# FIRST QUARTER 2022 EARNINGS

APRIL 26,2022

# SAFE HARBOR COMMENTS

## FORWARD-LOOKING STATEMENTS

This presentation contains "forward-looking" statements related to O-I Glass, Inc. ("O-I" or the "company") 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, as amended. 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 that 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 risk that the proposed plan of reorganization (the "Plan") of Paddock Enterprises, LLC ("Paddock") may not be approved by the bankruptcy court or that other conditions necessary to implement the agreement in principle may not be satisfied, (2) the actions and decisions of participants in the bankruptcy proceeding, and the actions and decisions of third parties, including regulators, that may have an interest in the bankruptcy proceedings, (3) the terms and conditions of any reorganization plan that may ultimately be approved by the bankruptcy court, (4) delays in the confirmation or consummation of a plan of reorganization, including the Plan, due to factors beyond the company's and Paddock's control, (5) risks with respect to the receipt of the consents necessary to effect the reorganization, (6) risks inherent in, and potentially adverse developments related to, the bankruptcy proceeding, that could adversely affect the company and the company's liquidity or results of operations, (7) the impact of the COVID-19 pandemic and the various governmental, industry and consumer actions related thereto, (8) the company's ability to obtain the benefits it anticipates from the corporate modernization, (9) the company's ability to manage its cost structure, including its success in implementing restructuring or other plans aimed at improving the company's operating efficiency and working capital management, achieving cost savings, and remaining well-positioned to address Paddock's legacy liabilities, (10) the company's ability to acquire or divest businesses, acquire and expand plants, integrate operations of acquired businesses and achieve expected benefits from acquisitions, divestitures or expansions, (11) the company's ability to achieve its strategic plan, (12) the company's ability to improve its glass melting technology, known as the MAGMA program and implement it within the timeframe expected, (13) foreign currency fluctuations relative to the U.S. dollar, (14) changes in capital availability or cost, including interest rate fluctuations and the ability of the company to refinance debt on favorable terms, (15) 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, changes in tax rates and laws, natural disasters, and weather, (16) the company's ability to generate sufficient future cash flows to ensure the company's goodwill is not impaired, (17) consumer preferences for alternative forms of packaging, (18) cost and availability of raw materials, labor, energy and transportation (including impacts related to the current conflict between Russia and Ukraine), (19) consolidation among competitors and customers, (20) unanticipated expenditures with respect to data privacy, environmental, safety and health laws, (21) unanticipated operational disruptions, including higher capital spending, (22) the company's ability to further develop its sales, marketing and product development capabilities, (23) the failure of the company's joint venture partners to meet their obligations or commit additional capital to the joint venture, (24) the ability of the company and the third parties on which it relies for information technology system support to prevent and detect security breaches related to cybersecurity and data privacy, (25) changes in U.S. trade policies, (26) risks related to recycling and recycled content laws and regulations, (27) risks related to climate-change and air emissions, including related laws or regulations and the other risk factors discussed in the company's 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 or operations and financial condition, the company does not assume any obligation to update or supplement any particular forward-looking statements contained in this document.

# OVERVIEW

## STRONG YEAR-OVER-YEAR PERFORMANCE IMPROVEMENT
(1Q22 VS 1Q21)

- ▲ *12.8% Net Sales Increase*
- ▲ *6.4% Sales Volume Growth*
- ▲ *3.7% Production Volume Increase*
- ▲ *32% Segment Oper. Profit Increase*
- ▲ *2.1% pt. Seg. Oper. Margin Improvement*
- ▲ *60% aEPS[1] Increase*

## 1Q22 RESULTS EXCEEDED GUIDANCE AND PRIOR YEAR

- 1Q22 aEPS[1] was $0.56 compared to guidance of $0.38-$0.43 and prior year of $0.35
- Stronger than anticipated shipment and production levels

## FAVORABLE PERFORMANCE ACROSS ALL KEY BUSINESS LEVERS (1Q22 vs 1Q21)

- Strong sales volume growth, especially in EU and across the spirits, wine and NAB categories
- Increased production as speed/efficiency helped meet strong demand; rebound from PY weather issues
- Benefit of higher avg. selling prices more than offset impact of elevated cost inflation
- Continued favorable operating performance and benefits from ongoing Margin Expansion initiatives
- No direct impact from Ukraine conflict; Inflation and supply chain environment continue to be challenging

## PROGRESSING O-I'S TRANSFORMATION

- Paddock claimant vote certified April 25; O-I on track to resolve legacy liabilities by mid-2022

## EXPECT IMPROVING RESULTS IN 2022

- Anticipate $0.55-$0.60 aEPS in 2Q22 vs $0.54 in 2Q21
- FY22 guidance: $1.85-$2.10 aEPS, ≥ $125M FCF[2], ≥ $350M aFCF[3]
- Revised FY22 earnings range reflects solid 1Q22 performance but also elevated macro uncertainty

1 *Adjusted EPS excludes items management does not consider representative of ongoing operations and other adjustments. See the appendix for further disclosure.*
2 *Management defines free cash flow as cash provided by continuing operating activities less cash paid for property, plant and equipment (all components as determined in accordance with GAAP). See the appendix for further disclosure.*
*Note: Excludes anticipated one time $610M funding of the Paddock 524(g) trust expected in 1H22.*
3 *Management defines adjusted free cash flow as cash provided by continuing operating activities less cash paid for property, plant and equipment pertaining to base maintenance activity. See the appendix for further disclosure.*
*Note: Excludes anticipated one time $610M funding of the Paddock 524(g) trust expected in 1H22*

# SALES VOLUME TRENDS

## *Shipments Exceeded Pre-pandemic Levels*

### 1Q22: STRONG DEMAND EXCEEDED EXPECTATIONS

- Shipments (in tons) increased 6.4% vs 1Q21 (AM +3.1% and EU +9.9%)
- Continued strong demand trend started in 4Q21; 1Q22 +5.2%[1] vs 1Q19 (pre-pandemic)

### 2Q22: EXPECT FAVORABLE DEMAND WILL CONTINUE

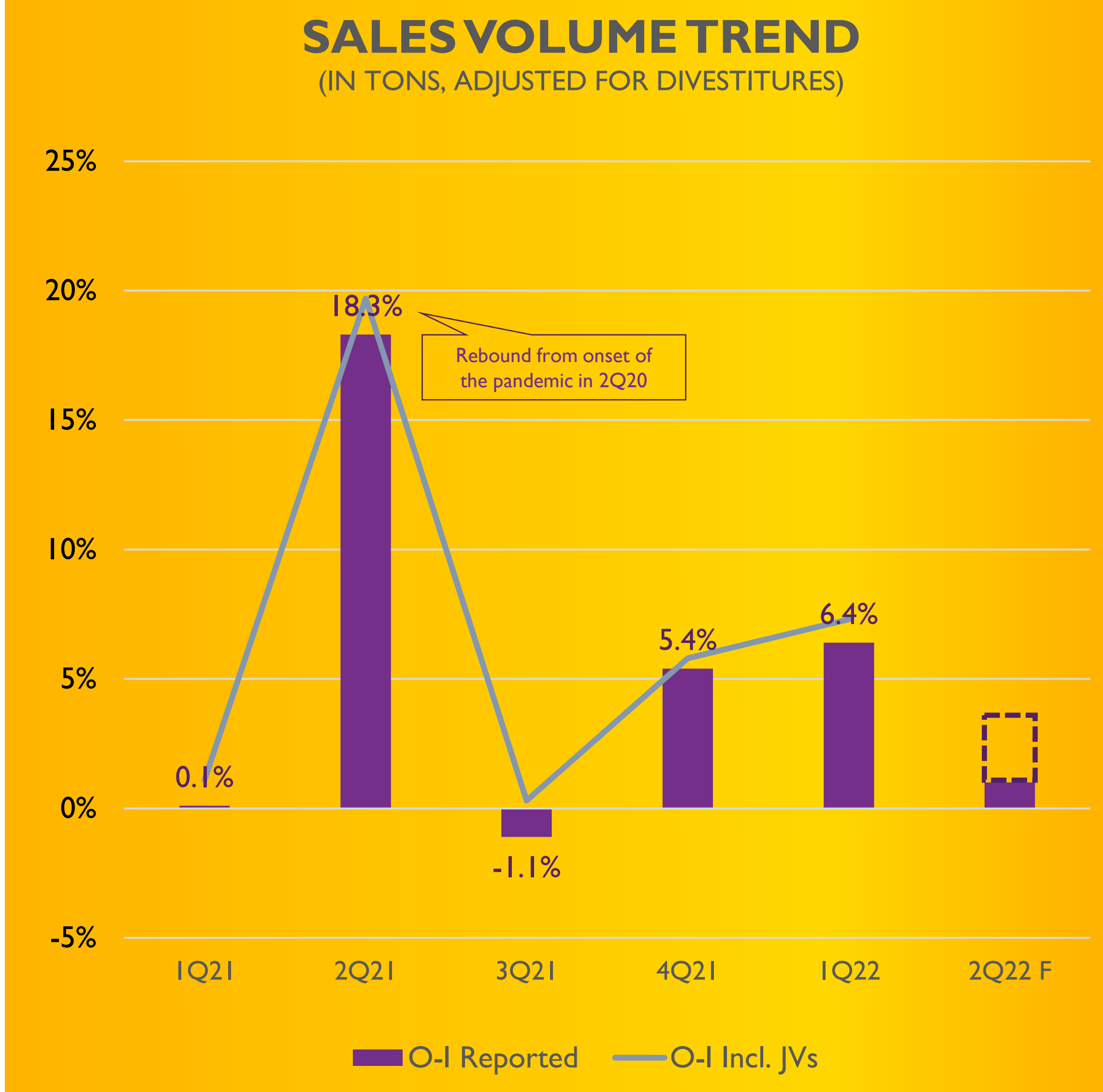
- Shipment (in tons) expected to increase low single digits vs 2Q21

### FY22: SOLID DEMAND GROWTH

- Expect to be at the high-end or exceed original guidance of up to 1% growth in 2022
- Supported by speed / productivity improvement amid record low inventories
- Capacity / inventory constraints in key markets and categories; additions 2023+

### *Key Drivers for Strong Glass Demand:*

- Favorable consumption trends emerging during the pandemic
- Markets reopening in many geographies as COVID recedes
- Russia / Ukraine glass imports to Europe displaced
- Significantly oversold in Europe and LatAm with low food & beverage product inventory
- Glass increasingly more cost competitive with a more local supply chain vs. alternatives






1 Excluding impact of divestitures

# 2022 KEY OBJECTIVES

## *Accelerating O-I's Transformation*

| PRIORITIES | 2022 KEY OBJECTIVES | PROGRESS |
|---|---|---|
| **MARGIN EXPANSION** | ▪ Higher selling prices offset PY unfav Net Price and 2022 inflation<br>▪ ≥ $50M margin expansion initiative benefits | ▲ Fav 1Q22 Net Price, on track to achieve FY22 guidance<br>▲ $8M 1Q22 initiative benefits, on track to achieve guidance |
| **PROFITABLE GROWTH** | ▪ Substantially complete Colombia and Canada expansion<br>▪ Initiate Peru and Brazil expansion | ▲ Colombia and Canada expansion on track for early 2023 go live<br>▶ Initiating Peru;  evolving 3-yr capital plan due to changing business condition |
| **COMPLETE MAGMA DEVELOPMENT** | ▪ Finalize Gen 1 optimization and complete Gen 2 pilot validation<br>▪ Advance Gen 3 and Ultra light-weighting prototypes | ▶ MAGMA achieving key milestones, but development slower due to macro issues<br>▲ Gen 3 / Light-weighting prototypes are proceeding well |
| **ADVANCE ESG AND GLASS ADVOCACY** | ▪ Reduce GHG 5-10%, 30-35% elect. sourced from renewable energy<br>▪ ≥1.5B add'l impressions with Glass Advocacy, expand target categories | ▲ Renewable electricity at 31%;  2021 GHG to be reported in 3Q22<br>▲ 514M digital impressions 1Q22;  64M people engaged |
| **EXPAND PORTFOLIO OPTIMIZATION** | ▪ Complete $1.5B portfolio optimization program<br>▪ Receive proceeds prior to significant expansion investment | ▲ Completed or entered into sales agreements totaling $1.3B<br>▲ On track to receive net proceeds prior to significant expansion CapEx |
| **RESOLVE LEGACY LIABILITIES** | ▪ Confirm Paddock plan of reorg.; fund $610M 524(g) trust in 1H22<br>▪ Continue to de-risk pension liabilities in line with 2024 target | ▲ Vote certified – April 25th; Confirmation hearing – May 16th<br>▲ Continue to advance pension de-risking actions |


*Introductory Song, Example of Glass Advocacy Campaign*
*Better in a Glass by Chase McDaniel (available on Spotify)*

# AGILITY AMID ELEVATED UNCERTAINTY / VOLATILITY

## SUPPLY AGILITY
Long-term structural approach to cost management

## COMMERCIAL AGILITY
Implementing 2nd price increase amid elevated cost inflation

## OPERATIONAL AGILITY
Increase speed / efficiency to support strong demand

## FINANCIAL AGILITY
Rigorous business and cash plan to achieve commitments

## CAPITAL AGILITY
Evolving capital plan reflects changing business conditions

# Earnings Improved Significantly from PY and Exceeded Guidance

## EARNINGS UP SIGNIFICANTLY FROM PRIOR YEAR

- Favorable net price, sales volume and operating performance
- Rebound from impact of winter storm Uri in 1Q21

## STRONG SEGMENT OPERATING PROFIT

- Avg. selling prices up 8.6% and more than offset impact of inflation
- Shipments up 6.4% (+3.1% in AM, +9.9% in EU)
- Production up 3.7% from PY which was impacted by severe weather
- Continued strong operating performance
- $8M benefit from Margin Expansion initiatives
- Segment operating profit margins increased ~210 bps from 1Q21

## NON-OPERATING ITEMS

- Higher retained corporate costs due to additional R&D and incentives
- Adj. effective tax rate[5]: ~29% 1Q22 vs ~29% 1Q21 and 28%-32% guidance

| ($M Except aEPS and Margins) | AMERICAS SEGMENT | EUROPE SEGMENT | SEGMENT OPERATING PROFIT[1] | aEPS |
|---|---|---|---|---|
| **1Q21 AS REPORTED**<br>% Margin | **$100**<br>11.9% | **$75**<br>11.7% | **$175**<br>11.9% | **$0.35**<br>— |
| FX[2] | 4 | (3) | 1 | 0.01 |
| Divestitures[3] | (1) | (2) | (3) | (0.02) |
| **SUBTOTAL**<br>% Margin | **$103**<br>12.3% | **$70**<br>11.0% | **$173**<br>11.7% | **$0.34**<br>— |
| Net price[4] (incl. cost inflation) | 12 | 3 | 15 | 0.07 |
| Volume and mix | 3 | 14 | 17 | 0.08 |
| Operating costs (excl. cost inflation) | 11 | 15 | 26 | 0.11 |
| Retained corporate costs | — | — | — | (0.06) |
| Net interest expense / NCI | — | — | — | 0.02 |
| Change in tax rate[5] | — | — | — | 0.00 |
| Share count | — | — | — | 0.00 |
| **1Q22 RESULTS**<br>% Margin | **$129**<br>13.7% | **$102**<br>14.4% | **$231**<br>14.0% | **$0.56**<br>— |

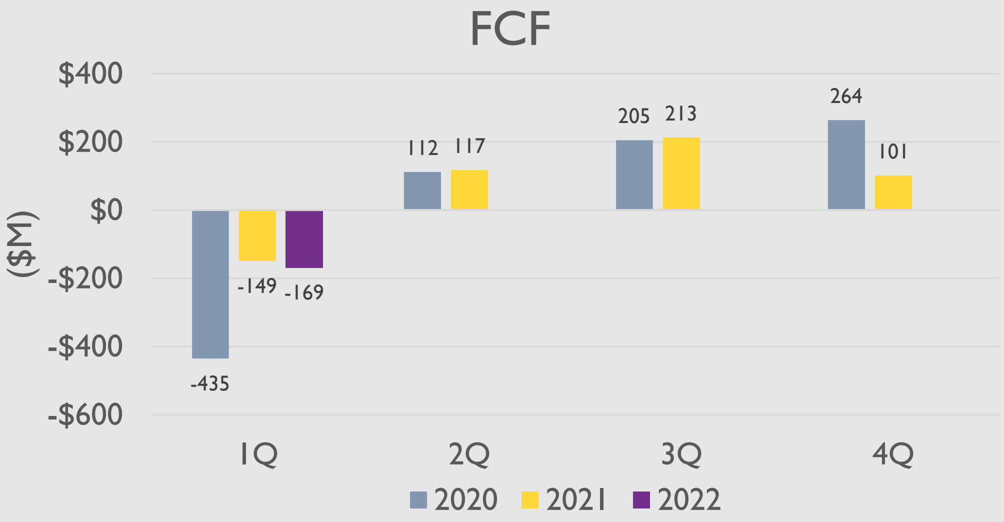
*1 Segment operating profit is defined as consolidated earnings before interest income, interest expense, and provision for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations as well as certain retained corporate costs and the Company's global equipment business. See the appendix for further disclosure.*
*2 Foreign currency effect determined by using 2022 foreign currency exchange rates to translate 2021 local currency results.*
*3 Divestitures include Le Parfit and LatAm Tableware business.*
*4 Net price represents the net impact of movement in selling prices and cost inflation.*
*5 Adjusted effective tax rate excludes certain items that management considers not representative of ongoing operations.*

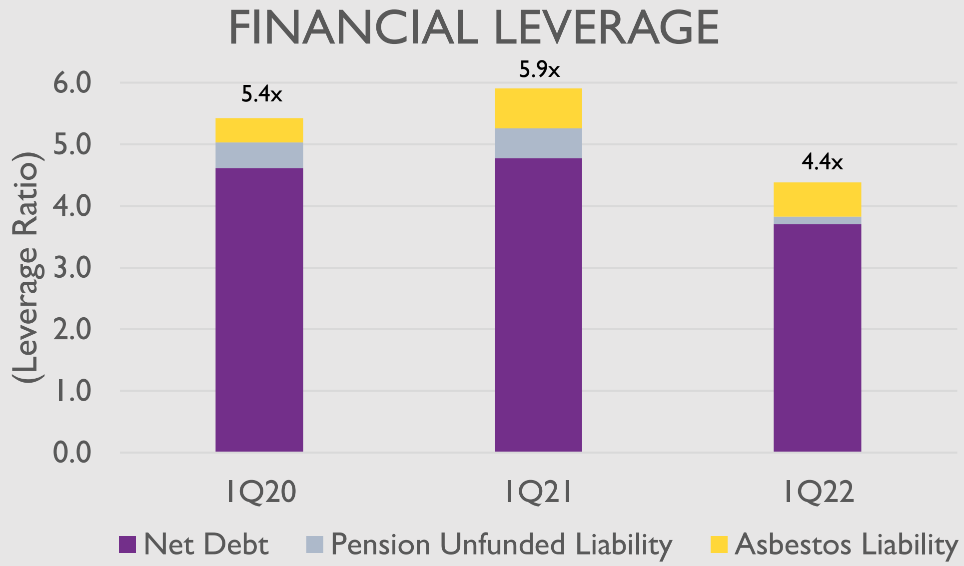
# FY22 FINANCIAL PRIORITIES

## *Fund Expansion, Improve Balance Sheet*

| GUIDING PRINCIPLE | PROGRESS |
|---|---|
| **OPTIMIZE FCF[1] and aFCF[1]** | |
| ▪ Generate ≥ $125M FCF & $350M aFCF in 2022<br>▪ 25%-30% aFCF/EBITDA conversion | ▲ 1Q22 FCF fav to historic levels |
| **COMPLETE PORTFOLIO OPTIMIZATION TO FUND EXPANSION** | |
| ▪ Complete $1.5B Portfolio Opt. Program<br>▪ Proceeds received before significant CapEx | ▲ $1.3B sales signed / completed to date<br>▲ Completed $96M tableware sale 1Q22 |
| **RESOLVE LEGACY ASBESTOS LIABILITIES** | |
| ▪ Confirm Paddock plan reorganization<br>▪ Fund $610M Paddock trust | ▲ New $2.8B BCA at attractive terms<br>▲ Incl. $600M delay draw to fund Trust |
| **DE-RISK LEGACY PENSION LIABILITIES** | |
| ▪ De-risk pension in line with 2024 zero target | ▲ Advancing pension de-risking actions |
| **REDUCE FINANCIAL LEVERAGE** | |
| ▪ Total Financial Leverage "High 3s" by FYE22<br>▪ Note: Anticipate $40M share repurchases in 2022 | ▲ Total Financial Leverage down vs 1Q21<br>▲ Purchased $10M shares |

## HIGHER FCF[1] AND LOWER FINANCIAL LEVERAGE[3]






1 Management defines free cash flow as cash provided by continuing operating activities less cash paid for property, plant and equipment (all components as determined in accordance with GAAP). Management defines adjusted free cash flow as cash provided by continuing operating activities less cash paid for property, plant and equipment pertaining to base maintenance activity. See the appendix for further disclosure. Note: Excludes anticipated one time $610M funding of the Paddock 524(g) trust expected in 1H22.
2 Net Debt is defined as Total Debt less Cash. See appendix for further disclosure.
3 2021 targets excluded any potential impact of Paddock 524(g) funding in the event reorganization was completed prior to FYE21
4 BCA leverage ratio is defined as Net Debt divided by EBITDA, after credit agreement adjustments.

# BUSINESS OUTLOOK

## *Expect 2Q22 Earnings In line with PY*

### 2Q22 OUTLOOK: HIGHER EARNINGS

- aEPS: $0.55-$0.60 vs $0.54 in 2Q21
- Continued favorable net price; benefits of 2nd price increase amid elevated inflation
- Low single digit sales volume growth during significant market volatility
- Operating cost reflect elevated project activity
- Continued benefits from Margin Expansion initiatives
- Higher retained corp costs: R&D and Glass Advocacy
- Dilution from recent asset sales and interest to fund Paddock trust

### FY22 OUTLOOK: INCREASINGLY OPTIMISTIC

- Updated guidance: aEPS $1.85-$2.10/sh: FCF ≥ $125M; aFCF ≥ $350M
- Increasingly optimistic on FY22 outlook, subject to navigating elevated uncertainty

### 2Q22 EARNINGS OUTLOOK (aEPS)

| | | |
|---|---|---|
| **2Q21 AS REPORTED** | **$0.54** | |
| FX[1] | ▼ | |
| Divestitures[2] / Paddock | ▼ | Tableware & LeParfait sale<br>524(g) trust funding 2Q22 |
| **SUBTOTAL** | **~ $0.50** | |
| Net price[3]<br>(incl. cost inflation) | ▲ | Higher selling prices<br>Elevated cost inflation |
| Volume and mix | ▲ | Low single digit volume growth |
| Operating costs<br>(excl. cost inflation) | ▼ | Higher production<br>Elevated project activity |
| Retained corp costs | ▼ | R&D, Glass Advocacy |
| Net interest exp / NCI | ▶ | |
| Change in tax rate[4] | ▲ | ~27% - 30% ETR |
| Share count | ▶ | |
| **2Q22 GUIDANCE** | **$0.55 – $0.60** | |

*1 Foreign currency effect determined by using 2021 foreign currency exchange rates to translate 2021 local currency results.*
*2 Divestitures pertain to the current $1.5 billion Portfolio Optimization program*
*3 Net price represents the net impact of movement in selling prices and cost inflation.*
*4 Adjusted effective tax rate exclude certain items that management considers not representative of ongoing operations and other adjustments.*

# CONCLUSION

- 1Q22 RESULTS EXCEEDED GUIDANCE AND PRIOR YEAR
- FAVORABLE 1Q22 PERFORMANCE ACROSS KEY BUSINESS LEVERS
- FOCUSED ON NEAR-TERM CATALYSTS TO ACCELERATE O-I'S TRANSFORMATION
- EXPECT IMPROVING RESULTS IN 2022


APPENDIX

## *Vote certified – April 25th; Confirmation hearing – May 16th*

- **Phase I**: Paddock files for bankruptcy protection in Delaware and obtains initial relief
- **Phase II**: Paddock informally negotiates with the Asbestos Claimants' Committee and Future Claimants Representative, fiduciaries for current and future asbestos claimants
- **Phase III**: Paddock enters formal, court-ordered mediation with Asbestos Claimants' Committee and Future Claimants Representative
- **Phase IV**: Paddock accepts a mediator's proposal, which results in an agreement-in-principle of the material terms of a plan of reorganization for Paddock containing a channeling injunction protecting Paddock, O-I Glass, and affiliates
- **Phase V**: Paddock, Asbestos Claimants' Committee and Future Claimants Representative negotiate and finalize filing of definitive documents, comprising Plan of Reorganization, Disclosure Statement, exhibits, and Voting-related documents
- **Phase VI**: Paddock files Plan of Reorganization, Disclosure Statement and Voting-related documents with Bankruptcy Court, which then approves disclosure and voting materials and sets voting deadline
- **Phase VII**: Paddock solicits votes from asbestos claimants and obtains at least 75% approval of asbestos claimants who actually vote

Current Status

- **Phase VIII**: Bankruptcy Court confirms the Plan, Delaware District Court affirms the Confirmation Order, Paddock emerges from bankruptcy, and Paddock and O-I Glass fund $610M Asbestos Trust



1 Although the above description represents what has occurred and what O-I Glass currently anticipates is likely to occur in Paddock's chapter 11 case, O-I Glass makes no representation or guarantee that Paddock's actual plan process will not deviate from, or contain steps in addition to, the steps set forth above.

# O-I ESG GOALS

**50% TARGET**

Increase recycled content to 50% average by 2030. O-I is taking a tailored approach to increase recycled content rates across its enterprise network as rates vary significantly by geography.

**ZERO WASTE**

Reduce the amount of natural resource used and reduce the generation of waste by reuse and recycling as we drive towards a Zero Waste organization.

**25% WATER REDUCTION**

We are committed to reducing our global water usage 25% by 2030, prioritizing operations in higher risk areas.

**ZERO INJURIES**

As part of our journey toward zero injuries, we are committed to a 50% improvement of our Total Recordable Incident Rate (TRIR) by 2030.

**40% RENEWABLE**

Renewable energy is a pillar in our strategy to lower carbon emissions. Our goal is to reach 40% renewable energy use by 2030 and to reduce total energy consumption by 9%.

**R&D TRANSFORMATION**

Reinvent and re-imagine glassmaking – where the circularity of glass meets the potential of our MAGMA melting technology, low-carbon alternative fuels, and light-weighted glass packaging.

**25% GHG REDUCTION**

Approved SBTi target to reduce GHG emissions 25% by 2030 (interim target of 10% by 2025).

**SOCIAL IMPACT**

We see tremendous opportunity to positively impact the planet and communities where we operate. We will collaborate with customers, NGOs, suppliers and local leaders to make glass recycling available in 100% of our locations.

**DIVERSITY & INCLUSION**

Create a diverse and inclusive environment where people feel welcomed to create a better future for themselves, each other, and O-I. We are focused on increasing all aspects of diversity across our team.

**SUPPLY CHAIN SUSTAINABILITY**

Achieve sustainability balance, together, by aligning our supply chain with our 2030 sustainability vision and goals.

# SEGMENT FX IMPACT ON EARNINGS

| APPROXIMATE ANNUAL IMPACT ON EPS FROM 10% FX CHANGE | |
|---|---|
| EUR | 0.16 |
| MXN | 0.06 |
| BRL | 0.04 |
| COP | 0.01 |

**FX RATES AT KEY POINTS**

| | Apr 22, 2022 | AVG 1Q22 | AVG 1Q21 |
|---|---|---|---|
| EUR | 1.08 | 1.12 | 1.20 |
| MXN | 20.21 | 20.43 | 20.64 |
| BRL | 4.62 | 5.10 | 5.58 |
| COP | 3,774 | 3,870 | 3,627 |

# 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, free cash flow, adjusted free cash flow and segment operating profit, provide relevant and useful supplemental financial information that 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 attributable to the company, exclusive of items management considers not representative of ongoing operations and other adjustments 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 before interest expense, net, and before income taxes and is also exclusive of items management considers not representative of ongoing operations as well as certain retained corporate costs and other adjustments. Management uses adjusted earnings, adjusted earnings per share, and segment operating profit to evaluate its period-over-period operating performance because it believes these provide useful supplemental measures 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 and segment operating profit 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, free cash flow relates to cash provided by operating activities less cash payments for property, plant and equipment. Adjusted free cash flow relates to cash provided by operating activities less cash payments for property, plant and equipment pertaining to base maintenance activity. Management has historically used free cash flow and adjusted free cash flow to evaluate its period-over-period cash generation performance because it believes these have provided useful supplemental measures related to its principal business activity. It should not be inferred that the entire free cash flow or 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 these measures. 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.

# RECONCILIATION TO ADJUSTED EARNINGS

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

| | Three months ended | | |
|---|---|---|---|
| | March 31, 2022 | March 31, 2021 | June 30, 2021 |
| Net earnings (loss) attributable to the Company | $ 88 | $ (97) | $ 118 |
| Items impacting other income (expense), net: | | | |
| Charge related to Paddock support agreement liability | | 154 | |
| Restructuring, asset impairment and other charges | | | 9 |
| Gain on sale of divested business | (55) | | |
| Brazil indirect tax credit | | | (69) |
| Items impacting interest expense: | | | |
| Charges for note repurchase premiums and write-off of finance fees | 18 | | |
| Items impacting income tax: | | | |
| Net expense (benefit) for income tax on items above | 10 | | 28 |
| Items impacting net earnings attributable to noncontrolling interests: | | | |
| Net impact of noncontrolling interests on items above | 29 | | |
| Total adjusting items (non-GAAP) | $ 2 | $ 154 | $ (32) |
| Adjusted earnings (non-GAAP) | $ 90 | $ 57 | $ 87 |
| Diluted average shares (thousands) | 158,798 | 157,571 | 160,791 |
| Net earnings (loss) attributable to the Company (diluted) | $ 0.55 | $ (0.62) | $ 0.73 |
| Adjusted earnings per share (non-GAAP) (a) | $ 0.56 | $ 0.35 | $ 0.54 |

(a) For purposes of computing adjusted earnings per share, the diluted average shares (in thousands) are 160,125 for the three months ended March 31, 2021.

The Company is unable to present a quantitative reconciliation of its forward-looking non-GAAP measure, adjusted earnings and adjusted earnings per share, for the quarter ending June 30, 2022 or year ending December 31, 2022, to its most directly comparable GAAP financial measure, earnings from continuing operations attributable to the Company, because management cannot reliably predict all of the necessary components of this GAAP financial measure without unreasonable efforts. Earnings from continuing operations attributable to the Company includes several significant items, such as restructuring charges, asset impairment charges, charges for the write-off of finance fees, and the income tax effect on such items. The decisions and events that typically lead to the recognition of these and other similar items are complex and inherently unpredictable, and the amount recognized for each item can vary significantly. Accordingly, the Company is unable to provide a reconciliation of adjusted earnings and adjusted earnings per share to earnings from continuing operations attributable to the Company or address the probable significance of the unavailable information, which could be material to the Company's future financial results.

# SEGMENT RECONCILIATIONS

## 1Q PRICE, VOLUME AND CURRENCY IMPACT ON REPORTABLE SEGMENT SALES

| | Three months ended March 31 | | |
|---|---|---|---|
| | Americas | Europe | Total |
| Net sales for reportable segments- 1Q21 | $ 837 | $ 639 | $ 1,476 |
| Effects of changing foreign currency rates [(a)] | 5 | (42) | (37) |
| Price | 80 | 60 | 140 |
| Sales volume & mix | 22 | 51 | 73 |
| Divestiture | (4) | | (4) |
| Total reconciling items | 103 | 69 | 172 |
| Net sales for reportable segments- 1Q22 | $ 940 | $ 708 | $ 1,648 |

## 1Q PRICE, SALES VOLUME, OPERATING COSTS AND CURRENCY IMPACT ON REPORTABLE SEGMENT OPERATING PROFIT

| | Three months ended March 31 | | |
|---|---|---|---|
| | Americas | Europe | Total |
| Segment operating profit - 1Q21 | $ 100 | $ 75 | $ 175 |
| Effects of changing foreign currency rates [(a)] | 4 | (3) | 1 |
| Net price (net of cost inflation) | 12 | 3 | 15 |
| Sales volume & mix | 3 | 14 | 17 |
| Operating costs | 11 | 15 | 26 |
| Divestitures | (1) | (2) | (3) |
| Total reconciling items | 29 | 27 | 56 |
| Segment operating profit - 1Q22 | $ 129 | $ 102 | $ 231 |

(a) Currency effect on net sales and segment operating profit determined by using 2022 foreign currency exchange rates to translate 2021 local currency results.

# RECONCILIATION FOR SEGMENT OPERATING PROFIT

| Unaudited | Three months ended March 31 2022 | 2021 |
|---|---|---|
| Net sales: | | |
| Americas | $ 940 | $ 837 |
| Europe | 708 | 639 |
| Reportable segment totals | 1,648 | 1,476 |
| Other | 44 | 24 |
| Net sales | $ 1,692 | $ 1,500 |
| | | |
| Earnings (loss) before income taxes | $ 170 | $ (65) |
| Items excluded from segment operating profit: | | |
| Retained corporate costs and other | 50 | 35 |
| Items not considered representative of ongoing operations [a] | (55) | 154 |
| Interest expense, net | 66 | 51 |
| Segment operating profit [b]: | $ 231 | $ 175 |
| | | |
| Americas | $ 129 | $ 100 |
| Europe | 102 | 75 |
| Reportable segment totals | $ 231 | $ 175 |
| | | |
| Ratio of earnings before income taxes to net sales | 10.0% | -4.3% |
| | | |
| Segment operating profit margin [c]: | | |
| Americas | 13.7% | 11.9% |
| Europe | 14.4% | 11.7% |
| | | |
| Reportable segment margin totals | 14.0% | 11.9% |

(a) Reference reconciliation for adjusted earnings.

(b) Segment operating profit consists of consolidated earnings before interest income, interest expense, and provision for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations as well as certain retained corporate costs and other adjustments.

The Company presents information on segment operating profit because management believes that it provides investors with a measure of operating performance separate from the level of indebtedness or other related costs of capital. The most directly comparable GAAP financial measure to segment operating profit is earnings before income taxes. The Company presents segment operating profit because management uses the measure, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources.

(c) Segment operating profit margin is segment operating profit divided by segment net sales.

# RECONCILIATION FOR ADJUSTED EFFECTIVE TAX RATE

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| Earnings before income taxes (A) | $ 170 | $ (65) |
| Items management considers not representative of ongoing operations and other adjustments | (37) | 154 |
| Adjusted Earnings before income taxes (C) | $ 133 | $ 89 |
| Provision for income taxes (B) | $ (48) | $ (26) |
| Tax items management considers not representative of ongoing operations and other adjustments | 10 | |
| Adjusted benefit (provision) for income taxes (D) | $ (38) | $ (26) |
| Effective Tax Rate (B)/(A) | 28.2% | -40.0% |
| Adjusted Effective Tax Rate (D)/(C) | 28.6% | 29.2% |

The Company is unable to present a quantitative reconciliation of its forward-looking non-GAAP measure, adjusted effective tax rate, for the year ending December 31, 2022, to its most directly comparable GAAP financial measure, provision for income taxes divided by earnings (loss) from continuing operations before income taxes, because management cannot reliably predict all of the necessary components of these GAAP financial measures without unreasonable efforts. Earnings (loss) from continuing operations before income taxes includes several significant items, such as restructuring charges, asset impairment charges, charges for the write-off of finance fees, and the provision for income taxes would include the income tax effect on such items. The decisions and events that typically lead to the recognition of these and other similar items are complex and inherently unpredictable, and the amount recognized for each item can vary significantly. Accordingly, the Company is unable to provide a of adjusted effective tax rate to earnings (loss) from continuing operations before income taxes divided by provision for income taxes or address the probable significance of the unavailable information, which could be material to the Company's future financial results.

# RECONCILIATION TO FINANCIAL LEVERAGE

$ millions

| | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | LTM | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | LTM | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | LTM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Earnings (loss) from continuing operations | 66 | (575) | 32 | 50 | **(427)** | (101) | 328 | (29) | (97) | **101** | 118 | 78 | 43 | 88 | **327** |
| Interest expense (net) | 68 | 83 | 96 | 51 | **298** | 98 | 61 | 53 | 51 | **263** | 52 | 50 | 64 | 66 | **232** |
| Provision for income taxes | 27 | 31 | 32 | 26 | **116** | (18) | 41 | 39 | 26 | **88** | 75 | 43 | 23 | 48 | **189** |
| Depreciation | 98 | 98 | 98 | 96 | **390** | 95 | 89 | 89 | 88 | **361** | 90 | 89 | 89 | 87 | **355** |
| Amortization of intangibles | 27 | 26 | 29 | 26 | **108** | 23 | 24 | 26 | 23 | **96** | 24 | 24 | 22 | 26 | **96** |
| **EBITDA** | 286 | (337) | 287 | 249 | **485** | 97 | 543 | 178 | 91 | **909** | 359 | 284 | 241 | 315 | **1,199** |
| Adjustments to EBITDA: | | | | | | | | | | | | | | | |
| Charge for asbestos-related costs | | | 35 | | **35** | | | | | **0** | | | | | **0** |
| Restructuring, asset impairment, pension settlement and other charges | 42 | 43 | 54 | | **139** | 79 | 9 | 80 | | **168** | 9 | 17 | 83 | | **109** |
| Charge for goodwill impairment | | 595 | | | **595** | | | | | **0** | | | | | **0** |
| Gain on sale of ANZ Business | | | | | **0** | | (280) | 5 | | **(275)** | | | | | **0** |
| Gain on Sale of Equity Investment | | | (107) | | **(107)** | | | | | **0** | | | | | **0** |
| Gain on sale of divested business or misc. assets | | | | | **0** | | | | | **0** | | | (84) | (26) | **(110)** |
| Equity earnings | | | | | **0** | | | | | **0** | | | | | **0** |
| Charge related to Paddock support agreement liability | | | | | **0** | | | | 154 | **154** | | | | | **0** |
| Charge for deconsolidation of Paddock | | | | 14 | **14** | | | | | **0** | | | | | **0** |
| Brazil indirect tax credit | | | | | **0** | | | | | **0** | (69) | | (2) | | **(71)** |
| Strategic transactions and Corporate Modernization costs | | 1 | 31 | | **32** | 4 | 3 | 1 | | **8** | | | | | **0** |
| **Adjusted EBITDA** | **328** | **302** | **300** | **263** | **1,193** | **180** | **275** | **264** | **245** | **964** | **299** | **301** | **238** | **289** | **1,127** |
| **Total debt** | | | | | **$ 6,398** | | | | | **$ 5,348** | | | | | **$ 4,688** |
| **Less cash** | | | | | **$ 891** | | | | | **$ 742** | | | | | **$ 519** |
| **Net debt** | | | | | **$ 5,507** | | | | | **$ 4,606** | | | | | **$ 4,169** |
| **Net debt divided by adjusted EBITDA** | | | | | **4.6** | | | | | **4.8** | | | | | **3.7** |
| **Unfunded Pension Liability** | | | | | **$ 493** | | | | | **$ 464** | | | | | **$ 141** |
| **Unfunded Pension Liability divided by Adjusted EBITDA** | | | | | **0.4** | | | | | **0.5** | | | | | **0.1** |
| **Asbestos / Paddock Liability** | | | | | **$ 471** | | | | | **$ 625** | | | | | **$ 625** |
| **Asbestos / Paddock Liability divided by Adjusted EBITDA** | | | | | **0.4** | | | | | **0.6** | | | | | **0.6** |
| **Financial Leverage ((Net Debt + Unfunded Pension Liability + Asbestos / Paddock Liability)/Adjusted EBITDA)** | | | | | **5.4** | | | | | **5.9** | | | | | **4.4** |

## RECONCILIATION TO EBITDA

The Company is unable to present a quantitative reconciliation of its forward-looking non-GAAP measure, EBITDA, for the year ending December 31, 2022, to its most directly comparable GAAP financial measure, earnings (loss) from continuing operations before income taxes plus items that management considers not representative of ongoing operations and other adjustments, and depreciation and amortization, because management cannot reliably predict all of the necessary components of these GAAP financial measures without unreasonable efforts. Earnings (loss) from continuing operations before income taxes includes several significant items, such as restructuring charges, asset impairment charges, and charges for the write-off of finance fees. The decisions and events that typically lead to the recognition of these and other similar items are complex and inherently unpredictable, and the amount recognized for each item can vary significantly. Accordingly, the Company is unable to provide a reconcilaition of EBITDA to earnings (loss) from continuing operations before income taxes and free cash flow to cash provided by continuing operating activites or address the probable significance of the unavailable information, which could be materials to the Company's future financial results.

## RECONCILIATION TO FREE CASH FLOW & ADJUSTED FREE CASH FLOW

| (Dollars in millions) | March 31, 2022 | March 31, 2021 | June 30, 2021 | Sept 30, 2021 | Dec 31, 2021 | March 31, 2020 | June 30, 2020 | Sept 30, 2020 | Dec 31, 2020 | Forecasted Year Ended December 31, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Three Months Ended | | | | | | | | | |
| Cash provided by (utilized in) continuing operating activities | $ (73) | $ (56) | $ 199 | $ 306 | $ 231 | $ (315) | $ 181 | $ 262 | $ 329 | $ 725 |
| Cash payments for property, plant and equipment | (96) | (93) | (82) | (93) | (130) | (120) | (69) | (57) | (65) | (600) |
| Free cash flow (non-GAAP) | $ (169) | $ (149) | $ 117 | $ 213 | $ 101 | $ (435) | $ 112 | $ 205 | $ 264 | $ 125 |
| Addback: Cash payments for property, plant and equipment - strategic/expansion only (non-GAAP) | | | | | | | | | | 225 |
| Adjusted Free Cash Flow (non-GAAP) | | | | | | | | | | $ 350 |