Owens-Illinois Reports First Quarter Results

April 21, 1999

TOLEDO, Ohio, April 21 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today reported net earnings of $69.3 million, or $0.41 per share (diluted), for the first quarter of 1999. In 1998, the company reported first quarter net earnings of $80.4 million, or $0.56 per share on a diluted basis. Excluding the effect of certain unusual items, 1998 first quarter earnings were $0.45 per share on a diluted basis. First quarter net sales rose to $1.307 billion, up 19% from $1.099 billion in the prior year. The 1999 results include the contributions of the worldwide glass and plastics packaging businesses acquired from BTR plc on April 30, 1998.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "Most of our businesses are performing well, with increased unit shipments and higher EBIT on a year-over-year basis. Our earnings, however, continue to be affected by the impact of adverse economic conditions on our international affiliates in South America and Europe. We are continuing to implement measures in these regions to keep production activity and costs in line with current levels of demand. When these economies improve, we will be in excellent position to take advantage of renewed demand and the outstanding long term growth opportunities represented by many of these international markets."

The Asia Pacific glass container businesses acquired from BTR plc contributed to net sales of $873.1 million and EBIT of $140.3 million for the company's glass containers segment. In the first quarter of 1998 the glass containers segment had net sales of $812.4 million and EBIT of $116.0 million. (EBIT consists of consolidated earnings before interest income, interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries.)

The domestic glass container operations benefited from higher unit shipments during the quarter, driven principally by strong demand for beer bottles. The international glass container operations were adversely affected by the continuation of recessionary conditions in the emerging markets of South America and Eastern Europe as well as by lower shipments of glass containers in Italy and the United Kingdom. Glass container shipments by most affiliates in South America were at their lowest first quarter levels since 1994, reflecting the severity of the economic conditions in that region.

The plastics packaging operations reported significant increases in sales and EBIT, driven by strong performances by the units acquired from BTR plc and by the company's existing plastics operations. The plastics packaging segment had net sales of $415.3 million and EBIT of $79.7 million in the first quarter of 1999, compared with net sales of $262.6 million and EBIT of $45.8 million in the 1998 first quarter.

Factors contributing to improved results by the plastics packaging segment included increased shipments of closures for beverage and health care products; strong demand for prescription packaging, including the company's new 1-Clic(TM) prescription vial system; and shipments of polyethylene terephthalate (PET) containers by the newly acquired businesses.

The additional earnings of the businesses acquired from BTR plc, combined with the dilutive effects of the financings related to the acquisition, was dilutive to earnings per share by $0.01 in the first quarter of 1999.

Effective March 31, Owens-Illinois completed the previously announced sale of Rockware Group Limited, a producer of glass containers in the United Kingdom, to a subsidiary of Ardagh plc. Effective April 1, the company completed the sale, to Kimble Glass Inc., of its Chicago Heights, Ill., glass container manufacturing plant, which for many years has been dedicated principally to the production of borosilicate pharmaceutical glassware for Kimble customers. Cash consideration from the two transactions, totaling approximately $280 million, was received April 1 and is being utilized in the second quarter for the reduction of debt and general corporate purposes.

The adverse economic conditions in emerging markets in South America and Eastern Europe and the weaker than normal conditions in other parts of Europe are continuing into the second quarter. Despite good performances in the company's other businesses, the continuation of these adverse economic conditions, particularly in South America, where results are expected to be significantly weaker in the second quarter than the first, is likely to cause the company's earnings per share in the second quarter to be below earnings per share in the prior year period. (In the second quarter of 1998, the company reported earnings before extraordinary items of $115.0 million, or $0.75 per share on a diluted basis.)

Forward-Looking Statements

This news release contains forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking statements are necessarily projections which are subject to change upon the occurrence of events that may affect the business. The Company also points out that acquisitions involve a number of risks that can cause actual results to be materially different from expected results.

Company Profile

Owens-Illinois is the largest manufacturer of glass containers in the United States, North America, South America, Australia, New Zealand, and India, and the second largest in Europe. O-I also is a worldwide manufacturer of plastics packaging with operations in North America, South America, Australia, Europe, and Asia. Plastics packaging products manufactured by O-I include containers, closures, and prescription containers. The company also manufactures labels for a variety of containers and multipack carriers for beverage bottles.

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

Three Months ended March 31,

	1999	1998
Revenues:		
Net sales	$1,307.0	$1,098.5
Royalties and net technical assistance	7.0	6.1
Equity earnings	4.5	4.7
Interest	5.8	5.9
Other(a)	29.0	43.0
Total	1,353.3	1,158.2
Costs and expenses:		
Manufacturing, shipping, and delivery	999.8	861.1
Research and development	9.6	7.7
Engineering	9.4	8.0
Selling and administrative	66.6	62.4
Interest	105.2	65.2
Other(b)	43.5	36.7
Total	1,234.1	1,041.1
Earnings before items below	119.2	117.1
Provision for income taxes(c)	46.2	28.8
Minority share owners' interests in earnings of subsidiaries	3.7	7.9
Net earnings	69.3	80.4
Preferred stock dividends:		
Convertible	(5.4)	
Exchangeable	(.2)	(.4)
Net earnings available to common share owners	63.7	80.0
Effect of dilutive securities - Exchangeable preferred stock dividends	.2	.4
Net earnings used in diluted earnings per share calculation	$ 63.9	$ 80.4
Basic net earnings per share of common stock(c)	$ 0.41	$ 0.57
Weighted average shares outstanding (000s)(d)	155,611	140,620
Diluted net earnings per share of common stock(c)	$ 0.41	$ 0.56
Diluted average shares (000s)(d)	157,110	142,405

(a) -- Amount for 1998 includes a gain of $18.5 million ($11.4 million aftertax) related to the termination of a license agreement, net of charges for related equipment write-offs and capacity adjustments, under which the company had produced plastic multipack carriers for beverage cans. The net aftertax benefit of this item on earnings per share is $0.08.

(b) -- Amount for 1998 includes charges of $16.3 million ($10.1 million aftertax) for the settlement of certain environmental litigation and severance costs at certain international affiliates. The net aftertax effect of these items is a reduction in earnings per share of $0.07.

(c) -- Amount for 1998 includes a credit of $15.1 million to adjust net deferred income tax liabilities as a result of a reduction in Italy's statutory income tax rate. The benefit of this item on earnings per share is $0.10.

The net aftertax effects of the unusual charges and credits on diluted earnings per share are as follows:

	1999	1998
Net earnings	$0.41	$0.56
Unusual charges (credits):		
Decrease in Italy statutory income tax rate	--	(0.10)
Gain on termination of license agreement	--	(0.08)
Settlement of certain environmental litigation and severance costs at certain international affiliates	--	0.07
Earnings before unusual charges and credits	$0.41	$0.45

(d) -- The increase in average shares from 1998 to 1999 resulted primarily from the issuance of approximately 14.5 million shares of common stock in the second quarter of 1998 in connection with financing the acquisition of the worldwide glass and plastics packaging assets of BTR plc.

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

	Three Months ended March 31, 1999	1998
Net sales:		
Glass Containers	$ 873.1	$ 812.4
Plastics Packaging	415.3	262.6
Other	18.6	23.5
Segment and consolidated net sales	$1,307.0	$1,098.5
EBIT(a)(b):		
Glass Containers	$ 140.3	$ 116.0
Plastics Packaging	79.7	45.8
Other	1.7	21.6
Segment EBIT	221.7	183.4
Eliminations and other retained costs(b)	(3.1)	(7.0)
Consolidated EBIT	$ 218.6	$ 176.4
Amortization of deferred costs	$ 33.2	$ 15.1
Depreciation	$ 102.4	$ 74.9
Additions to property, plant, and equipment	$ 101.8	$ 103.6

	March 31, 1999	March 31, 1998
Total debt	$5,951.4	$3,387.9
Share owners' equity	$2,410.3	$1,385.3

(a) -- EBIT consists of consolidated earnings before interest income, interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries.

(b) -- Segment EBIT for the three months ended March 31, 1998 includes the following items: (1) a gain of $18.5 million related to the termination of a

license agreement, net of charges for related equipment write-offs and capacity adjustments, under which the company had produced plastic multipack carriers for beverage cans, and (2) charges of $16.3 million for the settlement of certain environmental litigation and severance costs at certain international affiliates. Such items are included as follows in segment EBIT for the three months ended March 31, 1998:

Glass Containers	$(7.8)
Other	18.5
Eliminations and other retained costs	(8.5)
Total	$ 2.2

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