt was \$5.2 billion as of Sept. 28, 2025, with a total debt-to-total capital ratio of 0.61. The increase in total debt primarily resulted in the company's decision to finance the Eviosys acquisition with new debt and the proceeds from the issuance of up to \$500 million in equity. Elevated interest expenses will impact Sonoco's margins.

Higher raw material, energy and freight costs and the impact of the supply chain disruptions will weigh on Sonoco's results in the near term. Ongoing lower volumes add to the concerns.

Risks⁽²⁾ (to the Underperform recommendation)

- Sonoco continues to emphasize capital allocation and expects to be able to increase dividends while maintaining an investment-grade balance sheet. The company intends to increase returns on invested capital in the coming years through organic investments in core accretive acquisitions and portfolio rationalization. Moreover, Sonoco is focused on growing in niche food markets and launching products with new customers. Investment in these markets will add new pouch-making capacity for the company and help it expand its presence in the pouch market. The company anticipates strong growth prospects for its Consumer and Industrial businesses, driven by upcoming product launches and market expansions planned for 2026 and beyond.
- In April 2025, the company closed its previously announced deal with TOPPAN Holdings Inc. to sell its TFP business. Sonoco also divested its Protexic Solutions business and two production facilities in China in 2024. Sonoco will use the net proceeds from the deal to repay existing debt. In early September, the company inked a definitive agreement with Arsenal Capital Partners to sell the ThermoSafe business unit. These moves will accelerate Sonoco's portfolio simplification strategy and help the company focus on its core businesses, including industrial paper products, rigid paper containers and metal packaging.
- In 2022, Sonoco completed the acquisition of Ball Metalpack for a cash payment \$1.35 billion. Ball Metalpack is a foremost producer of sustainable metal packaging for food and household products and the largest manufacturer of aerosol products in North America. The deal strengthened its global Paper Cans and Closures business while bolstering its sustainable packaging portfolio with metal packaging. Sonoco also acquired Denmark-based Skjern, a privately owned manufacturer of paper in 2022 to capitalize on the growing market for sustainable paper and packaging products in Europe. In September 2023, the company acquired the remaining equity interest in RTS Packaging, LLC from joint venture partner WestRock Company and one WestRock paper mill in Chattanooga, TN. In December 2024, the company completed the acquisition of Eviosys, Europe's leading manufacturer of food cans, ends and closures to strengthen SON's metal core metal packaging business and global presence while enhancing sustainability efforts. In the first quarter of 2025, the integration of Eviosys into Sonoco Metal Packaging EMEA was finalized in its first phase, driving notable synergies across the global metal packaging operations. In the second quarter of 2025, the acquisition generated strong productivity savings and aided the top-line. The company expects \$40 million to \$50 million of synergies from the buyout in 2025.
- Sonoco's focus on optimizing businesses through productivity improvement, standardization and cost control will also aid results in the near term. It is implementing several synergy opportunities, including optimizing raw material purchases, leveraging indirect expenses and coordinating supply-chain logistics. The company is also implementing price increases to offset the effects of inflation and tariffs. These factors will help meet Sonoco's cost-saving target. The company achieved strong productivity from certain procurement savings, production efficiencies, and fixed cost reduction initiatives of \$183 million for 2024. This is expected to continue in 2025. The company expects to achieve more than \$100 million in cost savings through 2026.
- Sonoco is focused on increasing investment in its core consumer and industrial businesses. In July 2025, the company revealed a \$30 million investment to boost production capacity for adhesives and sealants, adding 100 million units annually to meet rising demand and improve supply reliability. In the first nine months of 2025, the company registered adjusted EBITDA of \$1.05 billion, an increase of 33.5% from the prior-year quarter. It expects to achieve adjusted EBITDA between \$1.30 billion and \$1.35 billion for 2025. In 2024, the company invested a record \$378 million in growth and productivity projects. The projected spending for 2025 is \$360 million.

Last Earnings Report

Sonoco Earnings Beat Estimates in Q3, Sales Increase Y/Y

Sonoco reported adjusted earnings per share of \$1.92 in the third quarter of 2025, beating the Zacks Consensus Estimate of \$1.91. The bottom line improved 29% from the prior-year quarter.

Including one-time items, the company reported earnings of \$1.23, which compared favorably with the year-ago quarter's 51 cents.

Sonoco's net sales were \$2.131 billion, surpassing the Zacks Consensus Estimate of \$2.128 billion. The top line improved 57.3% year over year on gains from the Eviosys acquisition and the implementation of price increases. The figure excludes the results of discontinued operations.

Operational Update

The cost of sales was \$1.66 billion, 57.7% higher than the year-earlier quarter. Gross profit in the reported quarter totaled \$467 million compared with the prior-year quarter's \$300 million. The gross margin came in at 21.9% compared with the prior-year quarter's 22.2%.

Selling, general and administrative expenses amounted to \$221 million, up 38% year over year. Operating income was \$195 million compared with the prior-year quarter's \$102 million.

Segmental Performance

The Consumer Packaging segment's net sales surging 117.2% year over year to \$1.44 million. Operating profit amounted to \$209 million, skyrocketing 117.2% from the prior-year quarter.

Net sales in the Industrial Paper Packaging segment were \$585 million, flat year over year. Operating profit totaled \$89.9 million, reflecting a 27.9% year-over-year increase.

Sales for the All Other segment, which comprises protective, healthcare, retail and industrial plastics units, were \$108 million, up 0.6% year over year. Operating profit for the segment totaled \$18.3 million compared with the year-ago quarter's \$17.4 million.

Financial Performance

Sonoco reported cash and cash equivalents of \$244.8 million as of Sept. 28, 2025, compared with \$431 million at the end of Dec. 31, 2024. The company generated cash flow from operating activities of \$277 million in the first nine months of 2025 compared with \$438 million in the prior-year comparable period.

As of Sept. 28, 2025, the total debt was \$5.2 billion, down from \$7 billion on Dec. 31, 2024.

2025 Guidance

Sonoco projects 2025 adjusted EPS of \$5.65-\$5.75, lowered from the previously stated \$6.00. The company reduced its guidance, anticipating ongoing volume weakness in the fourth quarter, particularly in the Metal Packaging and Industrial EMEA segments, amid persistently challenging macroeconomic conditions. Adjusted EBITDA is expected between \$1.3 billion and \$1.35 billion.

FY Quarter Ending 12/31/2024

Earnings Reporting Date	Oct 22, 2025
Sales Surprise	0.14%
EPS Surprise	0.52%
Quarterly EPS	1.92
Annual EPS (TTM)	5.84

Valuation

Sonoco's shares are down 13.6% in the trailing six-month period and down 21.3% over the trailing 12-month period. Stocks in the Containers - Paper and Packaging industry are down 20.1% while the Zacks Industrial Products sector are down 17.2% in the trailing six-month period. Over the past year, the Zacks sub-industry and the sector are down 31.8% and up 4.9%, respectively.

The S&P 500 index is up 26.6% in the trailing six-month period and up 21.8% in the past year.

The stock is currently trading at 6.42X forward 12-month earnings, which compares with 13.18X for the Zacks sub-industry, 20.22X for the Zacks sector and 23.99X for the S&P 500 index.

Over the past five years, the stock has traded as high as 18.92X and as low as 6.28X, with a 5-year median of 10.28X.

Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$34 price target reflects 5.53X forward 12-month earnings.

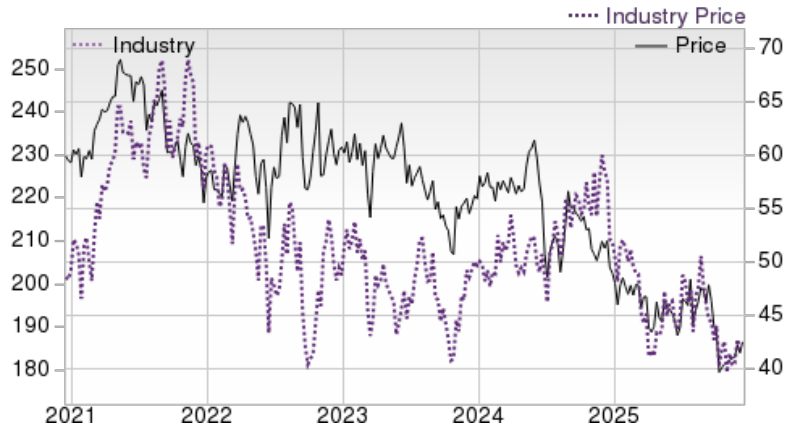
The table below shows summary valuation data for SON.

Valuation Multiples - SON					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	6.42	13.18	20.22	23.99
	5-Year High	18.92	18.81	22.93	23.99
	5-Year Low	6.28	11.76	13.25	15.72
	5-Year Median	10.28	12.17	18.09	21.21
P/S F12M	Current	0.51	2.16	4.05	5.51
	5-Year High	1.30	3.44	4.05	5.52
	5-Year Low	0.51	1.39	2.27	3.84
	5-Year Median	0.79	2.73	3.07	5.02
EV/EBITDA TTM	Current	5.16	26.44	24.41	18.69
	5-Year High	10.15	28.78	27.95	22.59
	5-Year Low	5.16	17.53	13.76	13.96
	5-Year Median	7.41	21.57	17.78	18.11

As of 10/27/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 5% (229 out of 243)



Top Peers ⁽¹⁾

Company (Ticker)	Rec	Rank
Ball Corporation (BALL)	Neutral	3
Crown Holdings, Inc. (CCK)	Neutral	2
Sealed Air Corporati...(SEE)	Neutral	3
AptarGroup, Inc. (ATR)	Underperform	4
Greif, Inc. (GEF)	Underperform	
Graphic Packaging Ho...(GPK)	Underperform	5
Packaging Corporatio...(PKG)	Underperform	4
Silgan Holdings Inc. (SLGN)	Underperform	4

Industry Comparison ⁽¹⁾ Industry: Containers - Paper And Packaging				Industry Peers		
	SON	X Industry	S&P 500	ATR	BALL	GEF
Zacks Recommendation (Long Term)	Underperform	-	-	Underperform	Neutral	Underperform
Zacks Rank (Short Term)	5	-	-	4	3	
VGM Score	C	-	-	B	D	
Market Cap	4.24 B	5.37 B	39.20 B	8.03 B	13.82 B	3.33 B
# of Analysts	4	4.5	22	5	7	0
Dividend Yield	4.94%	2.45%	1.4%	1.57%	1.55%	3.19%
Value Score	B	-	-	C	B	
Cash/Price	0.06	0.04	0.04	0.03	0.04	0.09
EV/EBITDA	12.73	10.56	14.73	10.69	13.87	7.39
PEG Ratio	0.37	1.57	2.24	3.26	1.10	NA
Price/Book (P/B)	1.28	1.62	3.35	2.88	2.57	1.49
Price/Cash Flow (P/CF)	5.31	9.42	15.24	12.61	9.64	10.98
P/E (F1)	7.37	15.29	19.90	21.19	14.47	NA
Price/Sales (P/S)	0.60	1.09	3.09	2.19	1.09	0.68
Earnings Yield	13.27%	5.86%	5.01%	4.72%	6.90%	NA%
Debt/Equity	1.14	1.00	0.57	0.20	1.26	1.00
Cash Flow (\$/share)	8.08	4.80	8.99	9.70	5.35	6.39
Growth Score	D	-	-	B	C	NA
Hist. EPS Growth (3-5 yrs)	10.17%	4.02%	8.16%	11.89%	-0.19%	-0.48%
Proj. EPS Growth (F1/F0)	38.63%	7.78%	8.57%	2.30%	12.30%	NA
Curr. Cash Flow Growth	-7.78%	2.92%	6.75%	13.50%	-0.56%	-40.62%
Hist. Cash Flow Growth (3-5 yrs)	5.89%	4.69%	7.43%	7.20%	0.74%	-6.89%
Current Ratio	0.92	1.35	1.18	1.19	1.11	1.41
Debt/Capital	53.29%	51.10%	38.01%	16.99%	55.73%	51.10%
Net Margin	8.82%	6.67%	12.78%	11.45%	5.36%	3.74%
Return on Equity	20.49%	18.98%	17.00%	15.32%	17.89%	9.12%
Sales/Assets	0.58	0.75	0.53	0.77	0.70	0.74
Proj. Sales Growth (F1/F0)	34.10%	3.76%	5.77%	3.50%	9.60%	NA
Momentum Score	A	-	-	A	F	
Daily Price Chg	1.13%	0.10%	-0.16%	0.71%	1.32%	2.50%
1 Week Price Chg	2.49%	2.15%	-0.44%	-0.36%	3.83%	4.51%
4 Week Price Chg	6.52%	5.25%	2.16%	2.51%	8.54%	16.38%
12 Week Price Chg	-6.53%	-1.93%	1.83%	-7.83%	5.94%	17.42%
52 Week Price Chg	-16.64%	-13.75%	12.22%	-27.02%	-10.81%	6.42%
20 Day Average Volume	853,424	450,739	2,744,252	536,333	2,643,555	236,514
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	NA
(F1) EPS Est 4 week change	0.15%	0.00%	0.00%	0.00%	-0.14%	NA
(F1) EPS Est 12 week change	-3.31%	-1.94%	0.69%	-1.27%	-0.32%	NA
(Q1) EPS Est Mthly Chg	-3.06%	-0.27%	0.00%	0.00%	-0.32%	NA

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	D
Momentum Score	A
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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