

S&P Global

Market Intelligence

Sonoco Products Company

NYSE:SON

Earnings Call

Wednesday, April 22, 2026 1:00 PM GMT

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	8

Call Participants

EXECUTIVES

Paul Joachimczyk
Chief Financial Officer

Robert Howard Coker
President, CEO & Director

Roger P. Schrum
*Head of Investor Relations &
Global Marketing Communications*

ANALYSTS

Anojja Aditi Shah
*UBS Investment Bank, Research
Division*

Bryan Nicholas Burgmeier
Citigroup Inc., Research Division

Gabrial Shane Hajde
*Wells Fargo Securities, LLC,
Research Division*

George Leon Staphos
BofA Securities, Research Division

Ghansham Panjabi
*Robert W. Baird & Co.
Incorporated, Research Division*

Hillary Cacanando
*Deutsche Bank AG, Research
Division*

John Robert Dunigan
Jefferies LLC, Research Division

Mark Adam Weintraub
Seaport Research Partners

Matthew Burke Roberts
*Raymond James & Associates, Inc.,
Research Division*

Niccolo Andreas Piccini
*Truist Securities, Inc., Research
Division*

Presentation

Operator

Thank you for standing by, and welcome to the Sonoco First Quarter 2026 Earnings Conference Call.

[Operator Instructions]

I'd now like to turn the call over to Roger Schrum, Head of Investor Relations and Global Marketing Communications. You may begin.

Roger P. Schrum

Head of Investor Relations & Global Marketing Communications

Thank you, Rob, and good morning, everyone. Last evening, we issued a news release and posted an investor presentation that reviews Sonoco's first quarter 2026 financial results. Both are posted on the Investor Relations section of our website at sonoco.com. A replay of today's conference call will be available on our website later today, and we will post a transcript later this week. If you would turn to Slide 2, I would remind you that during today's call, we will discuss 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. Additionally, today's presentation includes the use of non-GAAP financial measures, which management believes provides useful information to investors about the company's financial condition and results of operation. Further information about the company's use of non-GAAP financial measures, including definitions as well as reconciliations to GAAP measures is available under the Investor Relations section of our website.

Joining me today are Howard Coker, President and CEO; and Paul Joachimczyk, Chief Financial Officer. For today's call, we will provide prepared remarks followed by your questions. If you'll turn to Slide 4 in our presentation.

I'll now turn the call over to Howard.

Robert Howard Coker

President, CEO & Director

Thanks, Roger, and good morning, everyone. During our February Investor Day, we set out the framework for our focused strategy over the next 3 years, which is linked to our 3 priorities of sustainable growth, margin improvement, driven by our profitability performance plan and efficient capital allocation, which is focused on investing in ourselves, debt reduction and returning value to our shareholders. We made strides in each of these priorities in the first quarter while achieving a solid start to the year despite some significant headwinds.

Paul will go through the numbers in more detail, but as shown on Slide 5, our adjusted earnings for the first quarter of \$1.20 met our and consensus estimates. This performance was primarily driven by strong productivity savings, favorable price/cost environment and a successful start to our profitability performance plan despite lower volume mix. I was really proud of our team's performance in the first quarter despite severe winter weather, which temporarily closed some of our customers and our operations, a fire that destroyed our recycling facility in Greenville, South Carolina and the effects of rapidly changing macroeconomic conditions stemming from the Middle East conflict.

Our Consumer Packaging segment exceeded our expectations during the quarter, while our Industrial Paper Packaging segment managed well through both operational and demand challenges. As I mentioned, severe winter weather disrupted several of our U.S. operations in late January as well as some of our large consumer customers who faced power outages, some lasting over a week. February was a much better month from a volume perspective, but with the onset of the Middle East conflict, we began

experiencing rapid input cost inflation in March. And as I mentioned, an unfortunate fire in our Greenville facility on March 24.

Thankfully, no one was hurt, but it did lead to a onetime cost of \$2 million within the quarter. As you would expect, we're not standing still in the face of these macroeconomic challenges. If you turn to Slide 6, I'll talk further about the steps we're taking to mitigate rising costs and ensure supply for our customers in this challenging inflationary environment. Energy and freight and other petrochemical-related input costs such as resins, coatings and other chemical -- chemicals represent approximately 10% of our annual sales, while the impact on the first quarter was under a few million dollars.

Based on current estimates, we believe this inflation could add between \$8 million to \$10 million in additional costs in the second quarter. We are leveraging our global sourcing and supply assurance team to do all we can to help offset these rising costs. That said, we must recover this inflation and have implemented a number of necessary price increases, including a \$70 per ton uncoated recycled paperboard increase in the U.S. and an EUR 80 per ton increase in Europe, along with other pricing actions.

These actions are showing traction in the market. Fast Markets reported last Friday an initial \$60 per ton increase in U.S. URB prices. Given our current backlogs and solid mill utilization rates entering April, we feel confident about the sustainability of our actions. As shown on Slide 7, we have purposefully shifted our mix to more resilient consumer-focused businesses where today, 2/3 of our sales are generated by our leadership positions in paper and metal cans.

We're focused on affordable, center of the store, staple food categories, which have historically remained resilient during periods of economic stress. I'm happy that our recent portfolio work has substantially reduced our exposure to resin-based packaging. In 2023, we used approximately 240 million pounds of petroleum-based resins, while today, we use only about 75 million pounds, primarily in our plastics -- industrial plastics business and our plastic cartridges for adhesives and sealants, where we do have recovery mechanisms in place.

As it relates to our growth pillar, we recently opened a new paper can plant in Nong Yai, Thailand. As shown on Slide 8, Paul and I had the opportunity to participate in the grand opening with our team in Asia in March. This highly automated operation is expected to annually produce approximately 200 million units for the growing stacked chip markets in Asia and is one of the reasons we saw a 6% lift in paper can volume in the region in the first quarter. This plant was built to accommodate future capacity expansion, and we believe it could eventually become one of the largest global paper can operations over the next several years.

In our industrial business, we are investing \$20 million to add a new automated nailed wood reel production line at our Hartselle, Alabama facility. As shown on Slide 9, when this new line opens at the end of the second quarter, we expect it will increase our capacity by 15%, enable us to meet the needs of the fast-growing wire and cable industry as it supplies the booming power infrastructure demand for AI center [indiscernible].

I'll add that sales in our reels business were up 13% in the quarter. In addition to funding our growth, our disciplined capital allocation strategy remains focused on reducing debt and returning capital to shareholders. As shown on Slide 10, last week, our Board of Directors authorized the 43rd consecutive annual increase of dividends to shareholders, raising the payout to \$2.16 per share, which provides an annual yield of about 3.8%. Sonoco is one of only a few public companies that has paid dividends consecutively for more than 100 years. In summary, we had a good start to the year despite challenges, and we remain confident in our portfolio, our strategy and ability to execute through economic cycles.

With that, I'll turn it over to Paul.

Paul Joachimczyk
Chief Financial Officer

Thank you, Howard. I'll walk you through our first quarter financial performance, starting on Slide 11. With our portfolio transformation complete, we're entering the next phase defined by sustainable growth,

margin improvement driven by our profitability performance plan and efficient capital allocation, which is focused on investing in ourselves, debt reduction and returning value to our shareholders. Today, I'll cover our first quarter results and our early progress against the profitability performance plan we laid out at Investor Day in February.

Before I review the quarter, a quick note on comparability and some nuances related to the accounting treatment for our divestitures in 2025. TFP was divested on April 1, 2025, and is reported as discontinued operations in last year's first quarter. ThermoSafe was divested on November 3, 2025, and was included in continuing operations in that same period. In 2026, neither TFP nor ThermoSafe is part of continuing operations. As a result, all year-over-year comparisons I discuss for continuing operations with ThermoSafe included in the 2025 figures, and I'll highlight the differences where applicable.

Net sales from continuing operations were \$1.7 billion, down 2% year-over-year. Results reflect lower-than-expected volumes, weather impacts as well as macroeconomic and geopolitical pressures on both our supply chain and our customers. Those headwinds were partially offset by pricing actions and a foreign currency benefit, primarily from the euro. Also in the year-over-year comparison is ThermoSafe, which contributed \$55 million of sales in the first quarter of 2025. Excluding ThermoSafe, our sales increased by approximately 1% versus the prior year. Adjusted EBITDA was \$277 million, down 4% year-over-year, and margin was down approximately 35 basis points.

The decline was driven by lower volumes and the absence of operating profit from the divested ThermoSafe business. These impacts were partially offset by productivity initiatives, strong pricing realizations, early savings from our multiyear profitability programs and favorable foreign exchange rates. Excluding ThermoSafe, adjusted EBITDA would have been flat, reflecting strong cost containment from our profitability programs despite softer volumes. Overall, we're encouraged by how our continuing operations performed following last year's reorganization.

On a consistent comparison basis, our key metrics are up year-over-year, reinforcing that we're building a more agile and resilient organization to navigate challenges as they arise. Now moving to Slide 12. Adjusted EBITDA for the quarter was \$1.20, flat year-over-year after excluding the impact of discontinued operations. The year-over-year results reflect the balance of a softer volume and the impact of divestitures, offset by productivity gains, pricing, early profitability savings from our 3-year program, a lower effective tax rate and a favorable foreign currency.

If we go a little deeper into the bridge here, I'd like to walk you through the components of each bar. We'll start with the discontinued operations adjustment, which is a net impact of \$0.18, led by the TFP divestiture, partially offset by interest. The divestiture of ThermoSafe represents a \$0.07 decrease. Operational changes are down \$0.08 due to the pressures on the top line due to the macroeconomic and geopolitical factors within the quarter, partially offset by operational productivity.

Nonoperational changes are up \$0.09, led by FX, especially the euro, reduction of our debt and tax benefits, which helped to offset several headwinds the business faced within the quarter. Profitability performance drove \$0.06 of improvement. I want to underscore the importance of what we're doing to drive margins for the rest of the year by controlling the controllables. We're maintaining pricing discipline, accelerating productivity, advancing our profitability performance plan and tightening -- tightly managing both our costs and our capital. While the macro environment remains uncertain, we remain committed to executing the long-term financial targets we shared at Investor Day.

Turning to cash flow on Slide 13. Operating cash flow in the first quarter was a use of \$368 million, consistent with normal seasonal patterns as we build inventories ahead of the canning season. Gross capital investment was \$62 million, below our expectations. Given the current macro environment, we are actively monitoring capital spending to stay disciplined and meet our targets. The year-over-year decline in cash flows was primarily driven by approximately \$140 million of higher tax payments. That includes \$103 million related to capital gains from prior period divestitures, which will not repeat. As discussed at Investor Day, we have a clear and disciplined approach to capital allocation.

That includes prioritizing high-return projects, continuing to optimize working capital, especially inventory and payables and preserving balance sheet flexibility by paying down debt while still supporting long-term growth initiatives.

Turning to Slide 14. Before I go deeper into the segment results, I want to share a brief disclosure related to our Consumer segment and a footnote we've included for this discussion. In first quarter 2025, Consumer segment adjusted EBITDA did not include \$18 million of unallocated corporate costs. You can find these details in the earnings release table on Page 20 of our press release dated April 21, 2026.

Now let's turn our attention to the 2 segments and overall results. Starting with Consumer. Sales increased 3% year-over-year to \$1.1 billion, driven by pricing and favorable foreign currency exchange rates, partially offset by volume and mix softness related to the macroeconomic conditions. Adjusted EBITDA from continuing operations declined 7%, reflecting lower volumes, partially offset by productivity initiatives, pricing actions and early transformation savings. Adjusting for the 2025 unallocated corporate costs I just described, Consumer adjusted EBITDA would have been up with margins flat.

In Consumer, the team remains focused on price realization and mix discipline across key geographies while driving manufacturing and supply chain productivity. They are also leveraging accelerated transformation savings to improve their margins. Let's move on to our Industrial segment. Sales were \$579 million, down year-over-year by 1%, driven by softer volumes, partially offset by favorable pricing and index-based resets with foreign currency benefits. Adjusted EBITDA declined by \$7 million to \$100 million, a 7% decrease as lower volumes were partially mitigated by pricing resets and productivity improvements.

EBITDA margin was lower year-over-year due to unfavorable volume and mix, along with losses attributed to a fire at our recycling facility in Greenville, South Carolina. The Industrial segment is focused on fully capturing index-based pricing resets as they flow through, executing it against cost and productivity initiatives already underway and preserving margin discipline while managing demand variability. We've seen good progress throughout the current month, which supports our confidence as we move into the second quarter.

Turning to Slide 15. We are pleased with the early progress of our 3-year profitability performance plan outlined at Investor Day. In the first quarter, we delivered \$8 million of savings, progressing towards our \$150 million to \$200 million target. These savings were primarily driven by structural transformation initiatives, which contributed \$6 million, along with \$2 million from commercial excellence and operational improvement efforts. Importantly, these savings are already flowing through the P&L, reinforcing our confidence in the program's execution and durability. And as they annualize, they represent approximately \$32 million of recurring savings.

Turning to guidance on Slide 16. We are maintaining our full year outlook while recognizing that continued macroeconomic and geopolitical uncertainty, particularly late in our quarter, creates a dynamic operating environment. We will continue to monitor inflation and demand trends closely. With that, let me walk you through our full year expectations. For the full year, we expect sales of \$7.25 billion to \$7.75 billion, adjusted EBITDA of \$1.25 billion to \$1.35 billion, adjusted EBITDA of \$5.80 to \$6.20, with results expected to trend towards the lower end of the range. While we are maintaining our adjusted EBITDA outlook, EPS will not track EBITDA for 1 because of the tighter EPS range of only \$0.40.

In the current environment, inflationary cost pressures and macro volatility will create a larger impact on EPS rather than EBITDA. Operating cash flow of \$700 million to \$800 million, inclusive of the \$103 million of tax payments related to 2025 divestitures, which were paid in the first quarter. For the remainder of 2026, our mandate is clear: deliver on our 3-year strategy of focus by executing the profitability performance plan, which is delivering \$32 million of annualized savings in 2026.

We have to offset volume pressures that we experienced in the early 2026, and we are protecting our margins through disciplined pricing and productivity, strengthening our cash flow through working capital and disciplined capital spending. We are more focused and have stronger execution levers than in recent years, building a higher quality earnings base and strengthening cash generation even in a challenging demand environment.

Let me turn the call back over to Howard for some closing comments.

Robert Howard Coker

President, CEO & Director

Thanks, Paul. Let me close by again thanking our global team for successfully guiding us through these uncertain times during the first part of the year. The year started out fairly strong, but were affected by winter weather in the Americas, losing 2 weeks of production from 2 of our major consumer customers in the Tennessee region. We also had mill and converting downtime by our and our customers throughout the region. We lost the facility to fire and other relatively one-off type issues and of course, the impact of the Middle East conflict. In spite of these, we stayed focused on controls and long-term productivity to deliver well within our expectations. I think it's also important to note, while uncertainty remains, there is concern how the rest of the year will unfold.

However, April has shown thus far some encouraging signs. As we enter the pack season, consumer EMEA is seeing early positive signs in the South. The tuna pack has been strong. And while we have not built expectation for a rebound in sardines, this market, too, is showing some promise for improvement. And salted snack volumes are increasing, which is typical in a World Cup year. We've seen necessary index-based price in North America and our industrial business, which will drive full benefit during Q3 with incremental help in Q2 and early but reasonable expectations for URB and converted products and announced prices in Europe.

Our focus on our drive for \$150 million to \$200 million over the next 3 years is on pace and will only build as we go deeper into the year. But the reality is we are in uncertain times. Things are changing on a daily basis. We do have some catch-up to deal with from the quick hit of inflation as we entered into Q2 and thus, the cautionary tone in our EPS forecast. And let me close by saying how pleased I am we have made over the past several years, the changes you all have seen. If we had not made the portfolio shift, we'd be living in a vastly different world.

Without our simplification efforts, we would not be driving the level of SG&A and other savings noted today. And we would be facing serious supply chain issues and a much larger degree of inflation impact and volume pressures. So again, thanks to our team as we continue to drive through this difficult operating environment and certainly looking forward to any questions that you may have. I'll turn it back over to the operator.

Question and Answer

Operator

[Operator Instructions]

Your first question today comes from the line of George Staphos from Bank of America Securities.

George Leon Staphos

BofA Securities, Research Division

I guess I had 3 questions. I'll ask them in sequence and turn it over. Howard, first of all, Paul, could you discuss what the effect of the storms was in the first quarter from a percentage of volume standpoint? In other words, if you did not have the storms, what would volumes have been? And what kind of early run rate are you seeing on volumes in consumer and in industrial for the second quarter? Second point, we appreciate you calling out the inflation effect so far of \$8 million to \$10 million in 2Q. Is that a sequential impact from 1Q or year-on-year?

And if costs stay where they're at right now, would that be the effect in 3Q? Or would it be a lesser effect? And then the last question I had for you is, can you talk to us about how you feel on your metal supply chain, both aluminum and steel? Are there any flash points we need to watch out against relative to the Street? Or do you feel like you're pretty well situated as far as you can see for the rest of the year?

Robert Howard Coker

President, CEO & Director

Thanks, George. I'm going to let Paul cover. I don't have the direct -- Paul does either the full numbers in terms of the impact of the storm. What I would say on the metal side, which I will handle is we have no issues, no concerns, not only in terms of supply chain, but we have fixed pricing through the year. Obviously, we've seen tariffs and other things that can impact. But based off of where we sit today, we're in good shape.

Paul Joachimczyk

Chief Financial Officer

Yes. And George, on the first question that you had around the storm effect, we did experience more declines in our consumer business in the Americas, primarily due to the weather that was out there with some of our CPGs being down, 2 of our largest customers being down for over a week that did create a, I'll call it, a larger impact disproportionately than our international business that are out there. I'll say the early run rate though that we're seeing is we're seeing some recovery back in the business, more so in our industrial businesses. We're seeing strengthening in those markets as mills are getting closer back to the 90% effective rates -- run rates that are there. We're seeing some lift back in our consumer businesses, but still more focused on the international side. The Americas are still lagging behind, but it did impact the volume pressures there for sure. Moving on to your..

George Leon Staphos

BofA Securities, Research Division

Up there. Just so I know it's early, but what kind of volume are you seeing up, down? Can you put a percentage on it in your key consumer or industrial categories?

Paul Joachimczyk

Chief Financial Officer

Yes. I would say internationally, say, low single digits that were up there. Industrial in the same ballpark, too, is March was impacted primarily because of all the uncertainties that are out there. We're starting to see the recovery of those flows coming in early part of the month. And I'll say it's -- right now, if that trend continues, it will be a nice quarter for us in Q2. If I move on to your second question around the inflation impact, the \$8 million to \$10 million is what we have line of sight to for Q2.

And with our recovery mechanism that we have in place, there is a little bit of a lag. So I'd say right now, our exposure for Q2 is the \$8 million to \$10 million. Obviously, if there's more macroeconomic effects, if there's something that happens with pricing pressures on our input costs, those could change to be greater in Q3 and Q4, but we do think our recovery mechanisms will help cover and offset this in those future quarters that are there. But we don't have full line of sight to what's going to happen in the macro world that's out there. But today, we feel confident in our exposure for what Q2 is going to bear. So if everything holds steady, those would not recur, and we could recover that by Q3 and Q4.

Operator

Your next question comes from the line of John Dunigan from Jefferies.

John Robert Dunigan

Jefferies LLC, Research Division

Thank you, Howard. Thank you, Paul. I really appreciate all the details. I wanted to start back on the cost inflation with the \$8 million to \$10 million. Can you walk us through some of those key buckets and in particular, [nat] gas, electricity across U.S. and Europe? And how much of that you have hedged across your businesses? And then if we're thinking about the freight surcharges that you called out, is there any kind of lag to putting those through contractually? And maybe you can help us quantify how much of your contracts currently have those freight surcharge mechanisms contained in them?

Paul Joachimczyk

Chief Financial Officer

Yes. John, I'll take the first part of that. So the cost inflation, the breakdown of it, you go through your freight is your primary driver of that. That was the one that we experienced almost immediately. You saw rising fuel prices, primarily in the diesel aspect come through. We do have recovery places and mechanisms out there. There is a lag related to those, call it, roughly 3 weeks, 4 weeks of a time period that's out there to get that recovery back. So you're exposed, let's just say, a month to be simplistic out there.

As far as all the other inputs that are out there, whether it's the resins, the energy and things like that, I'd say we do have some coverage on our hedging. We haven't gone out with exactly what that coverage is from a hedging. The 8% to 9% is inclusive. It's net of that. So that is an impact of us from already factoring into what we already have hedged and placed into programs. So that's the impact that we'll experience in our P&L. But freight is primarily the largest impact for us.

John Robert Dunigan

Jefferies LLC, Research Division

Great. That's very helpful. And then just on my follow-up, I just want to jump over to the cost savings. You called out the \$8 million from the initiatives towards the \$150 million to \$200 million. But productivity in the quarter was pretty impressive. It was up \$33 million year-over-year. Can you just walk us through the difference between those 2 figures and how we should think of the cadence through the rest of the year? That would be helpful.

Paul Joachimczyk

Chief Financial Officer

Yes. And John, that's a great question. And really, what we're trying to do is we're trying to delineate productivity, which really is covering our inflationary impacts, things of that nature versus the profitability performance plan. The profitability performance plan, as we think about it, this is costs that are going to fall right to the bottom line, and they're going to be there every quarter on a go-forward basis.

So that's why we did the delineation this quarter more so, and we'll continue that going forward. But we want to assure you that what we are delivering in those savings on that program of the \$150 million to \$200 million, that is something that you can bank on for us that's going to be there quarter after quarter after quarter, and it's going to be recurring.

Operator

Your next question comes from the line of Michael Roxland from Truist Securities.

Niccolo Andreas Piccini

Truist Securities, Inc., Research Division

This is Nico Piccini on for Michael Roxland. Just to clarify on the inflationary impacts, does your current guide assume that \$10 million is the limit of the impact? Or do you assume current conditions basically persist through the rest of the year rather than kind of improve? And then secondly, what do you think your customers and consumers' ability is to absorb price? How much do you think you can push before demand destruction might occur?

Robert Howard Coker

President, CEO & Director

Yes. I would say the -- that's what we have visibility of at this point in time. I went to extra effort to point out that with the new portfolio, particularly our key raw materials being steel on the consumer side, they're basically flat and contractually protected through the year. And so we do have the resin exposure I spoke to in my opening comments. That too has recovery mechanisms in it, and it varies from -- within the month to within the quarter.

But will we see more? It's hard to say. It depends on what happened while we were talking during this call virtually, it just seems to be changing on an immediate basis. But the point here is that from a key raw materials perspective, we feel really good in terms of the position that we're in at this point in time. And the customer impact, it's hard to say.

We're being in staple food, -- all I can say is what we've seen historically when obviously, the inflation being felt at retail is also showing up in QSR and other outlets as well. When wallets get tight, we historically have seen in our consumer business that volumes are not affected and in fact, in some cases, have improved as people shop in the grocery store cook at home as opposed to going out. So hard to predict how that's going to go, but I certainly would think that while we're talking about the packaging side of things, that there's pressures on all raw materials associated with all food items, really on all items going forward. And ultimately, we'll see how that fares through the consumer.

Niccolo Andreas Piccini

Truist Securities, Inc., Research Division

Got it. Understood. Just a quick follow-up. I think you mentioned a little softer URB volumes in 1Q, but a pickup more recently in April. What do you attribute that pickup to? And can you share where backlogs stand right now?

Robert Howard Coker

President, CEO & Director

Yes. I don't -- we don't really track backlogs in URB, but what we're seeing is that Paul had noted, roughly a 90%, 91% operating rate here, which is our largest market in URB in North America. And frankly, there's a couple of things going on. The main is that we talked at Investor Day about new products and new markets that we're entering. With URB that traditionally have been served by other grades of paper that have been -- some of which has been taken out of the market through mill closures.

We've been successful in converting saturated kraft. So we've got our first customer and a line of customers in the funnel right now that is really helping us to -- as we look out into the quarter, go from the low 90s -- well, still low 90s, but from 90% to 92%, 93% type operating rates as that volume starts flowing through the mill network.

Operator

Your next question comes from the line of Hillary Cacanando from Deutsche Bank.

Hillary Cacanando

Copyright © 2026 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Deutsche Bank AG, Research Division

Just regarding the softer volumes and inflationary pressures in the first quarter, could you just elaborate on which specific end markets or geographies underperformed expectations or outperformed expectations, most notably? I know you talked a little bit about tuna pack and sardines, but if you could give a little more detail on other end markets.

Robert Howard Coker

President, CEO & Director

Yes. What I'd say, I'm really just talking to geography. It was -- if you go around the world, all already noted that consumer EMEA was very low -- well, low single digits off from a volume year-over-year. It was a bigger impact here in North America. And I don't think I want to get into just from a confidentiality with customers, but our 2 largest customers on our paper can business lost 7, 8 days during the winter storm. Now we talked about that in February and what would typically happen is we'd see them rush to make up that time and enough time would be held in the quarter.

Then, of course, 5, 7 days after our Investor Day, you wake up and find out on February 27, we bombed ran. So we think they took the opportunity to bring inventories down, and we're starting to see now a bit of a pickup and the expectation is the magnitude of what we saw in the first quarter will not repeat itself. In fact, they should be looking to make some of that up through the year.

Hillary Cacanando

Deutsche Bank AG, Research Division

Got it. Got it. Great. And then just a follow-up. As we're 3 weeks into the second quarter, I know you said April picked up, but are you seeing any real discernible change in customer ordering patterns or in your conversations? Like has anything like really changed? I know you're forecasting weaker volumes, but just wanted to see if any pattern -- like any discernible change in patterns.

Paul Joachimczyk

Chief Financial Officer

Yes. Hillary, this is Paul. So really no discernible patterns that are out there. We're seeing a slight uptick in the volume that's giving us a little bit more confidence in our guide that's out there. But really nothing that's I'd say you could lead to anything to other than just a recovery from Q1.

Operator

Your next question comes from the line of Anthony Pettinari from Citi.

Bryan Nicholas Burgmeier

Citigroup Inc., Research Division

Actually this is Bryan Burgmeier on for Anthony. Maybe just focusing on consumer a little bit. Volumes were down against a pretty tough comp from last year. Do you think we start to see some improvement in year-on-year volume growth in 2Q and as we start to get into the back half, maybe from easy comps or ramping investments? Just any detail on maybe how that volume trend could develop for '26 in consumer?

Robert Howard Coker

President, CEO & Director

Yes. Pretty hard to really nail it with the amount of uncertainty we have out there. What I would say is probably on our aerosol business here in North America, pretty tough comps coming up here in the summertime and somewhat of a discretionary spend you can do without. But on the other side of that, that would be reflective of a consumer that more of an economic downturn situation.

So you could see that being a tougher comp. But at the same time, as I said earlier, you would expect that the food side of the business, the center of the store to drive to the supermarket as conditions toughen that it would balance that, if not actually exceed that. So tough to say. I mentioned earlier in Europe, the World Cup, that's kind of the normal thing for us to see that volumes start to pick up around that

particular event. But kind of a wait and see. I don't know if the consumer is fully, fully, fully felt it to the point. It does appear that we're heading in that direction. That could be favorable frankly, for the most part of the consumer side of the business.

Bryan Nicholas Burgmeier
Citigroup Inc., Research Division

Got it. Got it. And then maybe just on working capital. I'm not sure if there's any maybe sensitivity to raw material inputs that we should be mindful of just as the year goes on, trying to be mindful of higher metal prices and [petchems], not sure if, like an earnings sensitivity or just any detail you would want to put on maybe working capital or free cash flow as we think about higher metal.

Paul Joachimczyk
Chief Financial Officer

Yes. So really from a working capital perspective, no real concerns there. I'd say one thing to highlight, though, we are being very disciplined about our spend on capital for the remainder of the year. We want to make sure that we're hitting our guide and our targets that we've committed to the Street. So -- there will be some projects that we will postpone, but we're not cutting back any of our growth or our value-adding capital products that are out there. But we feel really confident that with our supply chain team and our efforts that they've done to secure a really strong supply chain, both around metal pack and all the other inputs that are there. So really no concerns from this perspective right now. That's what our current environment as we sit.

Operator

Your next question comes from the line of Ghansham Panjabi from Baird.

Ghansham Panjabi
Robert W. Baird & Co. Incorporated, Research Division

Just kind of picking up on some of the last few questions. So obviously, 1Q was impacted from a volume standpoint for all the reasons you kind of went through. 2Q, you gave some parameters as it relates to raw material cost inflation, et cetera, and we know what your full year guidance is. So specific to 2Q, do you expect earnings to grow year-over-year? Or will it be comparable to sort of 1Q just given what you called out as it relates to the price cost headwinds?

Paul Joachimczyk
Chief Financial Officer

Yes, Ghansham, we do expect earnings to grow in Q2. I will say, though, there is that inflationary impact for the raw materials that we talked about with freight and everything else that's there. So that will create a little bit of a margin drag for us and some of the pressures that are there, but we definitely expect earnings to grow.

Ghansham Panjabi
Robert W. Baird & Co. Incorporated, Research Division

On a year-over-year basis, just to clarify.

Paul Joachimczyk
Chief Financial Officer

Yes.

Robert Howard Coker
President, CEO & Director

Yes. And Ghansham, I do want to reiterate that I know we talked about it over and over, but in a soft volume environment, the team really did deliver on the bottom line expectations for the most part. And that is not changing as we see seasonal volumes increase in terms of the levels of productivity and savings

and the programs that we've got in place. So I just want to say, again, hats off to our team in a soft volume environment still being able to drop down within our expectations.

Ghansham Panjabi

Robert W. Baird & Co. Incorporated, Research Division

Yes, for sure, a lot going on. So as it relates to the volume impact of this particular inflation cycle and obviously, your customers know that price increases are coming and so on and so forth. Have you seen any sort of preordering or just some sort of order pattern distortions that may be amplifying some of the volume that you're seeing early part of 2Q in terms of the recovery you called out?

Robert Howard Coker

President, CEO & Director

No. In fact, it's again, based off the portfolio, the type of inflation that we're seeing is not really about product inflation. It's how we deliver it. It's freight, obviously, some energy, but not your typical, hey, you've got a 5% or 10% price increase coming in the next quarter, I need to load up. So not.

Ghansham Panjabi

Robert W. Baird & Co. Incorporated, Research Division

Okay. And you haven't seen any change in the macro backdrop, just broadly speaking, for your industrial business either, right?

Robert Howard Coker

President, CEO & Director

No. In fact, a little bit of concern about -- yes, we had the weather impacts in the first quarter, but we've seen some green shoots here. A lot of it is self-help, entering new markets that we've never participated in before. As I mentioned earlier, with saturated craft used in the, I guess, the furniture industry. So right now, things are -- you got to put that into the model to say, hey, we've got new business coming on that we never participated in before. So -- but our operating rates, as I said, we've said a couple of times, are in pretty good shape.

Paul Joachimczyk

Chief Financial Officer

And Ghansham, we have a reels business, too, that is doing really well in performance for us in Q1, and we expect that to continue into Q2 as well.

Operator

Your next question comes from the line of Anojja Shah from UBS.

Anojja Aditi Shah

UBS Investment Bank, Research Division

So first, I just want to confirm that \$8 million to \$10 million of inflation that you called out in 2Q, based on the lag in your pass-through, you're confident that, that should get recovered in the second half? Yes. Assuming no. And if there is additional inflation, then it's about a quarter lag you said. Is that right?

Paul Joachimczyk

Chief Financial Officer

Yes. It would get recovered.

Anojja Aditi Shah

UBS Investment Bank, Research Division

Okay, assuming no. And if there is additional inflation, then it's about a quarter lag you said. Is that right?

Paul Joachimczyk

Chief Financial Officer

Correct. Yes.

Anojja Aditi Shah

UBS Investment Bank, Research Division

Perfect. And then also, you announced a new term loan at the end of March. And in the bridges you gave last quarter, you had a \$0.20 to \$0.40 nonoperational contribution on EPS. So is that -- is the interest on that new term loan sort of a headwind to that \$0.20 to \$0.40? And is that part of why the EPS guidance is now on the lower end? Like how is that filtering through your guidance?

Paul Joachimczyk

Chief Financial Officer

So the term loan that we announced is really it's a delayed draw term loan to effectively retire our loan that would be due in September later this year. That really does not have -- it's a meaningful -- or call it, it's not a significant impact to our EPS strain that's out there. It's more of the inflationary impacts in the short term that is driving our EPS down more than anything else.

Anojja Aditi Shah

UBS Investment Bank, Research Division

Okay. And because of the tight range on EPS, that's why it's impacting EPS and not as much EBITDA. Is that correct?

Paul Joachimczyk

Chief Financial Officer

You got it. Yes, if you think about EBIT -- go ahead.

Anojja Aditi Shah

UBS Investment Bank, Research Division

Go ahead.

Paul Joachimczyk

Chief Financial Officer

I was going to say for the EBITDA range, if you think about it, it's really \$100 million that's out there. If you take the taxes out of that, it really is a \$133 million range and your EPS is only \$0.40. So the 2 are disaggregated and disproportionate, almost a 3:1 ratio. So it's your EBIT impacts, you can have a \$10 million impact in your EBITDA, but it will drive a much larger impact on your EPS change that's out there.

Anojja Aditi Shah

UBS Investment Bank, Research Division

Right, right. Got it. And then finally, how are you feeling about your geographic footprint now with your current split between U.S. and Europe? I only ask because some of your peers are reconsidering the benefits that they thought they would get by adding on a European business, and they're sort of saying that the large global customers tend to source more regionally. Do you believe that your global platform gives you significant economies of scale that maybe outweigh some of the complexity drawbacks?

Robert Howard Coker

President, CEO & Director

Yes. We do certainly economies of scale. We like the way we're situated right now. We're over half North America. I think it's about 40% in total company, both consumer and industrial in Europe. And we've seen that flip back and forth over the last decade or so, more in favor -- stronger in favor of North America. It just depends on the market, the opportunity. It's not a conscious type situation, but we're happy with the portfolio.

We're happy with the geographies that we participate in. Southeast Asia has -- particularly on the consumer side is becoming even more material. And frankly, as we noted earlier, continues to grow at a nice pace. So we are where we are today, and we do not plan on any future portfolio or inorganic moves, but it wouldn't surprise me if we weren't talking years down the road, and there's a different ratio there.

Operator

Your next question comes from the line of Mark Weintraub from Seaport Research Partners.

Mark Adam Weintraub

Seaport Research Partners

I got disconnected, so apologies if there's any repetition in the question here. But I was hoping to focus a little bit more on the volume side. And 2 things. One, maybe a little bit more color possible on some of the growth on some of the potential business wins and some of the expansions, if you could perhaps scale the size of opportunity and what you've seen so far.

So for instance, with the new paper can facility in Thailand, how much revenue or opportunity might that provide? And then in Europe, you had been talking about at one point, the possibility of converting some customers who were doing their own canning. If there's any update there on progress there. You mentioned on the saturating craft, that was helpful. And then just on the flip side of it, where volume has been disappointing and certainly, there's the macroeconomic there's the weather, et cetera. But there's also kind of the GLP-1 issue. And hopefully, it's not as big a deal for you as for some others, but maybe just update us on your thoughts relative to that.

Robert Howard Coker

President, CEO & Director

Yes, Mark, good question. And unless Paul has it, I do not have a total of -- we're not going to give out specific plant level type details. But -- so I can't really answer that question. What you did answer in your own question was where we're seeing opportunities. Certainly, Thailand is reportedly going to be possibly even the third largest paper can plant that we operate globally. So it's in its infancy in terms of -- and we're doing about somewhere around 200 million units right now during the start-up phase. Saturated craft is really turning out to be quite an interesting market. And we're in with our first customer.

And I could keep going in terms of investments that we've made across the portfolio. But let's put that down as a homework assignment to aggregate that for you and the rest of the group. But no, we're not going to talk about one individual opportunity, but I think it's a fair question from an aggregate perspective. You're right on the GLP side, we feel better about our situation today. If you go back just over a year ago, it just feels good not to be in the type of markets, confectionery, cookies, crackers and things like that, that we were pretty heavy in.

So the portfolio shift, I think, is more favorable in this context, and would say, but yes, we do participate with salt and snacks, but what we're seeing there, as we just spoke to in a bit, was that, that growth seems to be -- it is really materializing internationally, where GLPs are just not at the same level as they are here in the United States, particularly in Southeast Asia, but Eastern Europe and even South America, where we've got expansions going on. So feel much better about our situation today from a portfolio perspective to drive through where GLPs will finally settle out.

Paul Joachimczyk

Chief Financial Officer

Yes. And Mark, just to give you a little bit more context on the Thailand plant and referring back to a comment that Howard made in his opening statement too is that plant will lead to 200 million units on an annual basis for us, and it did contribute a 6% lift in our paper can volume in that region. So it is going to be a significant asset for us and contribution to our overall growth and the strategy for that region.

Robert Howard Coker

President, CEO & Director

With a reminder that that's the start-up phase of the plant.

Paul Joachimczyk
Chief Financial Officer

You got it.

Mark Adam Weintraub
Seaport Research Partners

Right. And the point being on the start-up, A, there's more to come; B, are there also extra costs that you incur during the start-up phase that presumably fade away?

Robert Howard Coker
President, CEO & Director

Yes. Always when you're starting a new operation, yes, you've got a ramp-up curve. But I'll tell you though, we have a heck of a good team -- we do a lot of cans in Southeast Asia, and it's not -- you never have a vertical, but you're right. We did see some costs, including a grand opening that you saw the picture in the slides was well done by the [team].

Mark Adam Weintraub
Seaport Research Partners

Great. And maybe this is getting a little too detailed. And if so, either take it offline or whatever. But is it possible sort of to walk us up a little bit to the \$8 million to \$10 million. And if we annualize it, \$32 million to \$40 million, you've got \$7.5 billion of sales. So we're talking about 4%, 5% -- 40 to 50 basis points of increase, which seems kind of low if freight and those other variables are about -- I think you had said about 10% of revenue. So it would seem like not too big an increase. I don't know if you can quickly easily walk us up sort of the big drivers, percent -- basically, how much is freight up on a percentage basis, if that's the biggest driver?

Paul Joachimczyk
Chief Financial Officer

Yes. And Mark, we did -- probably when you were disconnected, we did cover this, but freight is the largest component of that. And really where the -- I'll call it as a recovery to go after that is going to be lagged and delayed. So the \$8 million to \$10 million is net of all of our recovery efforts that are out there. So that's -- I would say -- so it does seem small, and the reason it is small is because we did put the net number out there, not a gross number.

Operator

Your next question comes from the line of Gabe Hajde from Wells Fargo Securities.

Gabrial Shane Hajde
Wells Fargo Securities, LLC, Research Division

I'm struggling a little bit with maybe just the commentary on the second quarter, and I appreciate there's a lot of uncertainty out there. But specifically even to growing earnings in Q2, are we talking in EBITDA terms or EPS? Because I think just the reduction in interest expense should get to something like \$0.15 or so of EPS growth. So just a little bit of clarity there, please?

Paul Joachimczyk
Chief Financial Officer

Yes. So Gabe, it will be both EBITDA and EPS. EPS does receive the benefit of the interest favorability year-over-year as well, too. So that is part of it.

Gabrial Shane Hajde
Wells Fargo Securities, LLC, Research Division

Okay. And then maybe going -- looking backwards and thinking about even the second quarter, I know there's a lot of moving parts, and I apologize if I missed it. But if we think about North America food, European food cans and then, I guess, maybe global composite cans, you talked about, I think, Europe food being up low single digits in Q1, which would imply maybe down high single digits, 8% or so in North America food or aerosol and I guess, composite can. And then half of that was off because of weather. Just help us maybe on Q1 volume trends in the 3 different geographies or 3 different businesses as you think about it.

Robert Howard Coker
President, CEO & Director

Yes, you're pretty close in your math in terms of low single digits in EMEA and your -- the correlation to how that would have impacted the Americas. I really don't have that full -- what does it mean available to us at this point. Maybe it can be a follow-up that we can get to you.

Gabrial Shane Hajde
Wells Fargo Securities, LLC, Research Division

Okay. And then I guess, Paul, when I think about tax rate, you gave us 26% at the beginning of the year, maybe interest tracking around \$150 million and [D&A] was a little light in Q1, \$125 million. I think we were kind of thinking about \$135 million or so. Is the \$125 million a good run rate going forward? And I'm just thinking about again the translation between EBITDA and EPS. If I take the low end of EPS, call it, \$5.85 or so, I'm coming off like [\$12.65] implied EBITDA. So anything that we should be mindful of there?

Paul Joachimczyk
Chief Financial Officer

No. I'd say your depreciation will probably tick up a little bit as some of our projects come online later this year. So you'll see a little bit of an increase, but your range is -- you're right in the same ballpark there.

Gabrial Shane Hajde
Wells Fargo Securities, LLC, Research Division

Okay. And last one for me, and I apologize if it's repetitive. But getting to Mark's question, our math on transport as our paper businesses about \$20 a ton of inflation flowing through the system. I think you have 1.4 million tons in North America, maybe 1 million tons in Europe. So that would imply, I don't know, something \$100 million just of inflation there. Maybe I'm overestimating things.

And then the 75 million pounds of polyethylene or resin buy that you were talking about, I think that was on a quarterly basis. It's up \$0.30, give or take, just between April and March. So that would imply just a lag on that would be maybe the \$10 million. So again, I'm trying to -- I'm having a hard time reconciling kind of -- and I believe you, right, \$8 million to \$10 million of inflation versus sort of the math that we've come up with independently. So maybe we're over underestimating.

Paul Joachimczyk
Chief Financial Officer

Yes, Gabe, I'd say I give hats off to our supply chain teams. They have done a phenomenal job negotiating things. We do have in our contracts too, some delays in the way the pricing gets passed. Those surcharges and things that you're talking about for freight and hit quicker. Also, if you think about how we optimize our transportation, we keep our plants close to our customer bases and things like that as well, too.

So they've done a phenomenal job, and we feel fairly confident in our numbers around the 8% to 10% as being a net number and exposure. So the gross number, you're probably absolutely spot on. It's definitely in that range, but the teams have done a phenomenal job of mitigating it. So like I said, I'm very happy with the progress that they've done.

Robert Howard Coker
President, CEO & Director

On the resin side of it, it's variable in terms of contracts, some of which are monthly extending out to quarterly. So that's a balance there. And you've got to look at the anticipation of what was coming and the inventories that we were able to build. And so all of the above points to exactly what Paul said, hats off to our procurement organization and how they've managed through this.

Operator

Your next question comes from the line of Matt Roberts from Raymond James.

Matthew Burke Roberts

Raymond James & Associates, Inc., Research Division

A couple of questions. They're all on RPC. So I'll just fire them off one by one here. First, what was RPC volume performance in 1Q? I believe that used to be in the slide deck. on April...

Robert Howard Coker

President, CEO & Director

Yes. I don't have visibility of that level.

Paul Joachimczyk

Chief Financial Officer

So Matt, when we did the reorganization to the 2 segments, we're really talking about consumer in total now. We're not going to break out RPC cans. We're not going to break out Metalpack cans. We'll talk to any major events that happen within the quarter, but we're going to keep that more at a consumer total level.

Matthew Burke Roberts

Raymond James & Associates, Inc., Research Division

Last couple of quarters. So that will be a couple more lines. So all good there. And then if I may, on the April promotional trends, I mean, last year within there was a customer on hold for working capital promotional environment changes from that customer now that the deal has closed? Or has there been a broader promotional environment given your customers are seeing cost inflation as well?

Robert Howard Coker

President, CEO & Director

You're kind of breaking out, Matt, but I think I understand your question. We're seeing -- it's slowly happening. It's 1 quarter post new owner of that particular brand and seeing probably more activity on an international perspective than we have seen here in North America, but things are improving. The relationship is rock solid and -- and again, it does appear, if you look over in Europe and Asia, that's really the starting point of focus and the expectation is then we'll start seeing more activity here in North America over time.

Matthew Burke Roberts

Raymond James & Associates, Inc., Research Division

And then last one, if I may, on RPC. In 2025, how big was frozen juice in that category? And any material headwinds in 2026 we could call out?

Robert Howard Coker

President, CEO & Director

Concentrate, gosh, it's been a long time since anybody asked about that. There was still in production here, probably more -- it is more related to the spirits side of things and mixers. But I guess I can say it it's public [made] has discontinued relatively immaterial to us and that the volume had reached such low levels. So just really not material at this point or prior to it.

Operator

Your next question comes from the line of George Staphos from Bank of America Securities.

George Leon Staphos

BofA Securities, Research Division

So [indiscernible] just fishing up here. Can you talk about or give us some clarity on the size of the Reels business within the portfolio? Remind us how big that might be for you? Secondly, related to some of the activity that didn't necessarily happen last year on the consumer side with some of your customers. Are there any new products that are now being considered that you may actually get some business on for this year?

And if you were in a position, could you size any of that for us in terms of the revenue opportunity later in the year? And then lastly, Howard, kind of longer term, looking at Slide 10, where you've got the dividend, and you do have a very good track record at Sonoco over the years.

Certainly, that dividend has been growing more quickly than the organic volume growth rate for the company. You're obviously doing a very, very good job with productivity and mix and all the things that has made Sonoco successful over the years. But how long do you think you can keep growing the dividend at that rate if volume isn't growing at that rate? And when do you think that we will get to a positive on volume in the businesses, consumer and industrial? Is it third quarter, fourth quarter, 2027? Any thoughts there would be great.

Robert Howard Coker

President, CEO & Director

Sure. George, yes, there's more than a few new products that will be launched through the second half of the year. I can't tell you what the success rate is going to be and what type of volumes that's ultimately going to materialize in. But pretty excited about some of what we see in the funnel. It's here in North America, it's also on the consumer side.

On the rail side of the business, it's doubled in the last multiple years, and it's probably about 10% of our industrial segment at this point in time. But again, continues to grow, and we certainly continue to support with capital. I guess that ties into your comment about dividend. Yes, I mean, the good news, if you look at the dividend payout ratio of where we are today, as we've continued to grow it, it continues to go down as opposed to where we were not too many years ago, 6, 7 years ago.

But you're right, productivity and others other benefits to the P&L have certainly helped to support that dividend and the lowering of the payout ratio. When do we get back to growing? We've got some really exciting things in the funnel. But if you recall, in February, we said, look, we got a lot ahead of us over the next 2 to 3 years in terms of improving the bottom line for the company with the portfolio that we have today. There's incremental growth. We just talked to some of that.

But I'm also very excited about some fairly large innovations from a capital perspective, from a market perspective that are in the funnel that kind of overlap as we, over the next couple of years, continue to drive the SG&A and other savings within the simplified organization that we'll be starting to kick in with some new products that are indeed material in existing markets that we're excited about. So I can't give you timing, can't give you amounts. But yes, we like the trajectory of the dividend. We also like the trajectory of the payout ratio. And we're going to continue to do what we need to do to improve the bottom line while we work on, again, some pretty exciting things that are to come in the future.

Operator

And that concludes our question-and-answer session. I will now turn the call back over to Roger Schrum for closing remarks.

Roger P. Schrum

Head of Investor Relations & Global Marketing Communications

Again, thank you for your time this morning. And as always, if you have any further questions, please don't hesitate to give us a call. Thank you. You can disconnect.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.

Copyright © 2026 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

© 2026 S&P Global Market Intelligence.