O-I REPORTS SECOND QUARTER 2018 RESULTS: Resilient performance more than offsets external headwinds

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Resilient performance more than offsets external headwinds

PERRYSBURG, Ohio (July 23, 2018) - Owens-Illinois, Inc. (NYSE: OI) today reported financial results for the second quarter ended June 30, 2018.

"O-I's second quarter results exceed management's guidance, again demonstrating resilience in the face of well-known headwinds arising during the quarter, such as transportation strikes in Brazil and the stronger US dollar," said Andres Lopez, CEO. "Global shipments were solid, taking into account the strong performance of our joint venture with CBI. We continue to benefit from favorable pricing dynamics and a concerted effort to improve sales mix. And, Asia Pacific is nearing successful completion of its asset advancement project. Building on a secure foundation, we expect continued growth in sales, margins, earnings and cash flow in 2019 and beyond."

Highlights

- For the second quarter, earnings from continuing operations were $0.31 per share (diluted), compared with $0.85 per share in 2017. The decline was primarily driven by higher charges related to restructuring activities.

- Excluding certain items management considers not representative of ongoing operations, adjusted earnings1 were $0.77 per share, up 3 percent compared with prior year. This exceeded management's second quarter guidance of $0.75 per share.

- Net sales were $1.8 billion, which was 1 percent higher than prior year second quarter. Higher prices, reflecting cost inflation and sales mix, and the impact of the stronger Euro were partially offset by modestly lower shipments and weakening currencies in Latin America.

- Earnings from continuing operations before income taxes were $78 million for the second quarter compared with $152 million for the same period in 2017. This decrease is largely related to the restructuring charges.

- Segment operating profit of reportable segments1 for the second quarter of 2018 was $255 million, which is 1 percent higher than prior year. In line with management guidance, segment operating profit in Europe was up substantially, while Americas and Asia Pacific reported declines.

- The Company repurchased 2.7 million shares in the quarter. Year-to-date, the Company repurchased a total of $95 million in shares.

Second Quarter 2018 Results

Net sales in the second quarter of 2018 were $1.8 billion, which was 1 percent higher than prior year second quarter. Prices were up approximately 2 percent, reflecting cost inflation and sales mix. The overall impact of currency was favorable on net sales, with an increase reported in Europe and a decline in the Americas.

Global sales shipments were down 1 percent compared with prior year. The decline is largely attributed to the impact of external transportation strikes in Brazil and a raw material batch disruption in Mexico. Both incidents, now resolved, limited product available for sale in the quarter. The Company's joint venture with Constellation Brands, Inc., continues to perform well, reporting higher sales compared with prior year.

Segment operating profit was $255 million in the quarter, compared with $252 million in the same period of 2017.

- Segment operating profit in the Americas in the second quarter of 2018 was $152 million, $9 million lower than prior year. Favorable pricing was largely offset by higher operating costs. These costs were primarily driven by aforementioned challenges in Brazil and Mexico, as well as higher-than-anticipated cost inflation, which was impacted by the strong U.S. dollar on raw material purchases in Latin America and high transportation costs in the U.S.

The Americas continues to focus on Total Systems Cost efforts to mitigate inflationary pressures. The Americas is undertaking steps to adjust its manufacturing footprint to better align with ongoing customer needs. The Company announced during the quarter its plans to shut down a plant in the U.S. that primarily produces megabeer and is progressing with plans to expand capacity in Brazil to support customer needs.

- In Europe, segment operating profit continues to expand year-on-year. In the second quarter of 2018, segment operating profit was $101 million, up more than 25 percent compared with $80 million in the second quarter of 2017. This increase was driven by favorable foreign currency exchange rates, price increases, continued benefits from Total Systems Cost, and the recognition of an energy credit.

- Segment operating profit in Asia Pacific in the second quarter of 2018 was $2 million. While lower than prior year, the magnitude of the year-on-year decline was less than that reported in the first quarter of 2018. As planned, asset improvement projects underway in the region drove operating costs higher. As most of the projects in the region are now substantially complete, improving production volume and lower manufacturing expense will drive

higher margins sequentially in Asia Pacific the rest of 2018.

Consistent with management guidance for the second quarter 2018, non-operational costs partially offset positive operating performance.

- Retained corporate and other costs were essentially in line with prior year.

- Net interest expense in the quarter was $74 million. The Company re-negotiated its bank credit agreement in the quarter to lower interest expense, reduce financial risk, and reduce complexity. Excluding the $11 million charge related to deferred finance fees written off in the quarter, net interest expense was $63 million, which is on par with $62 million for the second quarter 2017.

The Company launched its $400 million share repurchase program during the first quarter of 2018. In the second quarter of 2018, the Company repurchased 2.7 million shares for approximately $50 million. Year-to-date, the Company has repurchased 4.7 million shares for $95 million.

Outlook

The Company expects earnings from continuing operations for the full year 2018 to be in the range of $2.29 to $2.39 per share.

Excluding certain items management considers not representative of ongoing operations, the Company continues to expect adjusted earnings to be in the range of $2.75 to $2.85 per share, based on current foreign currency exchange rates. However, management continues to drive operational performance to offset currency, amongst other headwinds. Company results are likely to be on the lower end of the range.

The Company expects earnings from continuing operations, and adjusted earnings, for the third quarter of 2018 to be approximately $0.75 per share. Solid improvement in on-going business operations is expected to be offset by currency headwinds and the lack of the energy credit in Europe, which was already recognized in the second quarter of 2018.

The Company continues to expect cash provided by continuing operating activities for 2018 to be approximately $800 million and adjusted free cash flow to be approximately $400 million, with downside pressure from currency.

The earnings and cash flow guidance ranges may not fully reflect uncertainty in macroeconomic conditions and currency rates, among other factors.

Conference Call Scheduled for July 24, 2018

O-I CEO Andres Lopez and CFO Jan Bertsch will conduct a conference call to discuss the Company's latest results on Tuesday, July 24, 2018, 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 July 24, 2018. 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.

Contact: Sasha Sekpeh, 567-336-5128 - O-I Investor Relations

Kristin Kelley, 567-336-2395 - O-I Corporate Communications

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

O-I's third quarter 2018 earnings conference call is currently scheduled for Wednesday, October 31, 2018, 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 $6.9 billion in 2017 and employs more than 26,500 people at 78 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 www.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), and before 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) foreign currency fluctuations relative to the U.S. 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 the supply chain, competitive pricing pressures, inflation or deflation, and changes in tax rates and laws, (4) the Company's ability to generate sufficient future cash flows to ensure the Company's goodwill is not impaired, (5) consumer preferences for alternative forms of packaging, (6) cost and availability of raw materials, labor, energy and transportation, (7) the Company's ability to manage its cost structure, including its success in implementing restructuring plans and achieving cost savings, (8) consolidation among competitors and customers, (9) the Company's ability to acquire businesses and expand plants, integrate operations of acquired businesses and achieve expected synergies, (10) unanticipated expenditures with respect to environmental, safety and health laws, (11) unanticipated operational disruptions, including higher capital spending, (12) the Company's ability to further develop its sales, marketing and product development capabilities, (13) the failure of the Company's joint venture partners to meet their obligations or commit additional capital to the joint venture, (14) the Company's ability to prevent and detect cybersecurity threats against its information technology systems, (15) the Company's ability to accurately estimate its total asbestos-related liability or to control the timing and occurrence of events related to asbestos-related claims, (16) changes in U.S. trade policies, (17) the Company's ability to achieve its strategic plan, and the other risk factors discussed in the Annual Report on Form 10-K for the year ended December 31, 2017 and the Company's other filings with the Securities and Exchange Commission. 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.

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Source: Owens-Illinois, Inc.

2Q18 Earnings Release

2Q18 Earnings Presentation