



O-I First Quarter 2014 Earnings Presentation
April 30, 2014





Safe Harbor Comments

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.

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 and social 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 Annual Report on Form 10-K or 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.

Presentation Note

Unless otherwise noted, the information presented in this presentation reflects continuing operations only.

First Quarter 2014 Summary

- Adjusted EPS of \$0.62
 - Up 3% from prior year
- Positive price
- Shipments up 2%
 - Growth led by Europe
 - Strong gains in Brazil volume offset by continued Andean weakness
- Increased profitability in Europe
 - Higher sales volume
 - Cost savings from asset optimization
- Sales gains in North America offset by weather related impact on supply chain costs and energy



Regional Financial Performance

Europe and North America



Europe

(\$ Millions)	1Q 2014	1Q 2013
Net Sales	\$706	\$650
- Currency neutral ¹	\$679	
Segment Operating Profit	\$87	\$59
Segment Operating Profit Margin	12.3%	9.1%

- Shipments up 6%
 - Strong beer recovery
 - Wine up (2013 share recapture)
- Benign inflation environment
- Asset optimization and cost saving programs improve margins

North America

(\$ Millions)	1Q 2014	1Q 2013
Net Sales	\$485	\$469
- Currency neutral ¹	\$490	
Segment Operating Profit	\$65	\$74
Segment Operating Profit Margin	13.4%	15.8%

- Sales volume up 2%
 - Gains in beer and non-alcoholic beverages
- Higher production, in line with sales
- Extreme winter weather impacts
 - Logistics
 - Warehousing/inventory
 - Energy

¹ Using 2013 currency exchange rates

Regional Financial Performance

South America and Asia Pacific



South America

(\$ Millions)	1Q 2014	1Q 2013
Net Sales	\$239	\$269
- Currency neutral ¹	\$275	
Segment Operating Profit	\$41	\$53
Segment Operating Profit Margin	17.2%	19.7%

- Shipments in tonnes flat ⁽²⁾
 - Brazil shipments up high single digits
 - Andean demand has not recovered
- Known headwinds impact profitability
 - Higher planned level of furnace repairs
 - Currency devaluation

Asia Pacific

(\$ Millions)	1Q 2014	1Q 2013
Net Sales	\$203	\$247
- Currency neutral ¹	\$224	
Segment Operating Profit	\$25	\$40
Segment Operating Profit Margin	12.3%	16.2%

- Volume declines ~10%
 - China down due to plant closures
 - Double digit growth in SE Asia
 - Continued weakness in mature markets
- Contractual delays in passing through inflation

¹ Using 2013 currency exchange rates

² Shipments for glass containers only, excludes flat glass and tableware

1Q14 Segment Sales and Operating Profit

Segment Sales	
(\$ Millions)	
1Q13	\$1,635
Price	14
Sales volume	19
Currency	<u>(35)</u>
Total reconciling	(2)
1Q14	\$1,633

- Price up ~1%, driven by Americas
- Shipments up 2%
 - Wine up in all regions
 - Beer up, particularly in EU, NA
- FX headwinds, mainly Brazilian real and Australian dollar

Segment Operating Profit	
(\$ Millions)	
1Q13	\$226
Price	14
Sales volume	8
Operating costs	(27)
Currency	<u>(3)</u>
Total reconciling	(8)
1Q14	\$218

- Operating costs:
 - Inflation of \$38M, primarily due to energy spike in North America
 - Weather impacts NA logistics
 - Structural cost savings

Note: reportable segment sales exclude the Company's global equipment business.

1Q14 Adjusted EPS Bridge

Adjusted Earnings Per Share	
1Q13	\$0.60
Segment operating profit	(0.04)
Retained corp. costs	—
Net interest expense	0.02
Non-controlling interests	—
Effective tax rate	<u>0.04</u>
Total reconciling	0.02
1Q14	\$0.62

- Corporate costs flat
 - Lower pension expense
 - Higher R&D spend
- Deleveraging efforts yield continuing results
- Lower tax rate due to timing
 - Resolved audits

2Q14 Business Outlook



	2Q14 vs. 2Q13	Comments
Operational		
Europe		<ul style="list-style-type: none"> ▪ Sales volume modestly positive ▪ Asset optimization yields continuing benefits
North America		<ul style="list-style-type: none"> ▪ Volume flat ▪ Carry-over of supply chain headwinds
South America		<ul style="list-style-type: none"> ▪ Volume modestly positive, driven by Brazil
Asia Pacific		<ul style="list-style-type: none"> ▪ Double digit volume decline (China, mature markets) ▪ Structural cost savings mostly offset lower volume ▪ Delayed contractual recovery of higher costs
Non-Operational		
Corporate and Other Costs		<ul style="list-style-type: none"> ▪ Pension gains partially offset by R&D/marketing ▪ Net interest expense similar to prior year
Net Income		
Adjusted Earnings		<ul style="list-style-type: none"> ▪ Flat with prior year

2014 Management Priorities

Operational

- Exercise disciplined price – volume management
- Manage volatility of the business
- Reduce structural costs

Financial

- Deliver approximately \$350M of free cash flow
- Maintain capital allocation, 90/10 debt to share repurchases
- Strengthen financial flexibility

Strategic

- Continue to execute European asset optimization program
- Capture emerging market growth, aided by product innovation
- Focus R&D investments on manufacturing efficiencies

Appendix



Price, Volume and Currency Impact on Reportable Segment Sales



\$ Millions

	Europe	North America	South America ¹	Asia Pacific	Total ²
1Q13 Segment Sales	\$650	\$469	\$269	\$247	\$1,635
Price	(7)	10	12	(1)	14
Volume	36	11	(6)	(22)	19
Currency	27	(5)	(36)	(21)	(35)
1Q14 Segment Sales	\$706	\$485	\$239	\$203	\$1,633

¹ Sales negatively impacted by shut down of non-strategic flat glass business in 4Q13

² Reportable segment sales exclude the Company's global equipment business



Reconciliation to Adjusted Earnings

\$ Millions

The reconciliation below describes the items that management considers not representative of ongoing operations.

Unaudited	Three months ended	
	March 31	
	2014	2013
Earnings from continuing operations attributable to the Company	\$ 102	\$ 79
Items impacting other expense, net:		
Restructuring, asset impairment and related charges		10
Items impacting interest expense:		
Charges for note repurchase premiums and write-off of finance fees		11
Items impacting income tax:		
Net benefit for income tax on items above		(1)
Total adjusting items	-	20
Adjusted earnings	<u>\$ 102</u>	<u>\$ 99</u>
Diluted average shares (thousands)	<u>166,165</u>	<u>165,501</u>
Earnings per share from continuing operations (diluted)	<u>\$ 0.62</u>	<u>\$ 0.48</u>
Adjusted earnings per share	<u>\$ 0.62</u>	<u>\$ 0.60</u>