



O-I First Quarter 2016
Earnings Presentation

May 3, 2016



Safe harbor comments

Regulation G

The information presented here regarding adjusted EPS relates to net earnings from continuing operations attributable to the Company (exclusive of items management considers not representative of ongoing operations) divided by weighted average shares outstanding (diluted) and does not conform to U.S. generally accepted accounting principles (GAAP). Management has included non-GAAP measures to assist in understanding the comparability of results of ongoing operations. Further, the information presented here 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. These non-GAAP financial measures are presented on a forward-looking basis and certain factors that could affect GAAP financial measures are not accessible or estimable on a forward-looking basis. These factors include items that may be material, such as future asbestos-related charges and restructuring and asset impairment and other related charges.

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) the Company's ability to integrate the Vitro Business in a timely and cost effective manner, to maintain on existing terms the permits, licenses and other approvals required for the Vitro Business to operate as currently operated, and to realize the expected synergies from the Vitro Acquisition, (2) risks related to the impact of integration of the Vitro Acquisition on earnings and cash flow, (3) risks associated with the significant transaction costs and additional indebtedness that the Company incurred in financing the Vitro Acquisition, (4) the Company's ability to realize expected growth opportunities and cost savings from the Vitro Acquisition, (5) foreign currency fluctuations relative to the U.S. dollar, specifically the Euro, Brazilian real, Mexican peso, Colombian peso and Australian dollar, (6) changes in capital availability or cost, including interest rate fluctuations and the ability of the Company to refinance debt at favorable terms, (7) the general political, economic and competitive conditions in markets and countries where the Company has operations, including uncertainties related to economic and social conditions, disruptions in capital markets, disruptions in the supply chain, competitive pricing pressures, inflation or deflation, and changes in tax rates and laws, (8) consumer preferences for alternative forms of packaging, (9) cost and availability of raw materials, labor, energy and transportation, (10) the Company's ability to manage its cost structure, including its success in implementing restructuring plans and achieving cost savings, (11) consolidation among competitors and customers, (12) the ability of the Company to acquire businesses and expand plants, integrate operations of acquired businesses and achieve expected synergies, (13) unanticipated expenditures with respect to environmental, safety and health laws, (14) the Company's ability to further develop its sales, marketing and product development capabilities, and (15) 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, 2015, any subsequently filed Quarterly Report on Form 10-Q and the Company's other filings with the Securities and Exchange Commission. It is not possible to foresee or identify all such factors. In addition, the Company's management has not yet completed its assessment of the error in the previously filed financial reports discussed in this document. The actual amount of the Company's assessment of its total asbestos-related liability at March 31, 2016 and the expected impact of the restatement, including on the financial results for the quarterly period ended March 31, 2016, could differ from the discussion in this document. 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.



Solid progress on strategic initiatives

Raising full year guidance

- Adjusted EPS¹ of \$0.48, up 33% in constant currency
 - Segment operating profit margin up 150 bps vs. 1Q 2015
 - Higher profit in all regions on a constant currency basis
- Sales volumes in line with expectations
 - Including acquisition, shipments up 14% globally with increases in all major product categories
 - Excluding acquisition, volumes on par with prior year
- Segment profit increased \$54M in constant currency
 - Strong performance in Latin America and Europe
 - Global spending controls
 - Currency translation reduced results by \$11M YOY
- Raising full year guidance for adj. EPS and FCF
- O-I will amend its 2015 10-K to reflect **total** asbestos-related liability in prior periods
 - NO cash impact nor business impact; accounting only
 - Expect to file 1Q16 10-Q and amended 2015 10-K mid-May



¹See appendix for a reconciliation to unaudited adjusted earnings and constant currency

² Prior year translated at 1Q16 exchange rates

Europe

Industry and macro environment

- Stable industry demand
- Price pressure continues, although less intense YOY
- Euro strengthened late in 1Q

1Q review

- Shipments up 1%, primarily beer
- Operating profit margin improvement +120 bps YOY
- Stronger operational performance
 - Efficiency improvements at ~two-thirds of all European facilities

Focus areas

- Realizing benefits of completed asset optimization program
- Improving results through plant improvement teams
- Initiating Key Account Management

Segment Operating Profit



¹ Prior year translated at 1Q16 exchange rates



North America

Industry and macro environment

- Well balanced supply and demand
- Growing segments (premium and craft) continue to offset declines in megabeer

1Q review

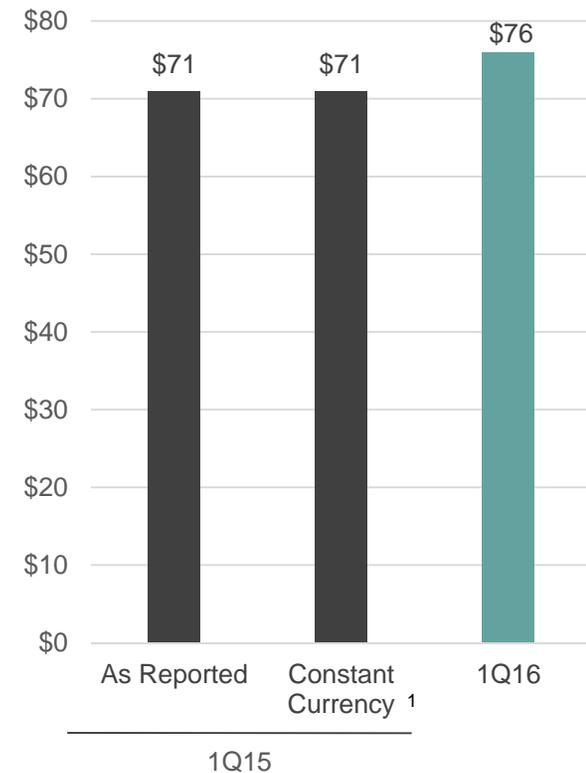
- 20 bps margin improvement for legacy business
 - Shipments on par with prior year
- Acquired business: \$5M segment operating profit

Focus areas

- Leveraging Plant Improvement Team in selected plants
- Improving end to end supply chain
- Launching Key Account Management

Segment Operating Profit

\$ Millions



¹ Prior year translated at 1Q16 exchange rates



Latin America

Industry and macro environment

- Strong Mexican domestic and export demand
- FX begins to strengthen late in 1Q
- Continuing economic weakness in Brazil

1Q review

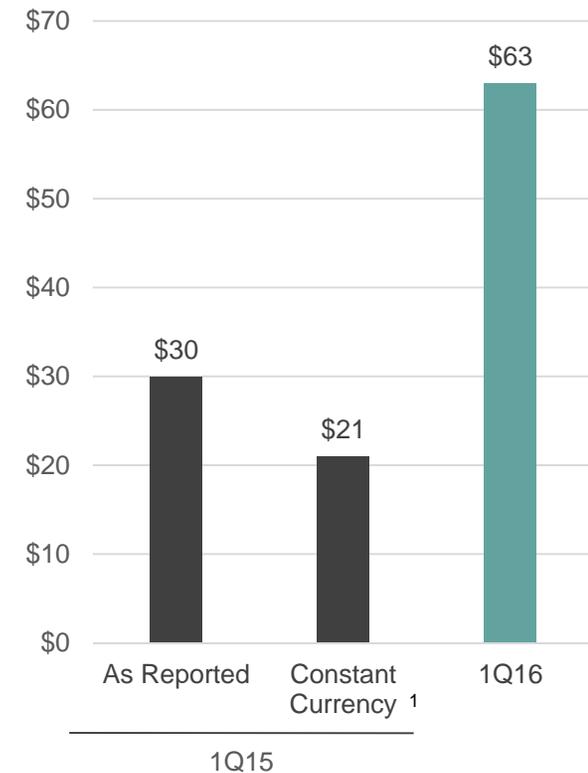
- Acquired business: \$37M segment operating profit
- Legacy business shipments down 5%; Brazil weakness
- Price offset cost inflation
- Cost containment improves legacy business profit by ~\$5M despite Brazil weakness

Focus areas

- Managing the business very well in a volatile climate
- Integrating the acquired business
- Improving end to end supply chain

Segment Operating Profit

\$ Millions



¹ Prior year translated at 1Q16 exchange rates



Asia Pacific

Industry and macro environment

- Australian wine exports improving
- Inflation headwinds, driven by FX

1Q review

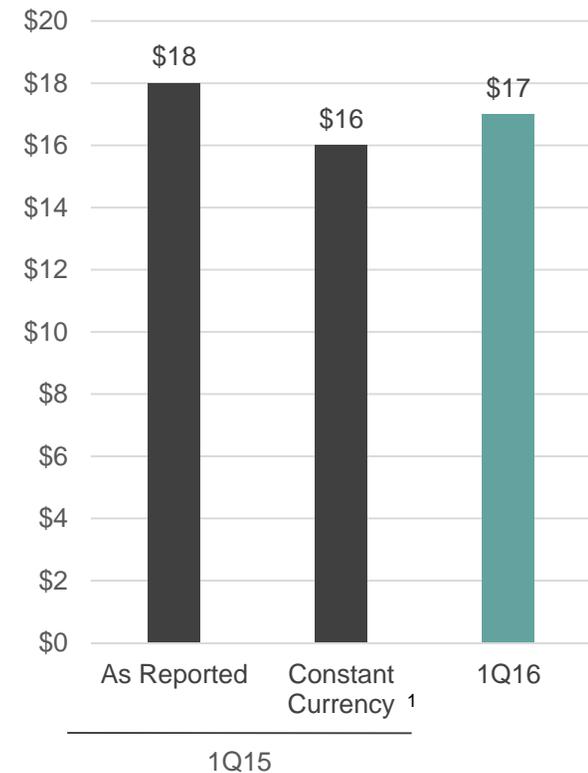
- Shipments up 1%, mainly wine
- Modest price increase partially compensates for inflation
- Solid performance offsets higher engineering activity

Focus areas

- Improving end to end supply chain
- Managing a higher level of engineering activity
- Optimizing performance in emerging markets

Segment Operating Profit

\$ Millions



¹ Prior year translated at 1Q16 exchange rates



Improved segment operating profit

Segment Operating Profit		
\$ millions		
1Q15 Segment Operating Profit	\$168	
Currency	(11)	Negative currency impact of 7% (mainly LA)
1Q15 at constant currency ¹	157	
Price	19	Mainly in Latin America, to offset cost inflation
Sales volume (excl. acquisition)	-	Legacy business on par with prior year
Operating costs	(7)	Inflation masks operational performance (EU)
Acquisition	42	Strong performance: \$37M in LA, \$5M in NA
Total reconciling items	54	
1Q16 Segment Operating Profit	\$211	34% increase in constant currency



¹ Prior year translated at 1Q16 exchange rates

Note: Reportable segment data excludes the Company's global equipment business

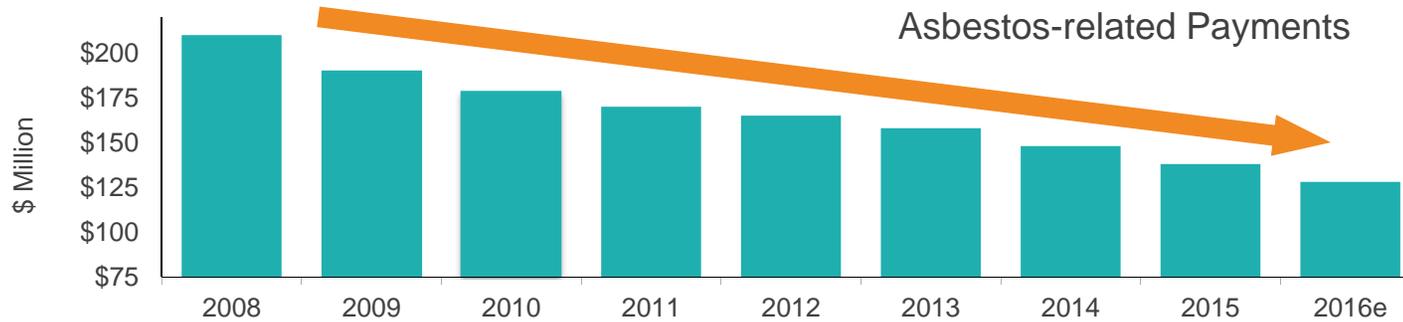
Strong 1Q16 Adjusted EPS; up 33% in constant currency

Adjusted Earnings Per Share ¹		
1Q15 Adjusted EPS	\$0.44	
Currency	(0.08)	▪ Headwind mainly in Latin America
1Q15 at constant currency	0.36	
Segment operating profit	0.25	▪ Gains in all regions
Retained corporate costs	(0.02)	▪ FX hedging impact ▪ Higher mgmt incentive accruals based on performance
Net interest expense	(0.09)	▪ Interest expense up due to acquisition-related debt
Effective tax rate	(0.02)	▪ Geographic mix of earnings (Mexico)
Total reconciling items	0.12	
1Q16 Adjusted EPS	\$0.48	



¹ See appendix for a reconciliation to unaudited adjusted earnings and constant currency.

Asbestos: Positive trends continue on payments; accounting liability impacted by new estimation method



Asbestos-related Liability

	Total asbestos-related liability	Time Frame Used
FY 2014*	\$435M	3 years
FY 2015*	\$522M	4 years
1Q 2016	\$806M	Estimated total

- For over a decade, used 3 year horizon to estimate asbestos-related liability
- In 2015, SEC initiated dialogue, mainly regarding the timeframe used in our estimate
- Extended timeframe to 4 years for FY 2015
- Following further dialogue with the SEC, we implemented an actuarial-based model to assess **total** liability
- Will amend our 2015 10-K to reflect total liability for asbestos-related costs



* As previously reported

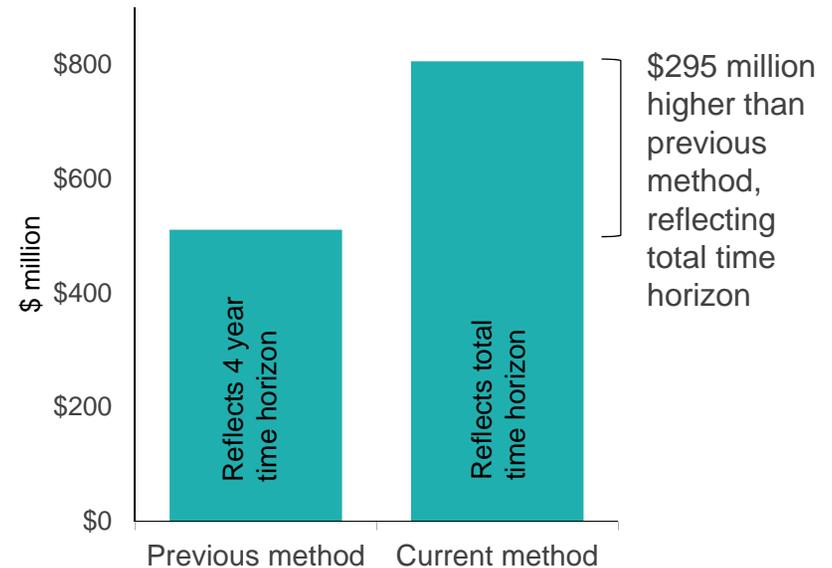
Early assessment of impact from restatement

NO impact on cash or on business fundamentals

Amend 2015 10-K to recognize estimated **total** probable asbestos-related liability

- Adjust December 31, 2012 balance sheet
 - Increase asbestos-related liability
 - Decrease retained earnings
- Reasonable estimate of **total** probable asbestos-related costs of \$806M at March 31, 2016
- Future comprehensive reviews may result in adjustments to the asbestos-related liability

Total asbestos-related liability at March 31, 2016



Key takeaways from amendment of the 2015 10-K



- No impact on asbestos payments
- No impact on adjusted EPS
- No impact on free cash flow
- No impact on business fundamentals

- More clarity on total estimate of asbestos-related liability
- Expect to file 1Q16 10-Q and amended 2015 10-K in mid May

2Q16 Adjusted EPS outlook

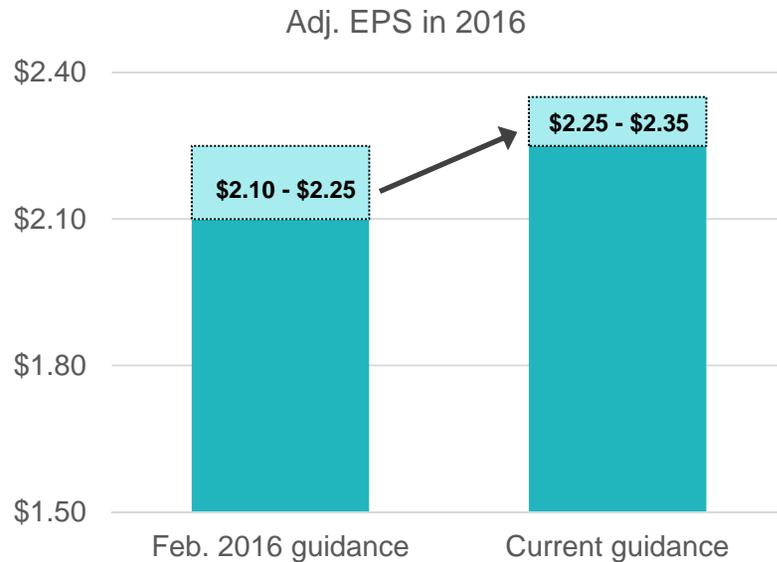
	2Q15 Adjusted EPS	\$0.60	
	Currency Impact	(\$0.04)	Assumptions: ¹ EUR = 1.13; BRL = 3.60; COP = 3,010; AUD = 0.77; MXN = 17.2
	2Q15 Adjusted EPS in Constant Currency¹	\$0.56	
On a constant currency basis ¹	Europe	▲	▪ Higher sales and production volume; lower costs
	North America	▲	▪ Acquisition benefits; solid legacy business
	Latin America	▲	▪ O-I Mexico; legacy biz nearly approaches PY despite macros
	Asia Pacific	▼	▪ Engineering activity and cost inflation offset higher sales
	Segment Operating Profit	▲	
	Corporate and Other Costs	▼	▪ Corporate ~\$25M ▪ Tax rate on low end of 26-28% range
		2Q16 Adjusted EPS	\$0.60- \$0.65



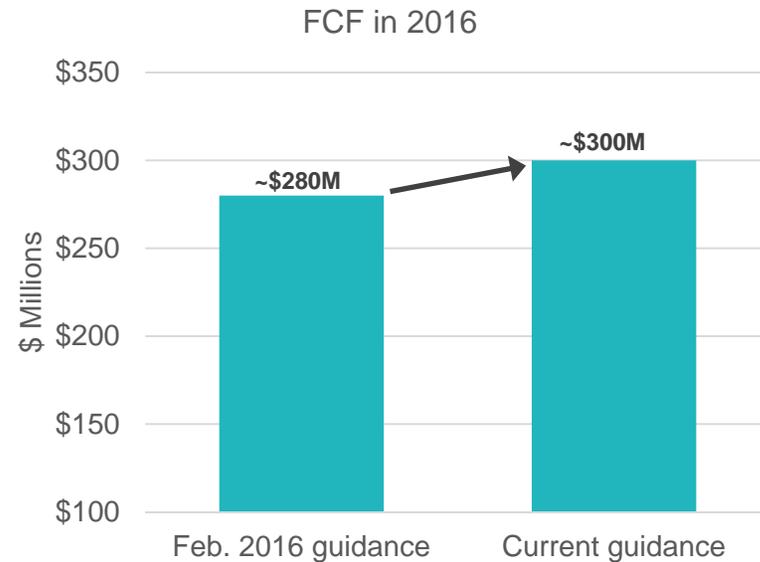
¹ Prior year translated at March 31, 2016 exchange rates

Full year 2016 outlook: Higher adjusted EPS and FCF

2016 Adjusted EPS guidance: \$2.25-\$2.35



2016 Free Cash Flow guidance: ~\$300M



Key factors for 2016 guidance

- Strong business performance
- March 31 FX rates favorable to prior guidance
- Reflects some risk to business performance and macro conditions



2016 management priorities

Strategic

- Establish and maintain revenue and operational stability
- Improve commercial and end-to-end supply chain performance
- Maximize the value of the Vitro F&B acquisition
- Leverage an enterprise approach and ensure accountability

Operational

- Exercise a balanced approach to volume and price
- Improve operational performance through asset stability, quality, higher productivity, improved flexibility and lower inventories
- Continue to reduce structural costs

Financial

- Improve margins and earnings
- Generate strong cash flows in local currencies
~\$300M free cash flow at current exchange rates¹
- Deleverage the balance sheet



¹ Assumes March 31, 2016 exchange rates continue for remainder of the year.

APPENDIX



Price, volume and currency impact on reportable segment sales

\$ Millions

	Europe	North America	Latin America	Asia Pacific	Total ¹
1Q15 Segment Sales	\$567	\$470	\$205	\$163	\$1,405
Currency	(5)	(2)	(45)	(10)	(62)
1Q15 at constant currency	562	468	160	153	1,343
Price (LA: to offset inflation)	-	1	16	2	19
Volume (excluding acquisition)	1	(5)	(6)	4	(6)
Acquisition	-	68	142	-	210
Total reconciling	1	64	152	6	223
1Q16 Segment Sales	<u>\$563</u>	<u>\$532</u>	<u>\$312</u>	<u>\$159</u>	<u>\$1,566</u>



¹ Reportable segment sales exclude the Company's global equipment business

Reconciliation to unaudited adjusted earnings and constant currency

(Dollars in millions, except per share amounts)

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

Unaudited	Three months ended	
	March 31 ^(a)	
	2016	2015
Earnings from continuing operations attributable to the Company	\$ 68	\$ 71
Items impacting other expense, net:		
Restructuring, asset impairment and related charges	19	
Gain related to cash received from the Chinese government as compensation for land in China that the Company was required to return to the government	(7)	
Items impacting income tax:		
Net benefit for income tax on items above	(4)	
Items impacting net earnings attributable to noncontrolling interests:		
Net impact of noncontrolling interests on items above	2	
Total adjusting items	\$ 10	\$ -
Adjusted earnings	\$ 78	\$ 71
Currency effect on earnings (2015 only) ^(b)		(12)
Earnings on a constant currency basis (2015 only)		59
Diluted average shares (thousands)	161,793	163,287
Earnings per share from continuing operations (diluted)	\$ 0.42	\$ 0.44
Adjusted earnings per share	\$ 0.48	\$ 0.44
Adjusted earnings per share on a constant currency basis		\$ 0.36

(a) The amounts for the three-months ended March 31, 2016 and March 31, 2015, are subject to adjustments as a result of the Company's ongoing process to amend its 2015 Form 10-K.

(b) Currency effect on earnings determined by using month-end foreign currency exchange rates in 2016 to translate 2015 local currency results.



 Impact from currency rates

	Approx. translation impact on EPS from 10% FX change
Euro	\$0.10
Mexican peso	\$0.07
Brazilian real	\$0.05
Colombian peso	\$0.03
Australian dollar	\$0.05

