



# 3Q 2020 Earnings

October 28, 2020

# SAFE HARBOR COMMENTS

## Forward-Looking Statements

This presentation contains “forward-looking” statements related to O-I Glass, Inc. (“O-I Glass” 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. 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 company’s ability to obtain the benefits it anticipates from the Corporate Modernization, (2) risks inherent in, and potentially adverse developments related to, the Chapter 11 bankruptcy proceeding involving Paddock Enterprises, LLC (“Paddock”), that could adversely affect the company and the company’s liquidity or results of operations, including the impact of deconsolidating Paddock from the company’s financials, risks from asbestos-related claimant representatives asserting claims against the company and potential for litigation and payment demands against the company by such representatives and other third parties, (3) the amount that will be necessary to fully and finally resolve all of Paddock’s asbestos-related claims and the company’s obligations to make payments to resolve such claims under the terms of its support agreement with Paddock, (4) 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 the company’s legacy liabilities, (5) 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, (6) the company’s ability to achieve its strategic plan, (7) foreign currency fluctuations relative to the U.S. dollar, (8) changes in capital availability or cost, including interest rate fluctuations and the ability of the company to refinance debt on favorable terms, (9) the general political, economic and competitive conditions in markets and countries where the company has operations, including uncertainties related to Brexit, 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, (10) the impact of COVID-19 and the various governmental, industry and consumer actions related thereto, (11) the company’s ability to generate sufficient future cash flows to ensure the company’s goodwill is not impaired, (12) consumer preferences for alternative forms of packaging, (13) cost and availability of raw materials, labor, energy and transportation, (14) consolidation among competitors and customers, (15) unanticipated expenditures with respect to data privacy, environmental, safety and health laws, (16) unanticipated operational disruptions, including higher capital spending, (17) the company’s ability to further develop its sales, marketing and product development capabilities, (18) the failure of the company’s joint venture partners to meet their obligations or commit additional capital to the joint venture, (19) 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, (20) changes in U.S. trade policies, and the other risk factors discussed in the company’s Annual Report on Form 10-K for the year ended December 31, 2019, Quarterly Report on form 10-Q for the quarterly period ended September 30, 2020 and any subsequently filed Annual Report on Form 10-K, Quarterly Reports on Form 10-Q or 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.



# OVERVIEW

## Strong rebound after a challenging second quarter due to the pandemic

- aEPS<sup>1</sup> was \$0.41 and FCF<sup>2</sup> was \$205M

## Recovery reflects solid demand for safe and sustainable glass packaging

- 3Q20 shipments up 1.7% adjusted for ANZ sale
- Strong preference for glass as the healthy, premium and preferred option for Food and Beverage
- Consumers value sustainability and trust glass packaging on and off premise regardless of venue

## Improved results reflect bold actions to execute O-I's value creation strategy

- Improving performance through turnaround initiatives, substantially offsetting the impact of lower production
- Optimizing structure through ANZ divestiture, Paddock Chapter 11 and refinancing
- Revolutionizing glass as MAGMA continues to advance

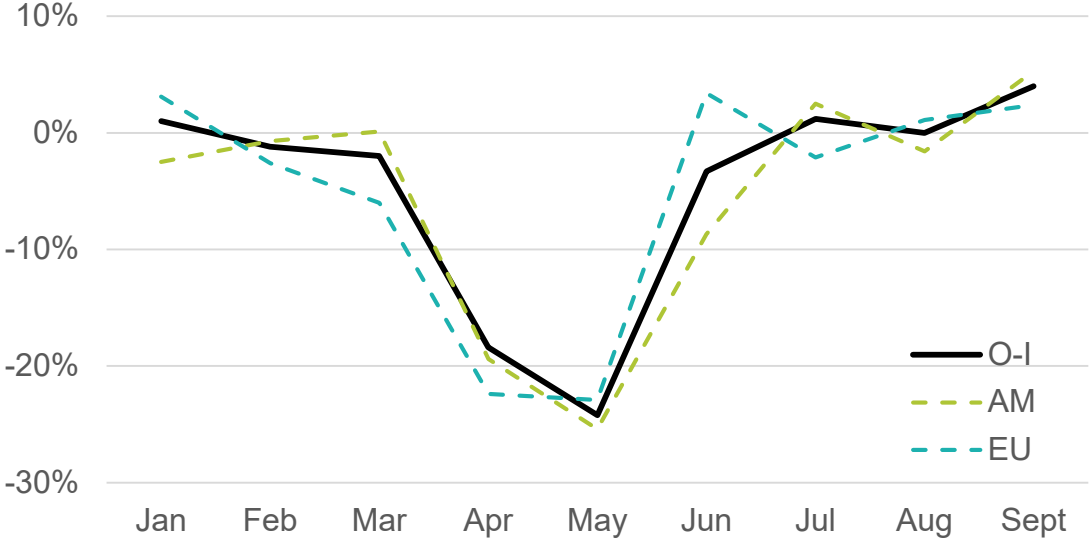
## Improving business outlook

- As markets recover, FY20 volume outlook continues to improve (now down 3-5% vs 4-7% previously)
- 4Q20 aEPS of \$0.30-\$0.35 with sales volumes in-line or slightly favorable to the prior year
- FY20 EBITDA to FCF conversion  $\geq 10\%$  ( $\geq 18\%$  adjusted for ANZ divestiture)
- Preliminary 2021 outlook: expect improved earnings and cash flow compared to 2020



# SHIPMENTS STABILIZE ACROSS ALL GEOGRAPHIES

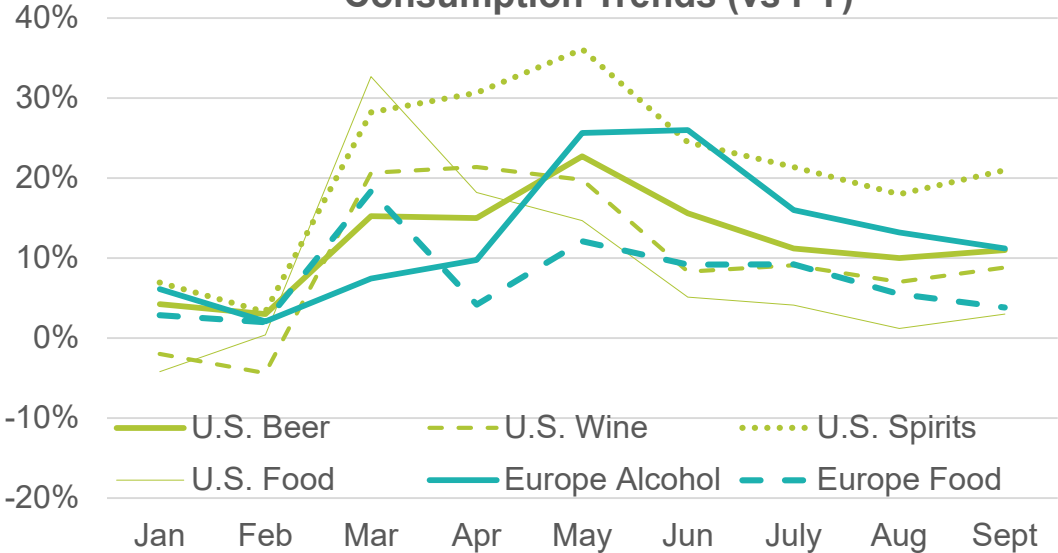
O-I Shipment Trends (vs PY)



Volumes slightly up October MTD; 1Q volumes down ~1%, 2Q20 sales volumes were down ~ 15% and 3Q volumes up ~ 2%. Note: all volumes are on a year over year and same structure basis excluding ANZ.

**O-I Shipment Trends Reflect Disruption from Pandemic**  
**Consumers Value Sustainability and Trust Premium Glass**

Retail/Off Premise Consumer Consumption Trends (vs PY)



Source: Various syndicated and broker reports

**Underlying Retail Consumer Consumption is Strong (~75-80% of O-I Vol)**  
**Offsetting Decline in On-Premise Consumption (~20-25% of O-I Vol)**

**SHIPMENT TRENDS HAVE STABILIZED AND GLASS HAS ADJUSTED WELL TO CHANNEL SHIFTS FROM ON-PREMISE TO OFF-PREMISE**



# EXECUTING O-I GLASS VALUE CREATION THESIS

## BOLD STRUCTURAL ACTIONS TO CHANGE O-I'S BUSINESS FUNDAMENTALS

1

### TURNAROUND INITIATIVES

#### STRONG OPERATING PERFORMANCE AND COST EFFICIENCIES

- Turnaround initiatives ~ \$70M benefit YTD
- Improved efficiency at focus factories

2

### REVOLUTIONIZE GLASS

#### CREATE A NEW BUSINESS MODEL FOR GLASS PACKAGING

- MAGMA Gen 1 in Germany on track 1Q21
- Pave way for Gen 1 deployment in 2022

3

### OPTIMIZE STRUCTURE

#### REBALANCE BUSINESS PORTFOLIO AND IMPROVE BALANCE SHEET

- > \$870M divestitures at attractive valuations
- Tactical divestitures advancing well
- Paddock Ch11 proceeding as expected

# GLASS IS THE HEART OF SUSTAINABLE PACKAGING

## Further Elevating our ESG Ambitions:

- Appointed new Chief Sustainability Officer reporting directly to CEO
- Expanded breadth of our sustainability initiatives
- Activated glass advocacy campaign to reposition attributes compared to alternative substrates
- Leveraging our industry-leading innovations, like MAGMA, to lead on sustainability
- More details in our forthcoming 2021 Sustainability report



## OUR VISION:

TO BE THE MOST INNOVATIVE, SUSTAINABLE AND CHOSEN SUPPLIER OF BRAND-BUILDING PACKAGING SOLUTIONS



# 3Q20 RESULTS

3Q20 aEPS: \$0.41 | 3Q20 SEGMENT PROFIT<sup>1</sup>: \$204M

## 3Q20 aEPS was \$0.41 compared to \$0.54 in PY

- Segment operating profit<sup>1</sup> nearly flat with PY
- Lower earnings mostly due to higher retained corporate costs and elevated tax rate

## Segment profits stabilized after pandemic impacted 2Q20

- Higher selling prices mostly offset cost inflation which was elevated due to FX pressure
- Sales volume increased 1.7%
- Very good operating performance substantially offset lower production
  - Production volume down 9.7% impacted results ~ \$46M
    - Rebalanced supply chain earlier in the quarter
    - Production ramp up later in the quarter (all plants fully operational by end of qtr)
  - Turnaround initiatives and cost control actions benefited results ~ \$42M

## Non-operating items

- Higher retained corporate cost: additional R&D, higher insurance and lower TA/royalties
- Lower adjusted interest expense<sup>6</sup> attributable to recent refinancing
- Elevated tax rate: 37% adjusted effective tax rate<sup>6</sup> compared to 28% in prior year

|   | SEGMENT OPERATING PROFIT <sup>1</sup> (\$M) | aEPS          |
|---|---|---------------|
| <b>3Q19 AS REPORTED</b>                       | <b>\$206</b>                                | <b>\$0.54</b> |
| FX translation <sup>2</sup>                   | 3   | 0.01          |
| Temporary items <sup>3</sup>                  | (2)   | (0.01)        |
| Divestitures (ANZ/Soda Ash JV <sup>4</sup> )  | (5)   | (0.02)        |
| <b>SUB-TOTAL</b>                              | <b>\$202</b>                                | <b>\$0.52</b> |
| Net price <sup>5</sup> (incl. cost inflation) | (4)   | (0.02)        |
| Volume and mix (incl. acquisitions)           | 10  | 0.05          |
| Operating costs (excl. cost inflation)        | (4)   | (0.02)        |
| Retained corporate costs                      | --  | (0.05)        |
| Net interest expense <sup>6</sup> / NCI       | --  | 0.01          |
| Change in tax rate <sup>6</sup>               | --  | (0.07)        |
| Share count                                   | --  | (0.01)        |
| <b>3Q20 RESULTS</b>                           | <b>\$204</b>                                | <b>\$0.41</b> |

<sup>1</sup> 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.

<sup>2</sup> Foreign currency translation effect determined by using 2020 foreign currency exchange rates to translate 2019 local currency results.

<sup>3</sup> Temporary items refer to the European white certificates.

<sup>4</sup> Divestiture of Soda Ash JV impacts aEPS only, ANZ divestiture impacts both segment operating profit and aEPS

<sup>5</sup> Net price represents the net impact of movement in selling prices and cost inflation.

<sup>6</sup> Adjusted interest expense and adjusted tax rate exclude certain items that management considers not representative of ongoing operations.



# 3Q20 SEGMENT REVIEW

| (\$M)                  | AMERICAS                 |  | EUROPE                   |   | ASIA PACIFIC <sup>1</sup> |  |
|------------------------|--------------------------|--|--------------------------|---|---------------------------|--|
|                        | SEGMENT OPERATING PROFIT | COMMENTS   | SEGMENT OPERATING PROFIT | COMMENTS  | SEGMENT OPERATING PROFIT  | COMMENTS   |
| <b>3Q19</b>            | <b>\$123</b>             |  | <b>\$79</b>              |   | <b>\$4</b>                |  |
| FX translation         | (1)                      |  | 4                        |   | ---                       |  |
| Temporary items        | ---                      |  | (2) ▼                    | 2019 energy certificates  | ---                       |  |
| Divestitures           | ---                      |  | ---                      |   | (5) ▼                     | ANZ sale   |
| <b>SUBTOTAL</b>        | <b>\$122</b>             |  | <b>\$81</b>              |   | <b>(\$1)</b>              |  |
| <b>Net price</b>       | (18)                     | ▲ Constructive price environment<br>• Revenue Optimization<br>▼ FX induced inflation   | 14                       | ▲ Constructive price environment<br>• Revenue Optimization<br>► Modest inflation  | ---                       |  |
| <b>Volume and mix</b>  | 9                        | ▲ Sales volume increased 2.0%  | 1                        | ► Sales volume increased 0.3%   | ---                       |  |
| <b>Operating costs</b> | -                        | ▲ Turnaround initiatives<br>• Factory Performance<br>• Cost Transformation<br>▼ Lower production<br>• Rebalance supply chain | (8)                      | ▲ Turnaround initiatives<br>• Factory Performance<br>• Cost Transformation<br>▼ Lower production<br>• Rebalance supply chain<br>▼ Gironcourt start up costs | 4                         | ▲ Turnaround initiatives<br>• Factory Performance<br>• Cost Transformation |
| <b>3Q20</b>            | <b>\$113</b>             |  | <b>\$88</b>              |   | <b>\$3</b>                |  |

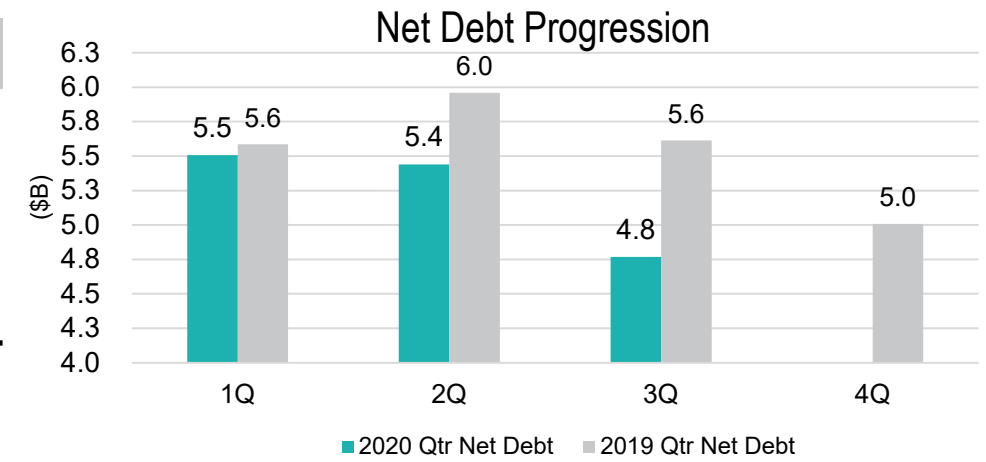
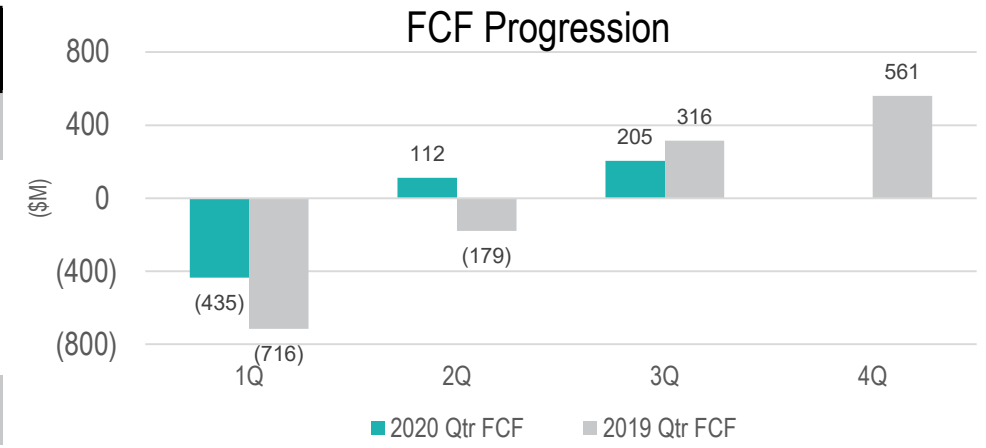


# 2020 CAPITAL ALLOCATION

## CAPITAL ALLOCATION GUIDING PRINCIPLES

| GUIDING PRINCIPLE   | PROGRESS   |
|---|--|
| <b>Maximize Free Cash Flow<sup>1</sup></b>  |  |
| <ul style="list-style-type: none"> <li>Strong free cash flow</li> <li>CapEx at or below \$300M</li> <li>FYE20 IDS at or below PY</li> </ul> | <ul style="list-style-type: none"> <li>3Q20 FCF \$205M; \$96M fav vs PY (AR factoring neutral)</li> <li>YTD FCF fav vs PY</li> <li>YTD CapEx \$246M</li> <li>YTD IDS 6 days below PY</li> </ul>  |
| <b>Preserve Strong Liquidity</b>  |  |
| <ul style="list-style-type: none"> <li>Liquidity ≥ \$1.25B across 2020</li> </ul>   | <ul style="list-style-type: none"> <li>3Q20 committed liquidity ~ \$2.1B</li> </ul>  |
| <b>Reduce Net Debt<sup>2</sup></b>  |  |
| <ul style="list-style-type: none"> <li>FYE20 net debt below PY of \$5.0B</li> <li>Divestitures for further deleveraging</li> </ul>          | <ul style="list-style-type: none"> <li>3Q20 net debt \$4.8B, \$846M fav vs 3Q19</li> <li>ANZ net proceeds applied to debt</li> <li>BCA leverage ratio<sup>3</sup> well below covenant (5.0x)</li> <li>No significant bond maturities until 2023</li> </ul> |

## YTD FCF<sup>1</sup> AND NET DEBT<sup>2</sup> FAVORABLE TO PY



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). See the appendix for further disclosure.  
 2 Net Debt is defined as Total Debt less Cash. See appendix for further disclosure.  
 3 BCA leverage ratio is defined as Net Debt divided by EBITDA, after credit agreement adjustments.

# IMPROVING BUSINESS OUTLOOK

## 2020 GUIDANCE

### 4Q20 aEPS expected to be ~ \$0.30 - \$0.35

- ▲ Sales Volume: Flat to slightly favorable compared to PY
- ▲ Production Volume: Flat to slightly favorable compared to PY
- ▲ Operating Costs: Continued favorable operating performance and cost savings
- ▲ Interest Exp: Continued favorable due to debt reduction and recent refinancing
- ▼ Net Price: Higher price mostly offsets elevated FX induced inflation
- ▼ Retained Corp: R&D, glass advocacy campaign, insurance
- ▼ Tax Rate: Estimated 30-35%
- ▼ FX / Temp / Divestitures: Dilution on Tata and ANZ sale ~ \$26M

### FY20 FCF

- ▲ ≥ 10% EBITDA to FCF conversion (≥ 18% adjusted for ANZ divestiture)
  - Following ANZ sale, AR factoring will be reduced for new base and post closing working capital benefits will be recorded in cash flows from investing activities (not FCF)

## 2021 PRELIMINARY THOUGHTS

### Adjusted earnings improvement vs 2020

- ▲ Sales Volume: Partial or full return to 2019 levels; higher JV earnings
- ▲ Production Volume: Mid to high single digit improvement post 2Q20 disruption
- ▲ Operating Costs: Continued favorable operating performance and cost savings
- ▲ Tax Rate: Estimate ~30%
- ▶ Interest Exp: Stable
- ▼ Net Price: PAF reflect low 2020 inflation; 2021 inflation begins to normalize
- ▼ Retained Corp: R&D and glass advocacy
- ▼ FX / Temp / Divestitures: Dilution on ANZ sale and tactical divestitures

### FCF improvement vs 2020

- ▲ 20% to 25% EBITDA to FCF conversion; expect conversion to improve over time

IMPROVING BUSINESS OUTLOOK AS MARKETS  
STABILIZE AND RECOVER



# CONCLUSION

## Strong rebound after a challenging second quarter

- Improved operating performance
- Stronger, leaner O-I emerging from pandemic

## Strong demand for safe and sustainable glass packaging

## Improving business outlook

## Bold actions to create long-term value

## Advancing MAGMA and raising sustainability ambitions



### MAGMA Development (2019 – 2022+)

Generation 1

*MAGMA Melter*

*Limited Locations*

Generation 2

*Modular end-to-end system  
(melter, forming, etc)*

*Expanded Number  
of Locations*

Generation 3

*Optimized modular  
end-to-end system  
(automation,  
digitization, etc)*

*Anywhere*

A top-down view of a desk with a laptop, smartphone, notebook, water bottle, and a small black device. The laptop screen displays a grid of images. A hand is visible near the laptop trackpad, holding a pen. The overall scene is brightly lit, suggesting a clean, organized workspace.

# 01

## FINANCIAL APPENDIX

# HISTORIC FINANCIALS (EXCLUDING ANZ)

\$ millions

| <b>Consolidated O-I</b> | Q1 2019  | Q2 2019  | Q3 2019  | Q4 2019  | FY 2019  | Q1 2020  | Q2 2020  | Q3 2020  |
|-------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net Sales               | \$ 1,638 | \$ 1,756 | \$ 1,670 | \$ 1,628 | \$ 6,691 | \$ 1,561 | \$ 1,418 | \$ 1,616 |
| Adjusted EBIT (a)       | 176      | 208      | 185      | 175      | 744      | 148      | 62       | 169      |
| EBITDA (a)              | 302      | 335      | 312      | 294      | 1,243    | 274      | 183      | 285      |

## ANZ

|                   |     |     |     |     |     |     |     |    |
|-------------------|-----|-----|-----|-----|-----|-----|-----|----|
| Net Sales (b)     | 131 | 122 | 128 | 153 | 534 | 123 | 106 | 52 |
| Adjusted EBIT (c) | 12  | 9   | 4   | 19  | 44  | 12  | 5   | 3  |
| EBITDA            | 23  | 20  | 14  | 30  | 86  | 23  | 16  | 7  |

## Consolidated O-I less ANZ

|               |       |       |       |       |       |       |       |       |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Sales     | 1,507 | 1,634 | 1,542 | 1,475 | 6,157 | 1,438 | 1,312 | 1,564 |
| Adjusted EBIT | 164   | 199   | 181   | 156   | 700   | 136   | 57    | 166   |
| EBITDA        | 279   | 315   | 298   | 264   | 1,157 | 251   | 167   | 278   |

### (a) Reconciliations to Reported Results:

|  |        |        |          |        |          |        |          |        |
|--|--------|--------|----------|--------|----------|--------|----------|--------|
| EBITDA   | \$ 302 | \$ 335 | \$ 312   | \$ 294 | \$ 1,243 | \$ 274 | \$ 183   | \$ 285 |
| Depreciation and amortization                                  | 126    | 127    | 127      | 119    | 499      | 126    | 121      | 116    |
| Adjusted EBIT  | 176    | 208    | 185      | 175    | 744      | 148    | 62       | 169    |
| Items not considered representative of ongoing operations      | (65)   | (68)   | (83)     | (96)   | (311)    | (53)   | (98)     | (61)   |
| Interest expense, net  | (65)   | (68)   | (83)     | (96)   | (311)    | (53)   | (98)     | (61)   |
| Earnings (loss) from continuing operations before income taxes | \$ 111 | \$ 98  | \$ (536) | \$ 66  | \$ (261) | \$ 81  | \$ (119) | \$ 376 |

### (b) Reconciliation to Net Sales:

|                  |          |          |          |          |          |          |          |          |
|------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Americas         | \$ 881   | \$ 934   | \$ 918   | \$ 889   | \$ 3,622 | \$ 831   | \$ 724   | \$ 887   |
| Europe           | 596      | 650      | 588      | 553      | 2,387    | 576      | 555      | 644      |
| Asia Pacific (1) | 131      | 122      | 128      | 153      | 534      | 123      | 106      | 52       |
| Other (1)        | 30       | 50       | 36       | 32       | 148      | 31       | 33       | 33       |
| Net Sales        | \$ 1,638 | \$ 1,756 | \$ 1,670 | \$ 1,627 | \$ 6,691 | \$ 1,561 | \$ 1,418 | \$ 1,616 |

### (c) Reconciliation to Earnings before income taxes:

|   |        |        |          |        |          |        |          |        |
|---|--------|--------|----------|--------|----------|--------|----------|--------|
| Segment Operating Profit                                  |        |        |          |        |          |        |          |        |
| Americas  | \$ 113 | \$ 144 | \$ 123   | \$ 115 | \$ 495   | \$ 103 | \$ 52    | \$ 113 |
| Europe  | 79     | 90     | 79       | 69     | 317      | 61     | 42       | 88     |
| Asia Pacific (1)  | 12     | 9      | 4        | 19     | 44       | 12     | 5        | 3      |
| Retained corporate costs and other (1)                    | (28)   | (35)   | (20)     | (28)   | (112)    | (28)   | (37)     | (35)   |
| Items not considered representative of ongoing operations | (65)   | (68)   | (83)     | (95)   | (311)    | (53)   | (98)     | (61)   |
| Interest expense, net                                     | (65)   | (68)   | (83)     | (95)   | (311)    | (53)   | (98)     | (61)   |
| Earnings (loss) from cont. operations before income taxes | \$ 111 | \$ 98  | \$ (536) | \$ 66  | \$ (261) | \$ 81  | \$ (119) | \$ 376 |

(1) On July 31, 2020, the Company completed the sale of its Australia and New Zealand (“ANZ”) businesses, which comprised the majority of its businesses in the Asia Pacific region (approximately 85% of net sales in that region for the full year 2019), to Visy Industries Holdings Pty Ltd. After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment. For all historical periods presented, the results for the Asia Pacific reportable segment have been recast to reflect only the results of the ANZ businesses. In addition, for the other Asia Pacific businesses that previously comprised the Asia Pacific segment, and that have been retained by the Company, have been reclassified to Other sales and Retained corporate costs and other, respectively.



# FX IMPACT ON EARNINGS

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## APPROXIMATE ANNUAL TRANSLATION IMPACT ON EPS FROM 10% FX CHANGE

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|     |        |
|-----|--------|
| EUR | \$0.09 |
| MXN | \$0.01 |
| BRL | \$0.02 |
| COP | \$0.01 |

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## FX RATES AT KEY POINTS

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|     | OCT 26,<br>2020 | AVG<br>2019 | AVG<br>3Q19 |
|-----|-----------------|-------------|-------------|
| EUR | 1.18            | 1.12        | 1.12        |
| MXN | 20.97           | 19.32       | 19.26       |
| BRL | 5.62            | 3.95        | 3.91        |
| COP | 3,815           | 3,299       | 3,270       |

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# 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, net debt, free cash flow, free cash flow adjusted for factoring, EBITDA, EBITDA to free cash flow conversion and adjusted effective tax rate 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 as well as certain retained corporate costs. Net Debt is defined as Total debt less cash. Management uses adjusted earnings, adjusted earnings per share, segment operating profit, and net debt to evaluate its period-over-period operating performance because it believes these provide a 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, segment operating profit, and net debt 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 continuing operating activities less additions to property, plant and equipment. Management has historically used free cash flow to evaluate its period-over-period cash generation performance because it believes this has provided a useful supplemental measure related to its principal business activity. Free cash flow and free cash flow adjusted for factoring may be useful to investors to assist in understanding the comparability of cash flows generated by the company's principal business activity. It should not be inferred that the entire 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 at [www.o-i.com/investors](http://www.o-i.com/investors).



# RECONCILIATION FOR ADJUSTED EARNINGS

| Unaudited  | Three months ended |           | Nine months ended |           |
|--|--------------------|-----------|-------------------|-----------|
|  | September 30       |           | September 30      |           |
|  | 2020               | 2019      | 2020              | 2019      |
| Earnings (loss) from continuing operations attributable to the Company | \$ 328             | \$ (575)  | \$ 278            | \$ (429)  |
| Items impacting cost of goods sold:                                    |                    |           |                   |           |
| Acquisition-related fair value inventory adjustments                   |                    | 1         |                   | 1         |
| Items impacting other selling and administrative expense:              |                    |           |                   |           |
| Restructuring, asset impairment and other charges                      |                    |           |                   | 2         |
| Items impacting other expense, net:                                    |                    |           |                   |           |
| Gain on sale of ANZ businesses   | (280)              |           | (280)             |           |
| Charge for goodwill impairment   |                    | 595       |                   | 595       |
| Restructuring, asset impairment and other charges                      | 9                  | 32        | 80                | 70        |
| Strategic transaction costs  | 3                  |           | 7                 |           |
| Charge for deconsolidation of Paddock                                  |                    |           | 14                |           |
| Pension settlement charges   |                    | 11        | 8                 | 13        |
| Items impacting interest expense:                                      |                    |           |                   |           |
| Charges for note repurchase premiums and write-off of finance fees     | 6                  | 24        | 44                | 26        |
| Items impacting income tax:  |                    |           |                   |           |
| Net benefit for income tax on items above                              | (1)                | (4)       | (20)              | (6)       |
| Items impacting net earnings attributable to noncontrolling interests: |                    |           |                   |           |
| Net impact of noncontrolling interests on items above                  |                    |           |                   |           |
| Total adjusting items (non-GAAP)                                       | \$ (263)           | \$ 659    | \$ (147)          | \$ 701    |
| Adjusted earnings (non-GAAP)   | \$ 65              | \$ 84     | \$ 131            | \$ 272    |
| Diluted average shares (thousands)                                     | 159,299            | 155,536   | 158,214           | 155,083   |
| Earnings (loss) per share from continuing operations (diluted)         | \$ 2.06            | \$ (3.69) | \$ 1.76           | \$ (2.77) |
| Adjusted earnings per share (non-GAAP) (a)                             | \$ 0.41            | \$ 0.54   | \$ 0.82           | \$ 1.74   |

(a) For purposes of computing adjusted earnings per share, the diluted average shares (in thousands) are 156,531 and 156,550 for the three and nine months ended Sept. 30, 2019.

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 December 31, 2020 and the year ending December 31, 2021, 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.





# RECONCILIATION TO EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

| Unaudited  | Three months ended |                 | Nine months ended |                 |
|--|--------------------|-----------------|-------------------|-----------------|
|  | September 30       |                 | September 30      |                 |
|  | 2020               | 2019            | 2020              | 2019            |
| Net sales:   |                    |                 |                   |                 |
| Americas   | \$ 887             | \$ 918          | \$ 2,442          | \$ 2,733        |
| Europe   | 644                | 588             | 1,775             | 1,834           |
| Asia Pacific   | 52                 | 128             | 281               | 382             |
| Reportable segment totals  | 1,583              | 1,634           | 4,498             | 4,949           |
| Other  | 33                 | 36              | 97                | 114             |
| Net sales  | <u>\$ 1,616</u>    | <u>\$ 1,670</u> | <u>\$ 4,595</u>   | <u>\$ 5,063</u> |
| Segment operating profit <sup>(a)</sup> :  |                    |                 |                   |                 |
| Americas   | \$ 113             | \$ 123          | \$ 268            | \$ 380          |
| Europe   | 88                 | 79              | 191               | 248             |
| Asia Pacific   | 3                  | 4               | 19                | 25              |
| Reportable segment totals  | 204                | 206             | 478               | 653             |
| Items excluded from segment operating profit:  |                    |                 |                   |                 |
| Retained corporate costs and other   | (35)               | (21)            | (98)              | (83)            |
| Items not considered representative of ongoing operations <sup>(b)</sup>             | 268                | (638)           | 171               | (681)           |
| Interest expense, net  | (61)               | (83)            | (212)             | (215)           |
| Earnings (loss) from continuing operations before income taxes                       | <u>\$ 376</u>      | <u>\$ (536)</u> | <u>\$ 339</u>     | <u>\$ (326)</u> |
| Ratio of earnings (loss) from continuing operations before income taxes to net sales | 23.3%              | -32.1%          | 7.4%              | -6.4%           |
| Segment operating profit margin <sup>(c)</sup> :                                     |                    |                 |                   |                 |
| Americas   | 12.7%              | 13.4%           | 11.0%             | 13.9%           |
| Europe   | 13.7%              | 13.4%           | 10.8%             | 13.5%           |
| Asia Pacific   | 5.8%               | 3.1%            | 6.8%              | 6.5%            |
| Reportable segment margin totals   | 12.9%              | 12.6%           | 10.6%             | 13.2%           |

(a) 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.

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 from continuing operations 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.

(b) Reference Reconciliation to Adjusted Earnings.

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



# 3Q PRICE, VOLUME AND CURRENCY IMPACT ON REPORTABLE SEGMENT SALES

|   | Three months ended September 30, |        |                           |          |
|---|----------------------------------|--------|---------------------------|----------|
|   | Americas                         | Europe | Asia Pacific <sup>1</sup> | Total    |
| Net sales for reportable segments- 2019                 | \$ 918                           | \$ 588 | \$ 128                    | \$ 1,634 |
| Effects of changing foreign currency rates <sup>2</sup> | (51)                             | 40     |                           | (11)     |
| Price   | (1)                              | 13     |                           | 12       |
| Sales volume & mix                                      | 21                               | 3      | (76)                      | (52)     |
| Total reconciling items                                 | (31)                             | 56     | (76)                      | (51)     |
| Net sales for reportable segments- 2020                 | \$ 887                           | \$ 644 | \$ 52                     | \$ 1,583 |

# 3Q PRICE, SALES VOLUME, OPERATING COSTS AND CURRENCY IMPACT ON REPORTABLE SEGMENT OPERATING PROFIT

|   | Three months ended September 30, |        |                           |        |
|---|----------------------------------|--------|---------------------------|--------|
|   | Americas                         | Europe | Asia Pacific <sup>1</sup> | Total  |
| Segment operating profit - 2019                         | \$ 123                           | \$ 79  | \$ 4                      | \$ 206 |
| Effects of changing foreign currency rates <sup>2</sup> | (1)                              | 4      |                           | 3      |
| Net Price (net of cost inflation)                       | (18)                             | 14     |                           | (4)    |
| Sales volume & mix                                      | 9                                | 1      |                           | 10     |
| Operating costs   |                                  | (10)   | 4                         | (6)    |
| Divestiture (ANZ)                                       |                                  |        | (5)                       | (5)    |
| Total reconciling items                                 | (10)                             | 9      | (1)                       | (2)    |
| Segment operating profit - 2020                         | \$ 113                           | \$ 88  | \$ 3                      | \$ 204 |

- 1) For the third quarter 2020, the results for the Asia Pacific segment reflect only one month of the results of the ANZ businesses. For the third quarter of 2019, the results of the Asia Pacific segment have been recast to reflect only the results of its ANZ businesses. The sales and operating results of the other businesses that historically comprised the Asia Pacific segment, and that have been retained by the Company, have been reclassified to Other sales and Retained corporate costs and other, respectively.
- 2) Currency effect on net sales and segment operating profit determined by using 2020 foreign currency rates to translate 2019 local currency results.



# RECONCILIATION FOR QUARTERLY FREE CASH FLOW

Unaudited

|  | Three Months Ended    |                  |                   |                   |                  |                       |                      |
|--|-----------------------|------------------|-------------------|-------------------|------------------|-----------------------|----------------------|
|  | September 30,<br>2020 | June 30,<br>2020 | March 31,<br>2020 | March 31,<br>2019 | June 30,<br>2019 | September 30,<br>2019 | December<br>31, 2019 |
| Cash provided by (utilized in) continuing operating activities | \$ 262                | \$ 181           | \$ (315)          | \$ (595)          | \$ (67)          | \$ 416                | \$ 654               |
| Cash payments for property, plant and equipment                | (57)                  | (69)             | (120)             | (121)             | (112)            | (100)                 | (93)                 |
| Free cash flow (non-GAAP)                                      | <u>\$ 205</u>         | <u>\$ 112</u>    | <u>\$ (435)</u>   | <u>\$ (716)</u>   | <u>\$ (179)</u>  | <u>\$ 316</u>         | <u>\$ 561</u>        |

|  | Three Months Ended<br>September 30, 2020 | Three Months Ended<br>September 30, 2019 |
|--|--|--|
| Cash provided by (utilized in) continuing operating activities | \$ 262                                   | \$ 416                                   |
| Cash payments for property, plant and equipment                | (57)                                     | (100)                                    |
| Free cash flow (non-GAAP)                                      | <u>\$ 205</u>                            | <u>\$ 316</u>                            |

## Accounts Receivables Factored

|  | June 30, 2020 | September 30, 2020 |            | June 30, 2019 | September 30, 2019 |      |
|--|---------------|--------------------|------------|---------------|--------------------|------|
|  | \$ 437        | \$ 426             | Difference |               |                    | (11) |
|  | \$ 173        | \$ 369             | Difference |               |                    | 196  |
| Free cash flow Adjusted for Factoring (non-GAAP) |               |                    |            | <u>\$ 216</u> | <u>\$ 120</u>      |      |

The Company is unable to present a quantitative reconciliation of its forward-looking non-GAAP measures, EBITDA and free cash flow, for the year ending December 31, 2020, to its most directly comparable GAAP financial measures, earnings (loss) from continuing operations before income taxes plus items that management considers not representative of ongoing operations, depreciation and amortization and cash provided by continuing operations less cash payments for property, plant and equipment, 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. 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 EBITDA to earnings (loss) from continuing operations before income taxes and free cash flow to cash provided by continuing operating activities or address the probable significance of the unavailable information, which could be material to the Company's future financial results.



# RECONCILIATION FOR ADJUSTED EFFECTIVE TAX RATE

| Unaudited   | Three Months Ended<br>September 30, 2020 | Three Months Ended<br>September 30, 2019 |
|---|--|--|
| Earnings (loss) from continuing operations before income taxes (A)          | \$ 376                                   | \$ (536)                                 |
| Items management considers not representative of ongoing operations         | (262)                                    | 663                                      |
| Adjusted Earnings (loss) from continuing operations before income taxes (C) | <u>\$ 114</u>                            | <u>\$ 127</u>                            |
| Benefit (Provision) for income taxes (B)                                    | \$ (41)                                  | \$ (31)                                  |
| Tax items management considers not representative of ongoing operations     | (1)                                      | (4)                                      |
| Adjusted benefit (provision) for income taxes (D)                           | <u>\$ (42)</u>                           | <u>\$ (35)</u>                           |
| Effective Tax Rate (B)/(A)  | <u>10.9%</u>                             | <u>-5.8%</u>                             |
| Adjusted Effective Tax Rate (D)/(C)   | <u>36.9%</u>                             | <u>27.6%</u>                             |

The Company is unable to present a quantitative reconciliation of its forward-looking non-GAAP measure, adjusted effective tax rate, for the quarter and year ending December 31, 2020, 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 reconciliation of adjusted effective tax rate to earnings (loss) from continuing operations before income and 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 FOR NET DEBT

|                           | September 30, 2020 | June 30, 2020   | March 31, 2020  | March 31,<br>2019 | June 30,<br>2019 | September 30,<br>2019 | December 31,<br>2019 |
|---------------------------|--------------------|-----------------|-----------------|-------------------|------------------|-----------------------|----------------------|
| Total debt                | \$ 5,375           | \$ 6,507        | \$ 6,398        | \$ 5,911          | \$ 6,331         | \$ 5,888              | \$ 5,559             |
| Cash and cash equivalents | 606                | 1,067           | 891             | 326               | 371              | 273                   | 551                  |
| Net Debt                  | <u>\$ 4,769</u>    | <u>\$ 5,440</u> | <u>\$ 5,507</u> | <u>\$ 5,585</u>   | <u>\$ 5,960</u>  | <u>\$ 5,615</u>       | <u>\$ 5,008</u>      |

