Sonoco to Purchase Phoenix Packaging Corporation

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HARTSVILLE, S.C., Aug. 8 /PRNewswire/ -- Sonoco (NYSE: SON), the global packaging company, has signed a definitive agreement to purchase Phoenix Packaging Corporation, a privately-held company headquartered in North Canton, Ohio, it was announced today by Harris E. DeLoach, Jr., president and chief executive officer. The purchase price was not disclosed.

(Photo: http://www.newscom.com/cgi-bin/prnh/19991006/SNCLOGO)

The all-cash purchase, which is subject to regulatory approval, is expected to close by the fourth quarter of this year. Phoenix had 2000 sales of approximately $70 million, with 2001 sales estimated at approximately $80 million. The acquisition is expected to be immediately accretive, adding approximately $.04 to $.05 per share in earnings by the end of the first 12 months.

Phoenix, with approximately 190 employees at two facilities in the Canton area, is the leading manufacturer of steel easy-open closures in North America. These closures are capable of serving metal, plastic and composite containers. "Only about one-third of the total domestic food can market has been converted to date to easy-open closures, with potential conversions remaining in such products as soups, seafood and vegetables. Easy-open closures sales have grown at a compound annual rate since 1999 of approximately nine percent. The easy-open closure growth is being driven principally by the increasing ready-to-serve food segment and consumer desire for convenience," said DeLoach.

"We believe this additional capacity and accompanying technology in the 'high-end' specialty closures market will further enhance Sonoco's ability to meet evolving closure needs for rigid containers, thus deepening our growing capability to provide global packaging supply chain solutions for current and potential customers," stated DeLoach. Sonoco's current global metal and plastic easy-open closures business, part of the Company's consumer packaging segment, had year 2000 external sales of approximately $25 million and some $165 million of internal sales to the Company's composite can operations. "Phoenix will also enable us to further improve our composite can cost structure through additional steel buying leverage," DeLoach added.

"The Phoenix acquisition, along with the recent agreement to purchase U.S. Paper Mills, is part of Sonoco's cash flow driven growth strategy of enhancing our primary cash flow producing businesses, principally integrated engineered carriers and composite cans. Free cash flow, expected to be some $750 million over the next five years, will be used to fuel our smaller, higher growth rate businesses, such as flexibles, which continues to garner new sales contracts; protective packaging; and a growing packaging services business. We expect to continue pursuing similar non-dilutive acquisition opportunities in our existing business segments," stated DeLoach.

Phoenix Packaging was founded in 1993 by George M. Smart and several business associates and is currently controlled by Dubilier & Company, a New York-based investment firm, George Smart and other individual investors. "Phoenix has grown rapidly over the last eight years, and we are confident this growth will continue in the future by being part of a highly respected global packaging company like Sonoco," said Smart. Phoenix Packaging and Dubilier & Company were advised on the transaction by Goldman, Sachs & Co.

Sonoco, founded in 1899, is a $2.7 billion manufacturer of industrial and consumer products and provider of packaging services, with approximately 295 operations in 33 countries serving customers in some 85 nations. For more information on the company, visit our web site at www.sonoco.com.

Statements included herein that are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are based on current expectations, estimates and projections about the company's industry, management's beliefs and certain assumptions made by management. Such information includes, without limitation, discussions as to estimates, expectations, beliefs, plans, strategies and objectives concerning the company's future financial and operating performance.

These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed or forecasted in such forward-looking statements. Such risks and uncertainties include, without limitation: availability and pricing of raw materials; success of new product development and introduction; ability to maintain or increase productivity levels; international, national and local economic and market conditions; ability to maintain market share; pricing pressures and demand for products; continued strength of the company's paperboard-based tube, core and composite can operations; and currency stability and the rate of growth in foreign markets. Additional information concerning some of the factors that could cause materially different results is included in the company's reports on Forms 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission. Such reports are available from the Securities and Exchange Commission's public reference facilities and its Internet website or from the company's investor relations department.

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