



O-I REPORTS FIRST QUARTER 2014 RESULTS; Earnings Increase Bolstered by Sales Volume Growth

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FOR IMMEDIATE RELEASE

O-I REPORTS FIRST QUARTER 2014 RESULTS *Earnings Increase Bolstered by Sales Volume Growth*

PERRYSBURG, Ohio (Apr. 29, 2014) - Owens-Illinois, Inc. (NYSE: OI) today reported financial results for the first quarter ending March 31, 2014.

Highlights

- **First quarter 2014 earnings** from continuing operations attributable to the Company were \$0.62 per share (diluted), compared with \$0.48 per share in the same period of 2013. Excluding certain items management considers not representative of ongoing operations, adjusted earnings⁽¹⁾ were \$0.62 per share compared with \$0.60 per share in the prior year.
- **Global volumes were up 2 percent for the third consecutive quarter.** Broad-based gains in Europe and North America, and flat shipments in South America were partially offset by declines in Asia Pacific.
- **Segment operating profit margin expanded more than 300 basis points in Europe,** driven by volume and structural cost improvements from the asset optimization program. Operating profit declined in North America primarily due to logistics headwinds from adverse weather. Profitability in both South America and Asia Pacific suffered from double digit declines in key currencies and lower production volumes.
- **Interest expense declined** in the quarter as the Company benefited from ongoing deleveraging efforts, which continue to enhance financial flexibility.

Commenting on the Company's first quarter results, Chairman and Chief Executive Officer Al Stroucken said, "In Europe, we were especially pleased to see a positive volume impact coupled with the clear benefits from our restructuring efforts. Record-setting snow and cold in North America dampened profitability in the quarter, despite modest volume growth. Demand in South America exceeded our previous guidance, where strong volume gains in Brazil offset declines in the Andean countries. Financial performance in Asia Pacific suffered from expected volume declines and delayed recovery of cost inflation in mature markets. Overall, higher year-on-year earnings demonstrate our ability to deliver strong financial results in the face of external headwinds."

<u>Selected Financial Data</u>	Three months ended	
	March 31	
(Dollars in millions, except per share amounts and operating profit margin)	2014	2013
Net sales	\$ 1,639	\$ 1,641
Segment operating profit	218	226
Segment operating profit margin	13.3%	13.8%
Earnings attributable to the Company from continuing operations	102	79
Earnings per share from continuing operations (diluted)	\$ 0.62	\$ 0.48
Adjusted earnings (non-GAAP)	102	99
Adjusted earnings per share (non-GAAP)	\$ 0.62	\$ 0.60

Operational highlights

Net sales in the first quarter of 2014 were \$1.6 billion, on par with the prior year first quarter. Price was up modestly on a global basis, as a slight decline in Europe was offset by broad-based price gains in the Americas. Currency was an overall headwind as a weaker Brazilian real and Australian

dollar more than offset a stronger Euro.

Sales volume, in terms of tonnes shipped, increased 2 percent year-over-year. Europe volume increased 6 percent, driven by strong beer performance, as well as wine. Adverse weather conditions in North America did not materially impede sales volumes, which grew 2 percent. This was driven by beer and non-alcoholic beverages, such as juices and iced coffees. In South America, Brazil reported higher sales volumes, which were offset by weakness in the Andean countries. Within Asia Pacific, the Company's smaller footprint in China and ongoing weak demand in mature markets caused a nearly 10 percent decline in volumes in the region.

Segment operating profit was \$218 million, down \$8 million compared with the prior year first quarter. Europe's operating profit expanded nearly 50 percent, driven by volume gains across most categories. As expected, the region continues to benefit from asset optimization. In North America sales and production volumes were higher. However, those gains were more than offset by substantially higher supply chain costs due to extreme weather conditions.

Lower profitability in South America was primarily due to a higher level of planned furnace rebuild activity and a double digit devaluation of the Brazilian real. Asia Pacific profit was dampened by lower volume and higher costs, particularly energy. The region will begin recovering this inflation in the second half of 2014.

Financial highlights

Net interest expense⁽²⁾ was \$3 million lower than the prior year, primarily due to lower interest rates and to the Company's ongoing efforts to reduce debt.

Outlook

Commenting on the Company's outlook for the second quarter, Stroucken said, "Conditions in Europe continue to slowly stabilize. In North America, the lingering impact of logistics challenges will likely weigh on profitability in the second quarter. In South America, we anticipate modest recovery over the lackluster demand in the prior year period. We expect sales in China to continue to decline due to our plant closures there, and do not yet see recovery in the mature markets of Asia Pacific. We will stay the course to deliver our long-term financial commitments by continuing to focus on taking out costs while maintaining disciplined capital allocation."

The Company's expected adjusted EPS range of \$2.80 to \$3.20 per share in 2014 remains unchanged, as does its free cash flow projection of approximately \$350 million for the year.

About O-I

Owens-Illinois, Inc. (NYSE: OI) is the world's largest glass container manufacturer and preferred partner for many of the world's leading food and beverage brands. The Company had revenues of \$7.0 billion in 2013 and employs approximately 22,500 people at 77 plants in 21 countries. With global headquarters in Perrysburg, Ohio, USA, O-I delivers safe, sustainable, pure, iconic, brand-building glass packaging to a growing global marketplace. For more information, visit www.o-i.com.

O-I's Glass Is Life(TM) movement promotes the widespread benefits of glass packaging in key markets around the globe. Join us in the #betteringlass conversation at www.glassislife.com.

Regulation G

The information presented above regarding adjusted net earnings relates to net earnings from continuing operations attributable to the Company exclusive of items management considers not representative of ongoing operations and does not conform to U.S. generally accepted accounting principles (GAAP). It should not be construed as an alternative to the reported results determined in accordance with GAAP. Management has included this non-GAAP information to assist in understanding the comparability of results of ongoing operations. Further, the information presented above regarding free cash flow does not conform to GAAP. Management defines free cash flow as cash provided by continuing operating activities less capital spending (both as determined in accordance with GAAP) and has included this non-GAAP information to assist in understanding the comparability of cash flows. Management uses non-GAAP information principally for internal reporting, forecasting, budgeting and calculating compensation payments. Management believes that the non-GAAP presentation allows the board of directors, management, investors and analysts to better understand the Company's financial performance in relationship to core operating results and the business outlook.

The Company routinely posts important information on its website - www.o-i.com/investors.

Forward looking statements

This document contains "forward looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Forward looking statements reflect the Company's current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward looking statements. It is possible the Company's future financial performance may differ from expectations due to a variety of factors including, but not limited to the following: (1) foreign currency fluctuations relative to the U.S. dollar, specifically the Euro, Brazilian real and Australian dollar, (2) changes in capital availability or cost, including interest rate fluctuations and the ability of the Company to refinance debt at favorable terms, (3) the general political, economic and competitive conditions in markets and countries where the Company has operations, including uncertainties related to the economic conditions in Australia, Europe and South America, disruptions in capital markets, disruptions in the supply chain, competitive pricing pressures, inflation or deflation, and changes in tax rates and laws, (4) consumer preferences for alternative forms of packaging, (5) cost and availability of raw materials, labor, energy and transportation, (6) the Company's ability to manage its cost structure, including its success in implementing restructuring plans and achieving cost savings, (7) consolidation among competitors and customers, (8) the ability of the Company to acquire businesses and expand plants, integrate operations of acquired businesses and achieve expected synergies, (9) unanticipated expenditures with respect to environmental, safety and health laws, (10) the Company's ability to further develop its sales, marketing and product development capabilities, and (11) the timing and occurrence of events which are beyond the control of the Company, including any expropriation of the Company's operations, floods and other natural disasters, events related to asbestos-related claims, and the other risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 and any subsequently filed Quarterly Report on Form 10-Q. It is not possible to foresee or identify all such factors. Any forward looking statements in this document are based on certain assumptions and analyses made by the Company in light of its experience and

perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results of operations and financial condition, the Company does not assume any obligation to update or supplement any particular forward looking statements contained in this document.

Conference call scheduled for April 30, 2014

O-I CEO Al Stroucken and CFO Steve Bramlage will conduct a conference call to discuss the Company's latest results on Wednesday, April 30, 2014, at 8:00 a.m., Eastern Time. A live webcast of the conference call, including presentation materials, will be available on the O-I website, www.o-i.com/investors, in the Presentations & Webcast section.

The conference call also may be accessed by dialing 888-733-1701 (U.S. and Canada) or 706-634-4943 (international) by 7:50 a.m., Eastern Time, on April 30. Ask for the O-I conference call. A replay of the call will be available on the O-I website, www.o-i.com/investors, for 90 days following the call.

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O-I news releases are available on the O-I website at www.o-i.com.

O-I's second quarter 2014 earnings conference call is currently scheduled for Wednesday, July 30, 2014, at 8:00 a.m., Eastern Time.

⁽¹⁾ Adjusted earnings refers to earnings from continuing operations attributable to the Company, excluding items management does not consider representative of ongoing operations, as cited in the table entitled Reconciliation to Adjusted Earnings in this release.

⁽²⁾ Excluding charges of \$11 million during the first quarter of 2013 for note repurchase premiums and the write-off of finance fees related to debt that was repaid prior to its maturity.

[1Q14 Earnings Presentation](#)

[1Q14 Earnings Release](#)

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