



O-I REPORTS THIRD QUARTER 2014 RESULTS; Continued gains in South America and Europe offset by headwinds in North America and Asia Pacific

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FOR IMMEDIATE RELEASE

O-I REPORTS THIRD QUARTER 2014 RESULTS Continued gains in South America and Europe offset by headwinds in North America and Asia Pacific

PERRYSBURG, Ohio (October 28, 2014) - Owens-Illinois, Inc. (NYSE: OI) today reported financial results for the third quarter ending September 30, 2014.

- **Third quarter 2014 earnings** from continuing operations attributable to the Company were \$0.37 per share (diluted), compared with \$0.79 per share in the same period of 2013. Excluding certain items management considers not representative of ongoing operations, adjusted earnings⁽¹⁾ were \$0.75 per share compared with \$0.79 per share in the same period of 2013.
- **Volumes declined approximately 3 percent on a global basis year-over-year.** Double-digit volume growth in South America was more than offset by declines in Europe, North America and Asia Pacific.
- **South America and Europe continue to generate year-on-year gains in operating profit.** North America and Asia Pacific reported lower operating profit, primarily due to lower sales and production volume.
- **The Company agreed to enter into a joint venture** and long-term supply agreement with Constellation Brands, Inc. to supply glass for their growing beer business.
- **The Board of Directors authorizes \$500 million in share repurchases** through 2017. The Company expects to repurchase at least \$100 million in shares during 2015.

Commenting on the Company's third quarter results, Chairman and Chief Executive Officer Al Stroucken said, "South America performed well in the quarter on higher sales and better productivity, leading to a 45 percent increase in profitability year-over-year. Europe also turned in strong results, despite a decline in shipments. This can be attributed largely to savings generated through our European asset optimization program. In Asia Pacific, we adjusted our capacity in Australia to better match reduced levels of wine exports. North America was clearly impacted by the continued volume decline of major domestic beer brands. This was exacerbated by lower productivity at our North American facilities, which we are addressing with great focus."

(Dollars in millions, except per share amounts and operating profit margin)	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Net sales	\$ 1,745	\$ 1,784	\$ 5,161	\$ 5,206
Segment operating profit	148	259	728	752
Segment operating profit margin	14.3%	14.6%	14.1%	14.5%
Earnings attributable to the Company from continuing operations	61	132	297	346
Earnings per share from continuing operations (diluted)	\$ 0.37	\$ 0.79	\$ 1.79	\$ 2.09
Adjusted earnings (non-GAAP)	\$ 124	\$ 132	\$ 360	\$ 366
Adjusted earnings per share (non-GAAP)	\$ 0.75	\$ 0.79	\$ 2.17	\$ 2.20

Net sales in the third quarter of 2014 were \$1.7 billion, down 2 percent from the prior year third quarter. Price was up approximately 1 percent on a global basis. The Company realized price increases in all regions except Europe, which was expected given competitive pressures. Unfavorable foreign exchange rates weighed on reported sales, especially in South America and Europe.

Sales volume, in terms of tonnes shipped, declined in three of the Company's four regions, leading to a global volume decrease of 3 percent. Volume in South America increased 15 percent, driven by gains in all countries, with beer outpacing other categories. Shipments in Europe were down one percent, reflecting market weakness across all segments. Volume in North America fell 3 percent, primarily due to continued declines in the major domestic beer brands. Volume in Asia Pacific contracted 24 percent due primarily to the Company's smaller footprint in China, as well as ongoing

weak beer and wine demand in Australia.

Segment operating profit was \$248 million, down \$11 million compared with the prior year third quarter. Europe recorded a \$7 million increase in operating profit, as the benefit from its improving cost position fully offset lower sales volume. South America's operating profit increased 45 percent. Higher sales and production volumes, coupled with the lack of unfavorable events that occurred in 2013, contributed to the region's improved performance.

Asia Pacific and North America reported lower operating profit in the quarter. In Australia, continued weak demand in domestic beer and in wine exports suppressed sales and production volume. The Company responded by modestly reducing capacity to improve financial returns. In North America, operating profit was dampened by lower sales and production volumes, as well as lower productivity.

Corporate and other costs improved by \$7 million compared with prior year, primarily driven by lower pension expense.

Net interest expense in the quarter decreased by \$1 million compared with the same period of 2013, primarily due to deleveraging efforts.

Commenting on the Company's outlook for the fourth quarter, Stroucken said, "There are strong indications of market uncertainty across the globe. Despite this, we expect higher operating profit in Europe and South America, driven by increased productivity and cost savings in the quarter. Profitability in Asia Pacific and North America, however, will remain muted in the face of lower sales and production volume. We remain confident in our ability to improve our operations, increase profitability and generate cash flow. As we approach an inflection point in our capital allocation priorities, we intend to commit a larger share of capital to our shareholders. In 2015, we will repurchase at least \$100 million in shares. This is part of a three-year \$500 million share repurchase program recently authorized by our Board of Directors."

Based on the fourth quarter outlook, the Company now expects adjusted EPS for full year 2014 to be in the range of \$2.62 to \$2.72 per share. Due to the seasonality of its business, the Company generates most of its free cash flow (FCF) in the fourth quarter of the year. The strength of the US dollar is presently expected to reduce FCF, which is reported in US dollars, by approximately \$30 million. As such, the Company expects FCF for 2014 to be approximately \$320 million.

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 economic and social conditions, 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 October 29, 2014

O-I CEO Al Stroucken and CFO Steve Bramlage will conduct a conference call to discuss the Company's latest results on Wednesday, October 29,

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 October 29. 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 a year 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 fourth quarter 2014 earnings conference call is currently scheduled for Tuesday, February 3, 2015, 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.

[3Q14 Earnings Release](#)
[3Q14 Earnings Presentation](#)

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