Owens-Illinois Reports Increased Sales and Earnings For Fourth Quarter, Full Year

February 6, 1997

TOLEDO, Ohio, Feb. 6 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today reported that net earnings increased 13.0% in 1996, marking the fifth consecutive year of strong earnings growth.

The net earnings of $191.1 million, or $1.58 per share, were the highest for any year in the history of the company. Net earnings in 1995 were $169.1 million, or $1.40 per share.

Since its initial public offering of common stock in December 1991, Owens-Illinois has now achieved five straight years of double-digit increases in earnings from continuing operations, excluding the effects of unusual items. This includes 20 consecutive quarters of improved year-to-year results.

Good performances by the plastics and closures operations, the domestic glass container business, and several international affiliates all contributed to the 1996 results.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "The continuation of our record of strong earnings growth in 1996 is a result of ongoing efforts throughout the company to improve quality, productivity, and cost control while investing in our future and pursuing growth opportunities."

Owens-Illinois has invested more than $1 billion over the past four years in capital expenditures to improve productivity, increase capacity in key locations, and support its strategy to accelerate long-term growth.

Mr. Lemieux said, "We are especially pleased that our performance is now gaining wider recognition among investors, resulting in significant increases in value for our share owners." The market value of Owens-Illinois shares rose by approximately $1 billion during the past year to $2.74 billion as of December 31, 1996, or 56.9% per share. The Standard & Poor's 500 Index increased by 20.3% in the same period. For the two-year period ended December 31, 1996, the price of Owens-Illinois shares rose by 106.8%, compared with 61.3% for the S&P 500.

"Our performance in the stock market has provided a well-earned reward, both to our investors and our employees. Employees have been purchasing Owens-Illinois shares through our employee savings plans, stock option plans, or both. These programs provide valuable ongoing incentives to continue the efforts that have produced our record of strong earnings growth," Mr. Lemieux said. Approximately 80% of the company's U.S. employees now have investments in Owens-Illinois stock through their long-term employee savings programs.

"We are looking forward to another strong year in 1997, driven by improved performances in our existing businesses combined with the contributions of our recently completed acquisitions in Europe and the U.S.," Mr. Lemieux said.

As announced previously, Owens-Illinois on February 3 acquired a controlling interest in AVIR S.p.A., the largest glass container company in Italy with additional operations in the Czech Republic and Spain, and on February 5 completed the acquisition of certain assets of Anchor Glass Container Corporation, in the U.S.

"Beyond their immediate contributions, these acquisitions present new opportunities to accelerate long-term growth as we integrate them into our existing operations to achieve economies of scale, manufacturing and transportation efficiencies, and increased productivity by employing our state-of-the-art technology," Mr. Lemieux said.

In addition to AVIR, Owens-Illinois has expanded its international glass container operations over the past two years with acquisitions in India, Hungary, Finland, Estonia, and China.

Mr. Lemieux said, "These acquisitions reflect a major trend of consolidation within the worldwide packaging industry, which we believe will provide additional opportunities for strategic acquisitions."

Business Review

Strong demand for compression-molded closures, dispensing closures, and plastic containers for personal care products such as shampoos and liquid shower soaps highlighted a strong year for the plastics and closures group. Stronger manufacturing performance and higher unit sales also contributed to the improved plastics and closures results.

The domestic glass container operations continued to benefit from strong demand for beer bottles, reflecting continued growth in consumer demand for premium and specialty beers. This nearly offset lower shipments of food and juice bottles and the absence of sales of soft drink bottles due to the conversion from glass to plastic.

Despite record results in the United Kingdom and Poland, operating profit for the international operations was lower in 1996 due to weak economic conditions in Brazil and Venezuela, following exceptionally strong performances in 1995. Reported results of the Venezuelan operations for most of 1996 also were adversely affected by Venezuela's currency devaluation. Decreased earnings for the Brazilian and Venezuelan subsidiaries also resulted in a reduction in the amount of those earnings attributed to minority share owners. Affiliates in Hungary, Finland, and Estonia, which were acquired at the end of 1995, made positive contributions to operating profit in 1996.

Fourth Quarter

Fourth quarter earnings increased 10.6% to $22.9 million, or $0.19 per share. Earnings in the fourth quarter of 1995 were $20.7 million, or $0.17 per share. The 1995 results included unusual credits and charges which offset one another.

Fourth quarter sales rose 7.8% to $962.1 million, compared with sales of $892.4 million in the fourth quarter of 1995. The increase was due in part to higher domestic shipments of glass containers, reflecting continued strong demand for beer bottles; increased unit shipments by almost all international affiliates; and strong demand for plastic containers and closures.

OWENS-ILLINOIS, INC.
Condensed Consolidated Results of Operations
(Millions of dollars, except per share amounts)

	Year ended December 31, 1996	1995
Net sales	$3,845.7	$3,763.2
Earnings before interest expense, income taxes and minority share owners' interests (a)	$ 626.7	$ 609.6
Interest expense	302.6	299.6
Earnings before items below	324.1	310.0
Provision for income taxes	104.9	100.8
Minority share owners' interests in earnings of subsidiaries	28.1	40.1
Net earnings	$ 191.1	$ 169.1
Net earnings per share of common stock	$ 1.58	$ 1.40
Average shares outstanding (000s)	120,276	119,343

(a) Amounts for 1995 include a pretax charge of $40.0 million to write down the asbestos insurance asset and a net pretax benefit of $40.0 million primarily from the reduction of previously established restructuring reserves. The net aftertax effects of these items on 1995 earnings per share are as follows:

	1995
Net earnings	$ 1.40
Unusual fourth-quarter charges (credits):	
Asbestos-related insurance	0.21
Restructuring	(0.21)
Earnings before unusual fourth-quarter items	$ 1.40

OWENS-ILLINOIS, INC.
Condensed Consolidated Results of Operations
(Millions of dollars, except per share amounts)

	Three Months ended December 31, 1996	1995
Net sales	$ 962.1	$ 892.4
Earnings before interest expense, income taxes and minority shares owners' interests (a)	$ 114.0	113.3
Interest expense	77.6	73.1
Earnings before items below	36.4	40.2

Provision for income taxes	7.0	5.3
Minority share owners' interests in earnings of subsidiaries	6.5	14.2
Net earnings	$ 22.9	$ 20.7
Net earnings per share of common stock	$ 0.19	$ 0.17
Average shares outstanding (000s)	120,398	119,810

(a) Amounts for 1995 include a pretax charge of $40.0 million to write down the asbestos insurance asset and a net pretax benefit of $40.0 million primarily from the reduction of previously established restructuring reserves. The net aftertax effects of these items on 1995 fourth quarter earnings per share are as follows:

	1995
Net earnings	$ 0.17
Unusual fourth-quarter charges (credits):	
Asbestos-related insurance	0.21
Restructuring	(0.21)
Earnings before unusual fourth-quarter items	$ 0.17

OWENS-ILLINOIS, INC.
Consolidated Supplemental Financial Data
(Preliminary - subject to change)
Millions of Dollars

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	1996	1995	1996	1995
Net sales:				
Glass Containers	$ 697.3	$ 654.7	$2,783.3	$2,744.0
Plastics and Closures	264.4	237.2	1,060.7	1,017.7
Eliminations and other	.4	.5	1.7	1.5
Consolidated total	$ 962.1	$ 892.4	$3,845.7	$3,763.2
Operating profit:				
Glass Containers	$ 68.7	$ 122.7 (a)	$ 424.5	$ 482.7 (a)
Plastics and Closures	36.4	24.6 (a)	172.1	137.4 (a)
Eliminations and other retained costs	.9	(43.9)(a)	(7.4)	(54.6)(a)
Consolidated total	$ 106.0	$ 103.4	$ 589.2	$ 565.5
Equity earnings	$ 2.0	$ 2.3	$ 15.2	$ 14.4
Amortization of deferred costs	$ 12.8	$ 13.2	$ 51.8	$ 49.8
Depreciation	$ 56.4	$ 39.9	$ 219.8	$ 188.3
Additions to property, plant,				

and equipment	$ 97.8	$ 106.2	$ 388.4	$ 283.6

	December 31, 1996	December 31, 1995
Total debt	$3,394.7	$2,833.2
Share owners' equity	$ 729.7	$ 531.9

(a) Segment operating profit for 1995 reflects a fourth quarter charge to write down the asbestos insurance asset of $40.0 million and a net benefit of $40.0 million primarily from the reduction of previously established restructuring reserves as follows:

Glass Containers	$ 45.1
Plastics and Closures	(5.1)
Eliminations and other retained costs	(40.0)
Total	$ 0.0

SOURCE Owens-Illinois, Inc.
CONTACT: John Hoff of Owens-Illinois, 419-247-1203