Owens-Illinois Reports Improved Results for Second Quarter, First Six Months

July 17, 1997

TOLEDO, Ohio, July 17 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today reported improved results for the second quarter and first six months of 1997.

For the second quarter, earnings before extraordinary items were $86.9 million, up 30% from $66.6 million in the second quarter of 1996. Earnings per share before extraordinary items were $0.66 per share in the second quarter of 1997, compared with $0.55 per share in the second quarter of 1996.

Second quarter net sales rose 27% to $1.225 billion, up from $963.7 million in the comparable 1996 period.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "Recent acquisitions, combined with continued growth in demand for our products, contributed to a solid performance in the second quarter as we continue to build on our record of strong earnings growth. As a result of our successful refinancing plan, we now have additional financial flexibility to pursue our strategy for expansion in growing markets." Owens-Illinois has achieved double-digit increases in earnings from continuing operations, excluding the effects of unusual items, in each of the past five years.

The plastics and closures operations reported increased sales and operating profit, as most business units benefited from increased unit volumes and good manufacturing performance. The plastic containers business continued to experience strong unit volume growth, highlighted by increasing demand for packaging for personal care items such as hair care, skin care, and body wash products.

The international operations recorded strong second quarter increases in sales and operating profit, due primarily to the February acquisition of AVIR S.p.A., the largest glass container company in Italy, with additional operations in the Czech Republic and Spain. The second quarter results also reflect increased shipments of glass containers in emerging markets, as well as improved productivity resulting from investments by foreign affiliates in Owens-Illinois technology and equipment. The quarter included good performances in Colombia, Venezuela, Poland, and the United Kingdom, and improved profitability in Brazil.

Higher sales by the domestic glass container operations were the result of increased shipments from existing facilities, principally to U.S. brewers, as well as the February acquisition of certain assets of Anchor Glass Container Corporation. Integration costs and related acquisition effects unfavorably impacted operating profit in the second quarter of 1997.

Refinancing Plan

The company recorded extraordinary aftertax charges of $84.5 million in the second quarter of 1997 for the early retirement of debt as part of its previously announced refinancing plan. Net earnings after the extraordinary charges were $2.4 million, or $0.02 per share.

The refinancing plan is designed to reduce interest expense, strengthen the company's balance sheet, and improve financial flexibility. It contemplates the refinancing of approximately $1.9 billion of public indebtedness, with coupon rates ranging from 9 3/4% to 11%. This includes $1.357 billion retired during the second quarter, an additional $450 million scheduled to be redeemed in August, and an additional $100 million expected to be redeemed in October.

The plan is being funded by proceeds of approximately $1 billion from the issuance of 16.9 million shares of common stock and offerings of $300 million aggregate principal amount of 7.85% Senior Notes and $300 million aggregate principal amount of 8.10% Senior Notes in the second quarter of 1997, combined with additional borrowings under the company's amended bank credit facility.

When completed, the refinancing plan is expected to be accretive to earnings per share. However, because the retirement of the higher-coupon outstanding debt began late in the second quarter, with additional issues scheduled to be redeemed later in the year, the effect of the plan on second quarter earnings per share was slightly dilutive.

Six-Month Results

For the first six months of 1997, earnings before extraordinary items were $141.5 million or $1.11 per share, compared with $106.2 million, or $0.88 per share, for the first six months of 1996.

Net sales were $2.281 billion for the first half of 1997, up from $1.870 billion for the first half of 1996.

The estimated effective tax rate for the first six months of 1997, excluding the effect of the first quarter Kimble Glass gain, was 34.2%, compared with the actual rate of 32.4% for the full year 1996.

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

	Three Months ended June 30, 1997	1996
Net sales	$1,224.5	$ 963.7

Earnings before interest expense, income taxes, minority share owners' interests and extraordinary items	230.0	187.7
Interest expense	81.4	74.8
Earnings before items below	148.6	112.9
Provision for income taxes	50.8	39.3
Minority share owners' interests in earnings of subsidiaries	10.9	7.0
Earnings before extraordinary items	86.9	66.6
Extraordinary charges from early extinguishment of debt, net of applicable income taxes (a)	(84.5)	--
Net earnings	$2.4	$66.6
Earnings per share of common stock:		
Earnings before extraordinary items	$0.66	$0.55
Extraordinary charges (b)	(0.64)	--
Net earnings	$0.02	$0.55
Average shares outstanding (000s)(b)	131,483	120,284

(a) - The write-off of unamortized deferred finance fees and redemption premiums related to indebtedness repaid or redeemed prior to its scheduled maturity totaled $136.9 million less applicable income taxes of $52.4 million.

(b) - The increase in average shares outstanding from 1996 to 1997 resulted primarily from the issuance of approximately 16.9 million shares in the second quarter of 1997 in connection with a refinancing plan.

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

	Six Months ended June 30, 1997	1996
Net sales	$2,280.8	$1,869.5
Earnings before interest expense, income taxes, minority share owners' interests and extraordinary items (a)	400.3	335.6
Interest expense	167.3	148.3
Earnings before items below	233.0	187.3
Provision for income taxes	74.2	65.2
Minority share owners' interests in earnings of subsidiaries	17.3	15.9
Earnings before extraordinary items	141.5	106.2

Extraordinary charges from early extinguishment of debt, net of applicable income taxes (b)	(84.5)	--
Net earnings	$ 57.0	$ 106.2
Earnings per share of common stock (c):		
Earnings before extraordinary items	$ 1.11	$ 0.88
Extraordinary charges (b)	(0.67)	--
Net earnings	$ 0.44	$ 0.88
Average shares outstanding (000s)(d)	126,674	120,172

(a) - Amount for 1997 includes: (1) a gain of $16.3 million ($16.3 million aftertax) on the sale of the remaining 49% interest in Kimble Glass, and (2) charges of $14.1 million ($8.7 million aftertax) principally for guarantees of certain obligations of a business divested several years ago. These items were recorded in the first quarter of 1997.

The net aftertax effects of these items on 1997 earnings per share are as follows:

Earnings before extraordinary items	$ 1.11
Unusual first quarter charges (credits):	
Charge for guarantee obligations and other	0.07
Gain on sale of Kimble Glass	(0.13)
Earnings before extraordinary items and unusual first quarter items	$ 1.05

(b) - The write-off of unamortized deferred finance fees and redemption premiums related to indebtedness repaid or redeemed prior to its scheduled maturity totaled $136.9 million less applicable income taxes of $52.4 million.

(c) - Earnings per share are computed independently for each period presented. Due to the issuance of 16.9 million shares of common stock in the second quarter of 1997 and the resultant effect on average shares outstanding, per share amounts calculated on a year-to-date basis do not equal the sums of such amounts calculated separately for each quarter.

(d) - The increase in average shares outstanding from 1996 to 1997 resulted primarily from the issuance of approximately 16.9 million shares in the second quarter of 1997 in connection with a refinancing plan.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
Net sales:				
Glass Containers	$ 931.1	$ 697.1	$1,706.7	$1,338.9
Plastics and Closures	293.0	266.1	573.4	529.7
Eliminations and other	.4	.5	.7	.9
Consolidated total	$1,224.5	$ 963.7	$2,280.8	$1,869.5
Operating profit:				

Glass Containers	$ 165.0	$ 130.5	$ 266.1	$ 229.2
Plastics and Closures	57.5	49.1	109.2	92.9
Eliminations and other retained costs	.2	(.6)	1.1(a)	(7.0)
Consolidated total	$ 222.7	$ 179.0	$ 376.4	$ 315.1
Equity earnings	$ .5	$ 3.1	$ 9.3	$ 8.4
Amortization of deferred costs	$ 14.7	$ 13.0	$ 29.0	$ 25.9
Depreciation	$ 67.1	$ 53.8	$ 134.8	$ 106.6
Additions to property, plant, and equipment	$ 81.1	$ 131.3	$ 157.7	$ 208.4

	June 30, 1997	June 30, 1996
Total debt	$3,295.7	$2,895.8
Share owners' equity	$1,229.8	$ 631.7

(a) - Operating profit for 1997 includes: (1) a gain of $16.3 million ($16.3 million aftertax) on the sale of the remaining 49% interest in Kimble Glass, and (2) charges of $14.1 million ($8.7 million aftertax) principally for guarantees of certain obligations of a business divested several years ago. These items were recorded in the first quarter of 1997.

SOURCE Owens-Illinois, Inc.
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