



O-I REPORTS FIRST QUARTER 2017 RESULTS; Continued strong financial performance driven by volume growth and focus on cost improvement

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FOR IMMEDIATE RELEASE

O-I REPORTS FIRST QUARTER 2017 RESULTS

*Continued strong financial performance
driven by volume growth and focus on cost improvement*

PERRYSBURG, Ohio (Apr. 24, 2017) - Owens-Illinois, Inc. (NYSE: OI) today reported financial results for the first quarter ended Mar. 31, 2017.

- For the first quarter, the Company recorded earnings from continuing operations of \$0.30 per share (diluted), compared with \$0.42 per share in 2016. Improved segment operating profit was offset by higher charges primarily related to restructuring and bond redemption fees.
- Excluding certain items management considers not representative of ongoing operations, adjusted earnings^[1] were \$0.58 per share. This was up 21 percent compared with prior year and exceeded guidance of \$0.50 to \$0.55 per share.
- Net sales were \$1.6 billion, up 2 percent from the prior year first quarter. Sales volume for the quarter was up 2 percent compared to the prior year, partially driven by new business development. Europe, Asia Pacific and Latin America each reported sales volume growth of more than 3 percent.
- Earnings from continuing operations before income taxes were \$73 million for the first quarter compared with \$101 million for the same period in 2016.
- Segment operating profit of reportable segments¹ for the first quarter of 2017 was \$218 million, an increase of 3 percent compared with prior year. All regions except Latin America posted higher segment operating profit compared with the first quarter of 2016. In Latin America, the benefit from strong sales volume was more than offset by cost inflation, as expected.
- The Company continues to execute on its strategic initiatives focused on commercial activities and end-to-end supply chain. The focus on total systems cost is on track to yield \$35 million to \$45 million in segment operating profit for the full year.
- The Company improved its debt profile in the first quarter by completing a tender offer for its 7.80 percent Senior Debentures due in 2018 and expanded its borrowings under the 3.125 percent Euro Bond the Company originally issued in 2016. These transactions will reduce ongoing interest expense and increase the Company's natural hedge against foreign currency exposure.
- The Company is maintaining its annual earnings and cash flow guidance.

"We are pleased to announce another quarter of positive progress on our transformation and towards our investor day goals," said CEO Andres Lopez. "We delivered organic sales growth and margin expansion through the disciplined execution of our strategy. For the full year, we are committed to achieving solid sales and earnings growth in line with our prior guidance and are confident that the improved financial and operational stability we are achieving will help us generate greater value for our shareholders."

First Quarter 2017 Results

For the first quarter 2017, earnings from continuing operations before income taxes was \$73 million, which was unfavorable by \$28 million compared with the same period in prior year. These figures include items that management considers not representative of ongoing operations.^[2] In the first quarter of 2017, the Company incurred restructuring and other charges of \$39 million, primarily driven by restructuring activity in Europe and Latin America, and charges of \$17 million related to debt redeemed in the quarter. In the first quarter of 2016, the Company incurred net restructuring and other charges of \$12 million.

Excluding certain items management considers not representative of ongoing operations, adjusted earnings were \$0.58 per share. Adjusted earnings increased 21 percent, or \$17 million compared with prior year. The improvement is primarily related to stronger business performance, lower corporate and other costs and reduced interest expense.

Net sales in the first quarter of 2017 were \$1.6 billion, up 2 percent from the prior year first quarter primarily due to higher sales volumes. Price was up less than one percent on a global basis, while currency translation adversely impacted net sales by less than one percent.

Global sales volumes increased 2 percent compared to the first quarter of 2016. Sales volume in Europe increased 4 percent, mainly due to higher beer shipments. In Latin America, sales volume increased 3 percent due to stronger shipments - primarily beer - in Mexico and the Andean region.

North America sales volume declined 2 percent, completely due to mix; shipments were similar to the prior year with higher non-alcoholic beverage and spirits shipments offsetting lower beer shipments. First quarter sales volume in Asia Pacific increased 4 percent compared to the first quarter of 2016 mainly due to increased shipments of wine in Australia and beer in Southeast Asia and the favorable geographic mix of business.

Segment operating profit was \$218 million in the first quarter, 3 percent higher than prior year first quarter.

- Europe reported segment operating profit of \$59 million, which was \$4 million, or 7 percent higher than the prior year quarter. Price in the region was down compared to first quarter of 2016 mainly due to the pass through of 2016 cost deflation to customers under contractual price adjustment formulas. This headwind was more than offset by the benefit of higher sales volume, logistics savings and other cost reductions.
- Segment operating profit for North America was \$85 million in the quarter. This was \$9 million higher than first quarter of 2016. Equity earnings from the joint venture with Constellation Brands is being reported in North America, rather than in Corporate, as of the beginning of 2017. The business also benefited from the initiative to reduce total systems cost.
- Latin America reported segment operating profit of \$54 million, below the prior year quarter by \$9 million. Strong shipments by Mexico and the Andean region more than offset lower shipments in Brazil. However, as expected, substantial cost inflation in Latin America negatively impacted costs.
- Segment operating profit in Asia Pacific was \$20 million, up \$3 million compared with the first quarter of the prior year. The region benefited from higher production volumes and cost containment efforts.

Retained corporate and other costs were \$28 million in the first quarter and in line with management expectations. This is an improvement of \$4 million compared with the prior year first quarter, primarily due to lower management incentive accruals.

Net interest expense in the quarter was \$78 million compared with \$66 million for the first quarter of 2016. Excluding the \$17 million charge related to debt redeemed in the quarter, net interest expense decreased \$5 million from the first quarter of the prior year primarily due to deleveraging and refinancing actions taken in 2016.

Outlook

The Company is maintaining its annual guidance for earnings and cash flow.

The Company expects earnings from continuing operations attributable to the company (diluted) for the full year 2017 to be in the range of \$2.12 to \$2.22 per share. Excluding certain items from the first quarter that management considers not representative of ongoing operations, this equates to adjusted earnings per share⁽³⁾ for full year 2017 in the range of \$2.40 to \$2.50. The Company continues to expect cash provided by continuing operating activities for 2017 to be approximately \$730 million and adjusted free cash flow⁽⁴⁾ to be approximately \$365 million. The earnings and cash flow guidance ranges reflect uncertainty in macroeconomic conditions and currency rates, among other external factors.

Conference Call Scheduled for Apr. 25, 2017

O-I CEO Andres Lopez and CFO Jan Bertsch will conduct a conference call to discuss the Company's latest results on Tuesday, Apr. 25, 2017, at 8:00 a.m. EDT. 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 Webcasts and Presentations 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. EDT, on Apr. 25. 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 second quarter 2017 earnings conference call is currently scheduled for Tuesday, August 1, 2017, at 8:00 a.m. EDT.

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 \$6.7 billion in 2016 and employs more than 27,000 people at 79 plants in 23 countries. With global headquarters in Perrysburg, Ohio, O-I delivers safe, sustainable, pure, iconic, brand-building glass packaging to a growing global marketplace. For more information, visit o-i.com.

Non-GAAP Financial Measures

The Company uses certain non-GAAP financial measures, which are measures of its historical or future financial performance that are not calculated and presented in accordance with GAAP, within the meaning of applicable SEC rules. Management believes that its presentation and use of certain non-GAAP financial measures, including adjusted earnings, adjusted earnings per share, segment operating profit, segment operating profit margin and adjusted free cash flow, provide relevant and useful supplemental financial information, which is widely used by analysts and investors, as well as by management in assessing both consolidated and business unit performance. These non-GAAP measures are reconciled to the most directly comparable GAAP measures and should be considered supplemental in nature and should not be considered in isolation or be construed as being more important than comparable GAAP measures.

Adjusted earnings relates to net earnings from continuing operations attributable to the Company, exclusive of items management considers not representative of ongoing operations because such items are not reflective of the Company's principal business activity, which is glass container production. Adjusted earnings are divided by weighted average shares outstanding (diluted) to derive adjusted earnings per share. Segment operating profit relates to earnings from continuing operations before interest expense (net), provision for income taxes and is also exclusive of items management considers not representative of ongoing operations. Segment operating profit margin is segment operating profit divided by segment net sales. Management uses adjusted earnings, adjusted earnings per share, segment operating profit and segment operating profit margin to evaluate its period-over-period operating performance because it believes this provides a useful supplemental measure of the results of operations of its principal business activity by excluding items that are not reflective of such operations. Adjusted earnings, adjusted earnings per share, segment operating profit and segment operating profit margin may be useful to investors in evaluating the underlying operating performance of the Company's business as these measures eliminate items that are not reflective of its principal business activity.

Further, adjusted free cash flow relates to cash provided by continuing operating activities less additions to property, plant and equipment plus asbestos-related payments. Management uses adjusted free cash flow to evaluate its period-over-period cash generation performance because it believes this provides a useful supplemental measure related to its principal business activity. Adjusted free cash flow may be useful to investors to assist in understanding the comparability of cash flows generated by the Company's principal business activity. Since a significant majority of the Company's asbestos-related claims are expected to be received in the next ten years, adjusted free cash flow may help investors to evaluate the long-term cash generation ability of the Company's principal business activity as these asbestos-related payments decline. It should not be inferred that the entire adjusted free cash flow amount is available for discretionary expenditures, since the Company has mandatory debt service requirements and other non-discretionary expenditures that are not deducted from the measure. Management uses non-GAAP information principally for internal reporting, forecasting, budgeting and calculating compensation payments.

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, as amended (the "Exchange Act") 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) the Company's ability to realize expected growth opportunities, cost savings and synergies from the Vitro Acquisition, (2) foreign currency fluctuations relative to the U.S. dollar, (3) changes in capital availability or cost, including interest rate fluctuations and the ability of the Company to refinance debt at favorable terms, (4) 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, (5) the Company's ability to generate sufficient future cash flows to ensure the Company's goodwill is not impaired, (6) consumer preferences for alternative forms of packaging, (7) cost and availability of raw materials, labor, energy and transportation, (8) the Company's ability to manage its cost structure, including its success in implementing restructuring plans and achieving cost savings, (9) consolidation among competitors and customers, (10) the Company's ability to acquire businesses and expand plants, integrate operations of acquired businesses and achieve expected synergies, (11) unanticipated expenditures with respect to environmental, safety and health laws, (12) the Company's ability to further develop its sales, marketing and product development capabilities, (13) the Company's ability to prevent and detect cybersecurity threats against its information technology systems, (14) the Company's ability to accurately estimate its total asbestos-related liability or to control the timing and occurrence of events relates to asbestos-related claims, (15) changes in U.S. trade policies, (16) the Company's ability to achieve its strategic plan, and the other risk factors associated with the business described in the Company's annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC. 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.

^[1] Adjusted earnings per share and segment operating profit of reportable segments ("segment operating profit") are non-GAAP financial measures. See tables included in this release for reconciliations to the most directly comparable GAAP measures.

^[2] See table entitled Reconciliation to Adjusted Earnings and Constant Currency.

^[3] See table entitled Reconciliation to Expected Adjusted Earnings - FY17 Forecast.

^[4] Adjusted free cash flow is a non-GAAP financial measure defined as cash provided by continuing operating activities less additions to property, plant and equipment plus asbestos-related payments (all components as determined in accordance with GAAP). See table entitled Reconciliation to Adjusted Free Cash Flow.

[1Q 2017 Earnings Release](#)

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[1Q 2017 Earnings Presentation](#)