Owens-Illinois Reports Third Quarter Results

October 21, 1999

TOLEDO, Ohio, Oct. 21 /PRNewswire/ -- Owens-Illinois, Inc., (NYSE: OI) today reported net earnings of $77.5 million, or $0.46 per share (diluted), for the third quarter of 1999, compared with net earnings of $113.6 million, or $0.69 per share (diluted) in the third quarter of 1998. Third quarter net sales were $1.426 billion, compared with $1.454 billion in the third quarter of 1998.

Joseph H. Lemieux, Owens-Illinois chairman and chief executive officer, said, "Severe economic conditions in emerging markets in South America and Eastern Europe and soft demand in certain other markets continued in the third quarter to adversely affect our performance. We have taken a number of steps to improve our cost structures where demand is weak and we continue to evaluate our operations for additional opportunities to improve efficiency and profitability. Despite current problems in some international markets, most of our businesses are continuing to perform well. We believe that our businesses have excellent potential for long-term earnings growth, including the operations in countries where we have experienced recent difficulties due to adverse economic conditions. We are continuing to focus on strategies and programs to strengthen our ability to participate in long-term growth on a global basis."

The glass containers segment reported 1999 third quarter net sales of $982.5 million and EBIT of $156.0 million, compared with net sales of $1.026 billion and EBIT of $193.0 million in the third quarter of 1998. (EBIT consists of consolidated earnings before interest income, interest expense, provision for income taxes, and minority share owners' interests in earnings of subsidiaries.)

In the domestic glass container operations, higher shipments of containers for beer, juice, and tea offset lower shipments of certain food, liquor, drug, and chemical containers. The international operations continued to be adversely affected by severe economic conditions in South America and Eastern Europe and generally lower demand in the United Kingdom and certain other markets. Although the Brazilian operations had improved year-over-year shipments, results in South America continued to be adversely affected by the worst economic conditions in several decades in Colombia and Venezuela. Affiliates in the Asia Pacific region, notably in China and Indonesia, continued to show good year-over-year improvement.

The plastics packaging segment had net sales of $425.7 million and EBIT of $67.3 million in the quarter, compared with net sales of $408.1 million and EBIT of $72.5 million in the 1998 third quarter. The plastics packaging operations benefited from increased shipments of containers for automotive, food, health care, and personal care end uses; closures and trigger pumps; and prescription containers. U.S. shipments of beverage closures and PET containers were above prior-year levels; the rates of growth slowed temporarily in the third quarter of 1999 before returning late in the quarter to growth rates more typical of those in the first half of the year.

Mr. Lemieux said, "Although our plastics segment had lower EBIT in the third quarter compared to prior year, our plastics businesses have had good year-to-date results and should have good results for the balance of the year. Our plastics businesses, excluding custom PET containers, are expected to achieve a double-digit percentage increase in EBIT for the year, and unit shipments by the PET business are expected to grow at a double-digit percentage rate for the year."

As announced in May 1999, the Owens-Illinois board of directors authorized the company to repurchase up to 10 million shares of common stock. Since the beginning of the repurchase program, Owens-Illinois has repurchased approximately 6.0 million shares of its common stock at an average cost of $21.61 per share. This includes 3.8 million shares purchased in the third quarter at an average cost of $22.56 per share. The company intends to continue to repurchase its common stock from time to time on the open market depending on market conditions and other considerations.

Nine-Month Results

For the first nine months of 1999, earnings before extraordinary items were $257.7 million, or $1.54 per share (diluted), compared with earnings before extraordinary items of $309.0 million, or $2.00 per share (diluted), for the first nine months of 1998. Net earnings after extraordinary items were $257.7 million, or $1.54 per share (diluted) in the first nine months of 1999, compared with $294.9 million, or $1.91 per share (diluted), in the first nine months of 1998. Excluding the effects of certain unusual items, earnings before extraordinary items for the first nine months of 1999 were $1.48 per share (diluted), compared with $1.88 per share (diluted) in the first nine months of 1998.

Net sales were $4.156 billion for the first nine months of 1999, up from $3.937 billion for the first nine months of 1998.

Unusual Items

The 1999 results include the following items, recorded in the second quarter of 1999: net gains totaling $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; and charges totaling $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 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. The 1998 results also include the following items, recorded in the third quarter of 1998: an aftertax benefit of $4.7 million from the reduction of reserves for guarantees of certain obligations of a business divested several years ago, and an aftertax loss of $3.5 million on the sale of a discontinued operation by a company in which Owens-Illinois holds a minority interest.

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 one of the 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 September 30,	
	1999	1998
Revenues:		
Net sales	$1,426.2	$1,453.6
Royalties and net technical assistance	9.4	7.4
Equity earnings(a)	6.6	1.4
Interest	6.7	7.6
Other	30.9	30.7
TOTAL	1,479.8	1,500.7
Costs and expenses:		
Manufacturing, shipping, and delivery	1,112.2	1,105.7
Research and development	10.9	9.5
Engineering	9.5	8.7
Selling and administrative	71.9	72.4
Interest	106.1	103.5
Other(b)	39.5	20.4
TOTAL	1,350.1	1,320.2
Earnings before items below	129.7	180.5
Provision for income taxes	49.2	63.3
Minority share owners' interests in earnings of subsidiaries	3.0	3.6
Net earnings	$77.5	$113.6
Preferred stock dividends:		
Convertible	(5.4)	(5.4)
Exchangeable	(.2)	(.4)
Net earnings available to common share owners	71.9	107.8
Effect of dilutive securities -		
Exchangeable preferred stock dividends	.2	.4
Convertible preferred stock dividends	--	5.4
Net earnings used in diluted earnings per share calculation	$72.1	$113.6

Basic net earnings per share of common stock	$0.46	$0.70
Average shares outstanding (000s)(c)	154,918	155,346
Diluted net earnings per share of common stock	$0.46	$0.69
Diluted average shares(000s)	156,283	165,629

(a) Amount for 1998 includes a loss of $5.7 million ($3.5 million aftertax) on the sale of a discontinued operation by an equity investee. The net aftertax effect of this item is a reduction in earnings per share of $0.02.

(b) Amount for 1998 includes a benefit of $7.6 million ($4.7 million aftertax) from the reduction of previously established reserves for guarantees of certain obligations of a business divested several years ago. The net aftertax benefit of this item on earnings per share is $0.03.

(c) As announced on May 4, 1999, the Owens-Illinois board of directors authorized management to repurchase up to 10 million shares of the company's common stock. During the third quarter of 1999, the company purchased approximately 3.8 million shares pursuant to its share repurchase plan for $84.9 million. As of September 30, 1999, Owens-Illinois had 152.5 million shares of common stock outstanding.

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

	Nine Months ended September 30, 1999	1998
Revenues:		
Net sales	$4,156.3	$3,937.1
Royalties and net technical assistance	23.6	20.6
Equity earnings(a)	15.6	10.6
Interest	20.2	22.1
Other(b)	133.0	100.8
TOTAL	4,348.7	4,091.2
Costs and expenses:		
Manufacturing, shipping, and delivery	3,180.4	2,998.4
Research and development	30.6	26.1
Engineering	27.1	25.1
Selling and administrative	211.1	199.5
Interest	315.1	267.8
Other(c)	147.0	92.2
TOTAL	3,911.3	3,609.1
Earnings before items below	437.4	482.1
Provision for income taxes(d)	167.6	154.1
Minority share owners' interests in earnings of subsidiaries	12.1	19.0
Earnings before extraordinary items	257.7	309.0

Extraordinary charges from early extinguishment of debt, net of applicable income taxes(e)	--	(14.1)
Net earnings	$257.7	$294.9
Earnings before extraordinary items	$257.7	$309.0
Preferred stock dividends:		
Convertible	(16.1)	(7.8)
Exchangeable	(.7)	(1.1)
Earnings before extraordinary items available to common share owners	240.9	300.1
Effect of dilutive securities -		
Exchangeable preferred stock dividends	.7	1.1
Convertible preferred stock dividends	--	7.8
Earnings before extraordinary items used in diluted earnings per share calculation	$241.6	$309.0
Basic earnings per share of common stock:		
Earnings before extraordinary items	$1.55	$2.03
Extraordinary charges(e)	--	(0.10)
Net earnings	$1.55	$1.93
Average shares outstanding (000s)(f)	155,465	148,135
Diluted earnings per share of common stock:		
Earnings before extraordinary items	$1.54	$2.00
Extraordinary charges(e)	--	(0.09)
Net earnings	$1.54	$1.91
Diluted average shares(000s)	156,924	154,046

(a) Amount for 1998 includes a third quarter loss of $5.7 million ($3.5 million aftertax) on the sale of a discontinued operation by an equity investee. The net aftertax effect of this item is a reduction in earnings per share of $0.02.

(b) Amount for 1999 includes second quarter 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 first quarter 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.

(c) Amount for 1999 includes second quarter 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: (1) first quarter charges of $16.3 million ($10.1 million aftertax) for the settlement of certain environmental litigation and severance costs at certain international affiliates, and (2) a third quarter benefit of $7.6 million ($4.7 million aftertax) from the reduction of previously established reserves for guarantees of certain obligations of a business divested several years ago. The net aftertax effect of these items is a reduction in earnings per share of $0.04.

(d) Amount for 1998 includes a first quarter 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:

	Nine months ended September 30,	
	1999	1998
Earnings before extraordinary items	$1.54	$2.00
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, and other	--	0.06
Earnings before extraordinary items and unusual charges and credits	$1.48	$1.88

(e) 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.

(f) As announced on May 4, 1999, the Owens-Illinois board of directors authorized management to repurchase up to 10 million shares of the company's common stock. During the third quarter of 1999, the company purchased approximately 3.8 million shares pursuant to its share repurchase plan for $84.9 million. As of September 30, 1999, Owens-Illinois had 152.5 million shares of common stock outstanding.

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

	Three Months ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
Net sales:				
Glass Containers	$982.5	$1,026.2	$2,817.8	$2,815.3
Plastics Packaging	425.7	408.1	1,282.3	1,055.9
Other	18.0	19.3	56.2	65.9
Segment and consolidated net sales	$1,426.2	$1,453.6	$4,156.3	$3,937.1
EBIT(a)(b):				
Glass Containers	$156.0	$193.0	$487.8	$502.3
Plastics Packaging	67.3	72.5	233.4	193.3
Other	1.1	2.7	4.8	29.3
Segment EBIT	224.4	268.2	726.0	724.9
Eliminations and other retained costs(b)	4.7	8.2	6.3	2.9
Consolidated EBIT	$229.1	$276.4	$732.3	$727.8
Amortization of deferred costs	$35.1	$31.6	$104.7	$73.1
Depreciation	$104.5	$101.6	$303.3	$268.1
Additions to property, plant, and equipment	$159.9	$134.9	$421.3	$377.3
Share purchases	$84.9	$--	$84.9	$--

	September 30, 1999	September 30, 1998
Total debt	$5,751.0	$5,834.5
Share owners' equity	$2,493.2	$2,663.1

(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 nine months ended September 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 periods ended September 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, (2) charges of $16.3 million for the settlement of certain environmental litigation and severance costs at certain international

affiliates, (3) a benefit of $7.6 million from the reduction of previously established reserves for guarantees of certain obligations of a business divested several years ago, and (4) a loss of $5.7 million on the sale of a discontinued operation by an equity investee. Such items are included as follows in segment EBIT for the three and nine months ended September 30, 1998:

	Three months ended September 30, 1998	Nine months ended September 30, 1998
Glass Containers	$(5.7)	$(13.5)
Other	--	18.5
Eliminations and other retained costs	7.6	(0.9)
Total	$ 1.9	$ 4.1

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