Sonoco to Purchase Hayes Manufacturing

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HARTSVILLE, S.C., Sept. 11 /PRNewswire/ -- Sonoco (NYSE: SON), the global packaging company, has signed a definitive agreement to purchase Hayes Manufacturing Group Inc., a privately held manufacturer of paper-based tubes, cores and composite cans headquartered in Neenah, Wisconsin, it was announced today by Harris E. DeLoach, Jr., president and chief executive officer. The purchase price was not revealed.

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

The all-cash purchase is expected to be accretive to earnings by approximately $.03 to $.04 per share in the first year. Completion of the purchase, which is subject to regulatory approval, is expected in the fourth quarter. Hayes Manufacturing had 2000 sales of approximately $56 million. Hayes produces paper-based tubes and cores serving the paper, plastic, foil/metal, paper converters, tape/label and construction industries. This sector accounts for approximately 80% of total sales. The composite can business provides approximately 20% of total sales and serves such industries as dairy, spices/seasonings, other food, household, pet care and others.

"We are particularly pleased to have reached an agreement to acquire Hayes Manufacturing. Since founding the company in 1968, the Hayes family has built an excellent reputation for integrity and quality in tubes, cores and composite cans. The Hayes and Sonoco cultures are quite similar, and the combination should significantly enhance our engineered carriers operations, particularly in the Midwest," said DeLoach. Hayes consumes over 50,000 tons of paperboard annually, including approximately 24,000 tons from U.S. Paper Mills, which Sonoco recently purchased. Most of the remaining tonnage used by Hayes will be produced from Sonoco's paper mills. Hayes will also provide Sonoco with several additional specialty product lines for its composite can operations.

"This agreement represents a continuation of Sonoco's strategy to seek non-dilutive acquisition opportunities in our existing business segments. We recently acquired U.S. Paper Mills Corp., which adds some 170,000 tons of lightweight paperboard for conversion into tubes and cores, including the less cyclical paper tissue and towel core business, and for conversion into composite cans. The U.S. Paper acquisition will also add flexibility to the Sonoco paper mill system that should further increase productivity. Earlier this year, we acquired Cumberland Plywood Reel operations, which complement our existing wire and cable reel business. More recently, we purchased a small paper tube and core operation in Kaiping, China, positioning us for expansion into Southern China. And, we previously agreed to purchase Phoenix Packaging, which produces easy-open metal closures capable of serving metal, plastic and composite containers. This acquisition will enhance our composite can cost structure by adding steel buying leverage, improve top line growth in our consumer segment at above average margins and further improve our supply chain management offerings for customers. All are expected to be accretive within the first twelve months and together in 2000 had total sales of approximately $211 million," stated DeLoach.

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.

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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