



Sonoco and Ahlstrom to Combine European Tube/Core and Coreboard Operations Into Joint Venture

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In Separate But Related Transaction, Sonoco to Acquire Ahlstrom's Paper-Based Tube/Core Operations in China

HARTSVILLE, S.C., April 19 /PRNewswire-FirstCall/ -- Sonoco (NYSE: SON), the global packaging company, Hartsville, S.C., and Ahlstrom Corporation, Helsinki, Finland, have signed a definitive agreement to combine their respective European paper-based tube/core and coreboard operations into a joint venture that will operate under the name Sonoco-Alcore S.a.r.l. The joint venture will be held 64.5 percent by Sonoco and 35.5 percent by Ahlstrom, it was announced today by Harris E. DeLoach, Jr., Sonoco president and chief executive officer, and Juha Rantanen, president and chief executive officer, Ahlstrom Corporation.

(Logo: <http://www.newscom.com/cgi-bin/prnh/19991006/SNCLOGO>)

Under the terms of the agreement, Sonoco will manage the joint venture and has named James A. Harrell, III, division vice president, Sonoco Industrial Products/Paper-Europe, to head the operation. The board of directors of the joint venture will consist of seven members. Four of them (including the chairman) will come from Sonoco and three from Ahlstrom. Sonoco will contribute to the joint venture ownership positions in 25 tube and core plants, consisting of one in Belgium, five in France, three in Germany, one in Greece, three in Italy, one in the Netherlands, one in Norway, one in Poland, two in Spain, one in Switzerland, one in Turkey, and five in the United Kingdom. Sonoco will also contribute six paper mills, consisting of two in France, one in Germany, one in Greece, one in Italy, and one in the United Kingdom.

Ahlstrom will contribute 15 tube and core plants, consisting of one in Estonia, three in Finland, one in France, two in Germany, two in the Netherlands, one in Norway, one in Poland, one in Russia, and three in Sweden. Ahlstrom will also contribute its paper mill in Karhula, Finland, and recutting center in Anjalankoski, Finland.

Total sales in 2003 for the properties being contributed by Sonoco and Ahlstrom to this joint venture were approximately \$235 million and \$102 million, respectively.

Following an initial two and one-half year standstill period and subject to certain conditions, Ahlstrom shall have the right over the next three and one-half years to "put" its shares in the joint venture to Sonoco for purchase based on a multiple of earnings. During the seventh year, Sonoco shall have the right to "call" Ahlstrom's shares in the joint venture for purchase based on the same earnings formula.

"This joint venture provides Sonoco with an important geographical extension of its European operations, particularly in Northern and Eastern Europe," said Harris DeLoach, Jr., Sonoco president and chief executive officer.

"We are particularly pleased to be associated with such an outstanding company as Ahlstrom with its well deserved reputation for paper and tube technology, quality products and customer service. The name for the joint venture was chosen to reflect the strength of both companies' trade names in the market. We look forward to what we know will be a mutually beneficial relationship," stated DeLoach.

Sonoco Purchases Ahlstrom China Operation

In a separate but related transaction, Sonoco has signed an agreement to purchase 100 percent of Ahlstrom's Chinese paper tube/core operation in Shouguang to serve the rapidly growing Chinese market for paper mill cores. The purchase price was undisclosed, and the operation will not be part of the joint venture.

Sonoco currently has a paper mill and tube and core operations in Shanghai, a tube and core converting facility in Kaiping in the south of China and is building a new tube and core converting facility in Wujiang, Shengze town of Jiangsu province, which is expected to open in the third quarter of 2004.

"This additional capacity in China is indicative of Sonoco's commitment to provide our technology to our customers wherever they choose to do business. This is becoming even more important in light of continuing movement offshore, particularly to China, of increasingly larger portions of products previously produced in North America and Western Europe by industries and companies which are Sonoco customers. Furthermore, we are committed to participating in the growth of the domestic Chinese markets in which we choose to compete," explained DeLoach.

The creation of the European joint venture and purchase of the operation in China are subject to satisfaction of customary closing conditions and regulatory approvals, including the European Commission.

Ahlstrom, headquartered in Helsinki, Finland, is a leader in high-performance fiber-based materials serving niche markets worldwide. The Company's fiber solutions serve the environment, healthcare, transport, packaging, and home and office markets. The 150-year old company employs approximately 6,500 personnel serving customers from facilities in more than 20 countries on five continents.

Sonoco, headquartered in Hartsville, S.C. USA, and founded in 1899, is a global manufacturer of industrial and consumer products and provider of packaging services, with approximately 295 operations in 32 countries serving customers in some 85 nations.

SOURCE Sonoco