Owens-Illinois Reports Second Quarter Results

July 21, 1999

TOLEDO, Ohio, July 21 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today reported net earnings of $110.9 million, or $0.67 per share (diluted), for the second quarter of 1999. Excluding unusual items, second quarter earnings from operations were $101.3 million, or $0.61 per share (diluted). In the second quarter of 1998, the company reported earnings before extraordinary items of $115.0 million or $0.75 per share (diluted). Second quarter 1999 net sales were $1.423 billion, compared with $1.385 billion in the prior year.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "While many of our businesses performed well, our second quarter results were hurt by the continuation of unusually weak economic conditions in markets served by our operations in South America and Europe. Our affiliates are continuing to improve cost structures and consolidate production in their most efficient facilities and will be in excellent position to serve those markets when their economies begin to recover. We are pleased by the solid performances of our operations in the United States and the Asia Pacific region."

The domestic glass container operations benefited from strong demand during the quarter, reflected in higher unit shipments of beer, food, and liquor containers. The international operations continued to be adversely affected by recessionary conditions in South America and Eastern Europe as well as continued weak demand in the United Kingdom. Affiliates in China and Indonesia reported year-over-year increases in shipments, sales, and EBIT.

The glass containers segment reported second quarter net sales of $962.2 million and EBIT of $191.5 million. In the second quarter of 1998 the glass containers segment had net sales of $976.7 million and EBIT of $193.3 million. The lower year-over-year sales and EBIT were directly attributable to weakness in South America and Europe, especially Eastern Europe. (EBIT consists of consolidated earnings before interest income, interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries.)

The plastics packaging operations benefited from increased shipments of a number of items including health care and personal care containers, closures for a variety of end uses, prescription containers, and polyethylene terephthalate (PET) containers for juices and food products. The plastics packaging segment had net sales of $441.3 million and EBIT of $86.4 million in the quarter, compared with net sales of $385.2 million and EBIT of $75.0 million in the 1998 second quarter.

Second quarter 1999 U.S. dollar results of most affiliates in South America and Europe were adversely affected by the strength of the U.S. dollar compared with local currencies.

The adverse economic conditions affecting emerging markets in South America and Eastern Europe and the weak demand in other parts of Europe are continuing. Despite good results from the company's other businesses, the continuation of these adverse conditions is likely to cause the company's earnings per share in the third quarter to be below earnings per share reported in the prior year period. In the third quarter of 1998, the company reported earnings before extraordinary items of $113.6 million, or $0.69 per share on a diluted basis.

Six-Month Results

For the first six months of 1999, earnings before extraordinary items were $180.2 million, or $1.08 per share (diluted), compared with $195.4, or $1.32 per share (diluted) for the first half of 1998. Net earnings after extraordinary items were $180.2 million, or $1.08 per share (diluted) for the first half of 1999, compared with $181.3 million, or $1.22 per share (diluted) for the first half of 1998. Excluding the effect of certain unusual items, 1999 first half earnings before extraordinary items were $1.02 per share (diluted), compared with $1.21 per share (diluted) in the first half of 1998.

Net sales were $2.730 billion for the first half of 1999, up from $2.484 billion in the first half of 1998. The 1999 results include the contributions of the worldwide glass and plastics packaging businesses acquired from BTR plc on April 30, 1998.

Unusual Items

The 1999 results include the following items, recorded in the second quarter of 1999: net aftertax gains totaling $23.6 million related to the sales of a U.S. glass container plant and a mold manufacturing business in Colombia; and aftertax charges totaling $14.0 million related principally to restructuring costs and write-offs of certain assets in Europe and South America.

The 1998 results include the following items, recorded in the first quarter of 1998: a net aftertax gain of $11.4 million related to the termination of a licensing agreement; aftertax charges totaling $10.1 million for the settlement of certain environmental litigation and severance costs at certain international affiliates; and a tax benefit of $15.1 million to adjust net deferred income tax liabilities as a result of a reduction in Italy's statutory income tax rate.

Extraordinary Items

In the second quarter of 1998, the company recorded aftertax charges of $14.1 million for the early retirement of debt in connection with the financing of the BTR packaging acquisition.

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 June 30, 1999	1998
Revenues:		
Net sales	$1,423.1	$1,385.0
Royalties and net technical assistance	7.2	7.1
Equity earnings	4.5	4.5
Interest	7.7	8.6
Other(a)	73.1	27.1
Total	1,515.6	1,432.3
Costs and expenses:		
Manufacturing, shipping, and delivery	1,068.4	1,031.6
Research and development	10.1	8.9
Engineering	8.2	8.4
Selling and administrative	72.6	64.7
Interest	103.8	99.1
Other(b)	64.0	35.1
Total	1,327.1	1,247.8
Earnings before items below	188.5	184.5
Provision for income taxes	72.2	62.0
Minority share owners' interests in earnings of subsidiaries	5.4	7.5
Earnings before extraordinary items	110.9	115.0
Extraordinary charges from early extinguishment of debt, net of applicable income taxes(c)	--	(14.1)
Net earnings	$110.9	$100.9
Earnings before extraordinary items	$110.9	$115.0
Preferred stock dividends:		
Convertible	(5.4)	(2.4)
Exchangeable	(.2)	(.3)
Earnings before extraordinary items available to common share owners	105.3	112.3
Effect of dilutive securities - Preferred stock dividends	5.6	2.7
Earnings before extraordinary items used in diluted earnings per share calculation	$110.9	$115.0
Basic earnings per share of common stock:		

Earnings before extraordinary items	$0.68	$0.76
Extraordinary charges(c)	--	(0.10)
Net earnings	$0.68	$0.66
Average shares outstanding (000s)(d)	155,873	148,278
Diluted earnings per share of common stock:		
Earnings before extraordinary items	$0.67	$0.75
Extraordinary charges(c)	--	(0.09)
Net earnings	$0.67	$0.66
Diluted average shares(000s)	165,976	153,942

(a) Amount for 1999 includes gains totaling $40.8 million ($23.6 million after tax and minority share owners' interests) related to the sales of a U.S. glass container plant and a mold manufacturing business in Colombia. The net aftertax benefit of these items on earnings per share is $0.15 (basic) and $0.14 (diluted).

(b) Amount for 1999 includes charges totaling $20.8 million ($14.0 million after tax and minority share owners' interests) related principally to restructuring costs and write-offs of certain assets in Europe and South America. The net aftertax effect of these items is a reduction in earnings per share of $0.09 (basic) and $0.08 (diluted).

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

	Three months ended June 30,	
	1999	1998
Earnings before extraordinary items	$0.67	$0.75
Unusual charges (credits):		
Gains on asset sales	(0.14)	--
Restructuring costs and asset write-offs	0.08	--
Earnings before extraordinary items and unusual charges and credits	$0.61	$0.75

(c) The 1998 write-off of unamortized deferred finance fees related to indebtedness repaid prior to its maturity totaled $22.8 million less applicable income taxes of $8.7 million.

(d) As announced on May 4, 1999, the Owens-Illinois board of directors has authorized management to repurchase up to 10 million shares of the company's common stock. Broker-dealer arrangements for implementation of the company's share buyback program were put into place late in the second quarter. The company did not repurchase any of its shares during the second quarter but does intend to repurchase stock from time to time on the open market depending on market conditions and other considerations. As of June 30, 1999, Owens-Illinois had 156.3 million shares of common stock outstanding.

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

	Six Months ended June 30, 1999	1998
Revenues:		
Net sales	$2,730.1	$2,483.5
Royalties and net technical assistance	14.2	13.2
Equity earnings	9.0	9.2
Interest	13.5	14.5
Other(a)	102.1	70.1
TOTAL	2,868.9	2,590.5
Costs and expenses:		
Manufacturing, shipping, and delivery	2,068.2	1,892.7
Research and development	19.7	16.6
Engineering	17.6	16.4
Selling and administrative	139.2	127.1
Interest	209.0	164.3
Other(b)	107.5	71.8
TOTAL	2,561.2	2,288.9
Earnings before items below	307.7	301.6
Provision for income taxes(c)	118.4	90.8
Minority share owners' interests in earnings of subsidiaries	9.1	15.4
Earnings before extraordinary items	180.2	195.4
Extraordinary charges from early extinguishment of debt, net of applicable income taxes(d)	--	(14.1)
Net earnings	$180.2	$181.3
Earnings before extraordinary items	$180.2	$195.4
Preferred stock dividends:		
Convertible	(10.7)	(2.4)
Exchangeable	(.5)	(.7)
Earnings before extraordinary items available to common share owners	169.0	192.3
Effect of dilutive securities - Preferred stock dividends	.5	3.1
Earnings before extraordinary items used in diluted earnings per share calculation	$169.5	$195.4
Basic earnings per share of common stock:		
Earnings before extraordinary items	$1.09	$1.33
Extraordinary charges(d)	--	(0.10)

Net earnings	$1.09	$1.23
Average shares outstanding (000s)(e)	155,742	144,470
Diluted earnings per share of common stock:		
Earnings before extraordinary items	$1.08	$1.32
Extraordinary charges(d)	--	(0.10)
Net earnings	$1.08	$1.22
Diluted average shares(000s)	157,249	148,195

(a) Amount for 1999 includes gains totaling $40.8 million ($23.6 million after tax and minority share owners' interests) related to the sales of a U.S. glass container plant and a mold manufacturing business in Colombia. The net aftertax benefit of these items on earnings per share is $0.15.

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 1999 includes charges totaling $20.8 million ($14.0 million after tax and minority share owners' interests) related principally to restructuring costs and write-offs of certain assets in Europe and South America. The net aftertax effect of these items is a reduction in earnings per share of $0.09.

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:

	Six months ended June 30,	
	1999	1998
Earnings before extraordinary items	$1.08	$1.32
Unusual charges (credits):		
Gains on asset sales	(0.15)	--
Restructuring costs and asset write-offs	0.09	--
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 extraordinary items and unusual charges and credits	$1.02	$1.21

(d) The 1998 write-off of unamortized deferred finance fees related to indebtedness repaid prior to its maturity totaled $22.8 million less applicable income taxes of $8.7 million.

(e) As announced on May 4, 1999, the Owens-Illinois board of directors has authorized management to repurchase up to 10 million shares of the company's common stock. Broker-dealer arrangements for implementation of the company's share buyback program were put into place late in the second quarter. The company did not repurchase any of its shares during the second quarter but does intend to repurchase stock from time to time on the open market depending on market conditions and other considerations. As of June 30, 1999, Owens-Illinois had 156.3 million shares of common stock outstanding.

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

	Three Months ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Net sales:				
Glass Containers	$962.2	$976.7	$1,835.3	$1,789.1
Plastics Packaging	441.3	385.2	856.6	647.8
Other	19.6	23.1	38.2	46.6
Segment and consolidated net sales	$1,423.1	$1,385.0	$2,730.1	$2,483.5
EBIT(a)(b):				
Glass Containers	$191.5	$193.3	$331.8	$309.3
Plastics Packaging	86.4	75.0	166.1	120.8
Other	2.0	5.0	3.7	26.6
Segment EBIT	279.9	273.3	501.6	456.7
Eliminations and other retained costs(b)	4.7	1.7	1.6	(5.3)
Consolidated EBIT	$284.6	$275.0	$503.2	$451.4
Amortization of deferred costs	$35.1	$26.4	$69.4	$41.5
Depreciation	$96.4	$91.6	$198.8	$166.5
Additions to property, plant, and equipment	$159.6	$138.8	$261.4	$242.4

	June 30, 1999	June 30, 1998
Total debt	$5,743.4	$5,932.5
Share owners' equity	$2,520.6	$2,550.4

(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 Glass Containers segment for the three

and six months ended June 30, 1999 includes the following: (1) gains totaling $40.8 million related to the sales of a U.S. glass container manufacturing plant and a mold manufacturing business in Colombia, and (2) charges totaling $20.8 million related principally to restructuring costs and write-offs of certain assets in Europe and South America.

Segment EBIT for the six months ended June 30, 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 six months ended June 30, 1998:

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

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