# SECOND QUARTER 2021 EARNINGS

AUGUST 04, 2021

# SAFE HARBOR COMMENTS

## FORWARD-LOOKING STATEMENTS

This presentation contains "forward-looking" statements related to O-I Glass, Inc. (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 risk that the proposed plan of reorganization 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 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, (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 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, (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, (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, and the other risk factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 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 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

## 2Q21 RESULTS EXCEEDED GUIDANCE AND PRIOR YEAR

- 2Q21 aEPS[1] was $0.54 compared to guidance of $0.45 – $0.50 and prior year of $0.01

## FAVORABLE PERFORMANCE ACROSS KEY BUSINESS LEVERS IN 2Q21

- Leveraging preference for glass as the healthy, premium and sustainable option for Food and Beverage
- Shipments up 18% and production up 27% from PY[2] which was impacted by the onset of the pandemic
- Benefit of higher selling prices mostly offset elevated cost inflation due to higher freight / energy costs
- Continued strong operating performance and favorable impact of O-I's Margin Expansion initiatives
- Very good cash flow reflecting solid earnings

## O-I HAS REACHED AN IMPORTANT INFLECTION POINT

- Step change in ability to consistently perform and deliver on commitments
    - Expanding margins through strong operating performance and cost efficiencies
    - Advanced capabilities across functions enabling a new level of performance
- Advancing Bold Plan to change O-I's business fundamentals:
    - Revolutionizing glass by leveraging MAGMA to create new, profitable business models for glass
    - Optimizing the structure by rebalancing the business portfolio and improving the balance sheet

## STRATEGY IMPROVING BUSINESS OUTLOOK

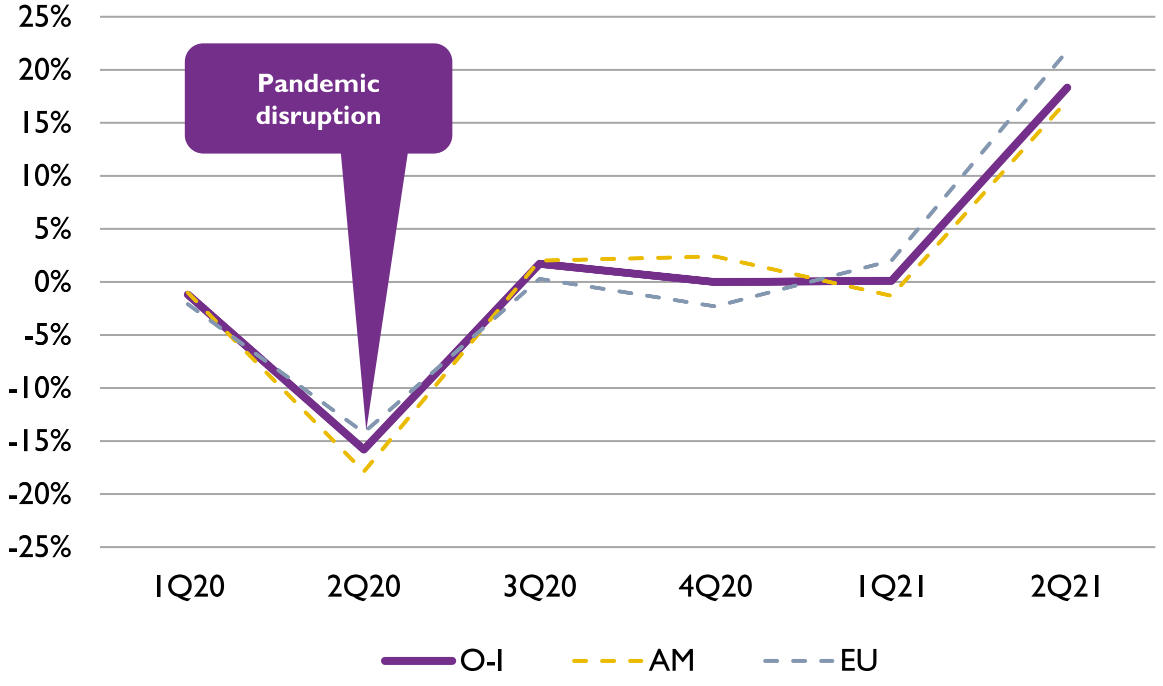
- 3Q21 aEPS expected to be $0.47 – $0.52 versus $0.41 in prior year
- Update FY21 guidance: $1.65 - $1.75 aEPS; ~ $260M FCF[3]


*1 Adjusted EPS excludes items management does not consider representative of ongoing operations. See the appendix for further disclosure.*
*2 Excluding impact of divestitures*
*3 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*

# SHIPMENTS RECOVER TO PRE-PANDEMIC LEVELS

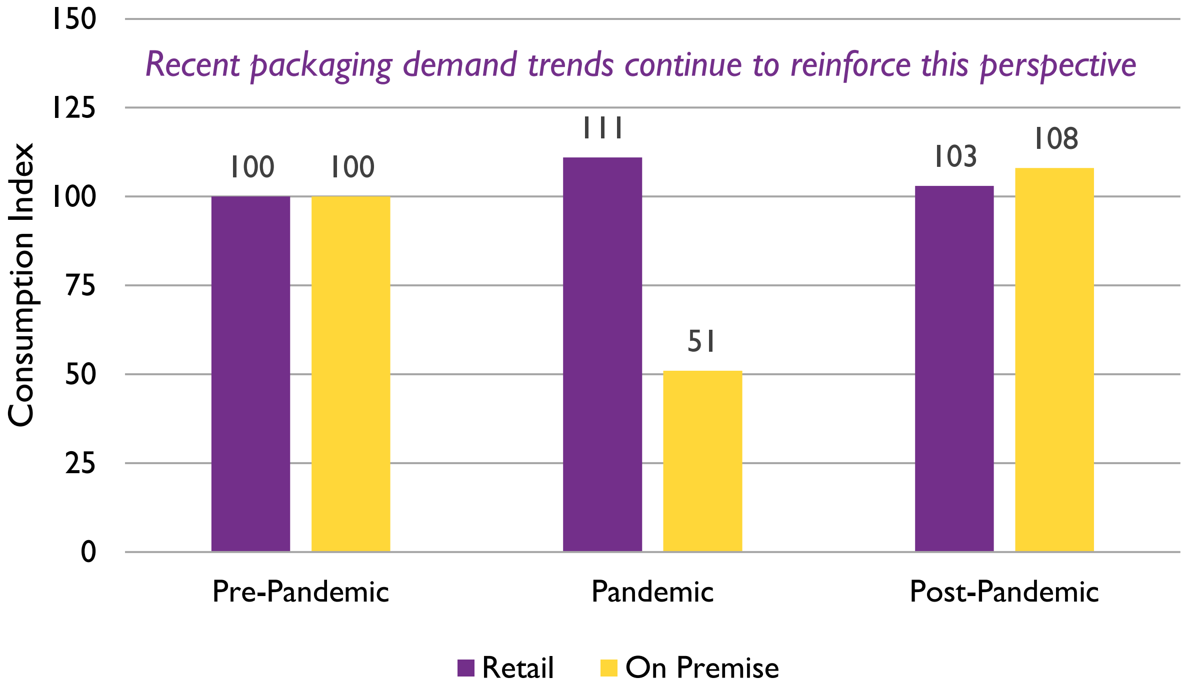
## EXPECTED VOLUME GROWTH: 0% – 1% 3Q21; 4% – 5% FY21

### O-I SHIPMENT TRENDS (VS PY)




*Note: Volumes are on a year over year and same structure basis excluding ANZ.*

### EST. FOOD & BEV CONSUMPTION TRENDS BY CHANNEL




*Source: Barclays*

# ADVANCING BOLD PLAN TO CHANGE BUSINESS FUNDAMENTALS

## ENABLING A NEW PERIOD OF PROSPERITY

| 2021 PRIORITIES | HIGHLIGHTS |
|---|---|
| **1 MARGIN EXPANSION – STRONG OPERATING PERFORMANCE AND COST EFFICIENCIES** | |
| $50M initiative benefits | **$40M benefits YTD; Expect savings will exceed full year goal of $50M** |
| Improve performance in North America | Quick response to severe weather illustrates improved agility |
| **2 REVOLUTIONIZE GLASS – LEVERAGE MAGMA TO CREATE NEW PROFITABLE BUSINESS MODEL FOR GLASS** | |
| Validate MAGMA Gen 1 in Germany | **First full-scale MAGMA Generation 1 line validated at Holzminden**<br>**Generation 2 pilot at Streator on track for 2H21** |
| Glass advocacy campaign | **Approx. 660M impressions reaching 80M people on digital marketing campaign** |
| Reposition ESG | Expanded initiatives, doubled goals, 2021 Sustainability report Q3 |
| **3 OPTIMIZE STRUCTURE – REBALANCE BUSINESS PORTFOLIO AND IMPROVE BALANCE SHEET** | |
| Advance O-I's $1.15B divestiture program | $930M completed / advanced sales agreements to-date |
| Evaluate expansion opportunities | Announced $75M investment in Andean funded by additional divestitures |
| Increase cash flow and reduce debt | Favorable YTD FCF compared to historic trends; favorable working capital |
| Further efforts for a simple, agile organization | Completed first phase of strategic managed services partnership |
| Advance Paddock Enterprises, LLC Chapter 11 524(g) case | **Agreement in principle reached for Paddock's consensual plan of reorganization[1]** |

*1. On April 26, 2021, O-I announced that its subsidiary Paddock Enterprises, LLC had reached an agreement in principle to accept the terms of a mediator's proposal regarding a consensual plan of reorganization under the Bankruptcy Code. The agreement provides for total consideration of $610 million to fund a trust on the effective date of a plan of reorganization, subject to definitive documentation and satisfaction of certain conditions.*

## THE MOST SUSTAINABLE PRODUCER OF THE MOST SUSTAINABLE RIGID PACKAGING

**sus-tain-a-bil-i-ty \sə ‘stān-nə-‘bil-ət-ē\ *n.***

Creating a strong, resilient organization with longevity—seeking balance with the needs of people, the planet, and our collective prosperity

## Achieving balance, together, by transforming what we do

Sustainability is about using **innovation-driven transformation** and **collaboration** to achieve long-term balance among people, the planet, and our collective prosperity. For over 100 years, O-I has proudly made **pure, natural, earth-friendly glass packaging** for communities around the world. Driven by innovation, we will continue to be the leaders in transforming our process, products, and our interconnected relationships to **bring to life our vision for a sustainable future.**

# 2Q21 RESULTS VS. 2Q20

## EARNINGS UP SIGNIFICANTLY FROM PY AND EXCEEDED GUIDANCE

### 2Q21 aEPS WAS $0.54 VS. $0.01 PY AND $0.45– $0.50 GUIDANCE

- Solid recovery from pandemic onset in 2Q20
- Sales volume exceeded expectation of 15%+
- Favorable cost performance

### SEGMENT OPERATING PROFIT UP SIGNIFICANTLY FROM PY

- Higher selling prices mostly offset elevated cost inflation from higher energy / freight costs
- Sales volume improved 18% vs PY (same structure) which was impacted by the pandemic
- Operating costs benefited from 27% higher production levels while certain costs normalized including maintenance and asset project activity that was disrupted by the pandemic
- Continued strong operating performance and favorable impact of Margin Expansion initiatives

### NON-OPERATING ITEMS

- Slightly higher retained corporate due to higher R&D, Glass Advocacy and incentive costs
- Adjusted effective tax rate[5]: ~34% 2Q21 actual, ~48% 2Q20 actual, ~30% guidance

| | SEGMENT OPERATING PROFIT[1] ($M) | aEPS |
|---|---|---|
| **2Q20 AS REPORTED** | **$99** | **$0.01** |
| FX[2] | 2 | 0.01 |
| Divestitures[3] (primarily ANZ) | (3) | (0.02) |
| **SUBTOTAL** | **$98** | **$0.00** |
| Net price[4] (incl. cost inflation) | (6) | (0.03) |
| Volume and mix (incl. acquisitions) | 62 | 0.26 |
| Operating costs (excl. cost inflation) | 78 | 0.32 |
| Retained corporate costs | — | (0.02) |
| Net interest expense / NCI | — | 0.01 |
| Change in tax rate[5] | — | — |
| Share count | — | — |
| **2Q21 RESULTS** | **$232** | **$0.54** |

*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 2021 foreign currency exchange rates to translate 2020 local currency results.*
*3 Divestitures include Argentina and ANZ.*
*4 Net price represents the net impact of movement in selling prices and cost inflation.*
*5 Adjusted effective tax rate exclude certain items that management considers not representative of ongoing operations.*

# 2Q21 SEGMENT REVIEW

## SIGNIFICANT IMPROVEMENT VS PY DRIVEN BY HIGHER SALES AND PRODUCTION

| | AMERICAS | | EUROPE | | ASIA PACIFIC[1] | |
|---|---|---|---|---|---|---|
| ($M) | SEGMENT OPERATING PROFIT | COMMENTS | SEGMENT OPERATING PROFIT | COMMENTS | SEGMENT OPERATING PROFIT | COMMENTS |
| 2Q20 | $52 | | $42 | | $5 | |
| FX | (2) | | 4 | | — | |
| Divestitures | 2 | | — | | (5) | ▼ ANZ sale |
| SUBTOTAL | $52 | | $46 | | $0 | |
| Net price (incl. cost inflation) | (2) | ▲ Constructive price environment<br>• Revenue Optimization<br>▼ Escalating inflation including freight and energy | (4) | ▲ Constructive price environment<br>• Revenue Optimization<br>▼ Escalating inflation especially energy | — | |
| Volume and mix (incl. acquisitions) | 31 | ▲ Sales volume up 17% | 31 | ▲ Sales volume up 22% | — | |
| Operating costs (excl. cost inflation) | 43 | ▲ Production up 28%<br>▲ Margin expansion initiatives<br>• Factory Performance<br>• Cost Transformation<br>▼ Certain costs normalize post pandemic (maintenance and asset projects) | 35 | ▲ Production up 28%<br>▲ Margin expansion initiatives<br>• Factory Performance<br>• Cost Transformation<br>▼ Certain costs normalize post pandemic (maintenance and asset projects) | — | |
| 2Q21 | $124 | | $108 | | $0 | |

*1 Following the sale of ANZ on June 30, 2020, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment. Therefore, the results for the company's remaining Asia businesses will be included in retained corporate and other costs following that date.*

# 2Q21 RESULTS VS. 2Q19

## UNDERLYING PERFORMANCE EXCEEDED PRE-PANDEMIC LEVELS

### 2Q21 UNDERLYING PERFORMANCE FAVORABLE TO 2Q19

- Segment operating profit up $7M adjusted for FX, divestitures and temporary items
- Higher prices substantially offset elevated cost inflation
- Sales volume / mix comparable to pre-pandemic levels
- Fav. performance reflects solid operating performance and benefits of Margin Expansion initiatives
- 14.2% 2Q21 segment operating profit margin flat with 2Q19

### NON-OPERATING ITEMS

- Higher retained corporate due to additional R&D, Glass Advocacy and incentive costs
- Lower interest expense reflects lower debt and refinancing
- Higher effective tax rate due to regional earnings/mix and interest deductibility limits

| | SEGMENT OPERATING PROFIT[1] ($M) | | aEPS |
|---|---|---|---|
| **2Q19 AS REPORTED** | | **$243** | **$0.69** |
| FX[2] | | (2) | (0.01) |
| Divestitures/Temp Items[3] | | (16) | (0.09) |
| **SUBTOTAL** | | **$225** | **$0.59** |
| Net price[4] (incl. cost inflation) | | (3) | (0.02) |
| Volume and mix (incl. acquisitions) | | (3) | (0.02) |
| Operating costs (excl. cost inflation) | | 13 | 0.07 |
| Retained corporate costs | **+$7M** | — | (0.04) |
| Net interest expense / NCI | | — | 0.07 |
| Change in tax rate[5] | | — | (0.10) |
| Share count | | — | (0.01) |
| **2Q21 RESULTS** | | **$232** | **$0.54** |

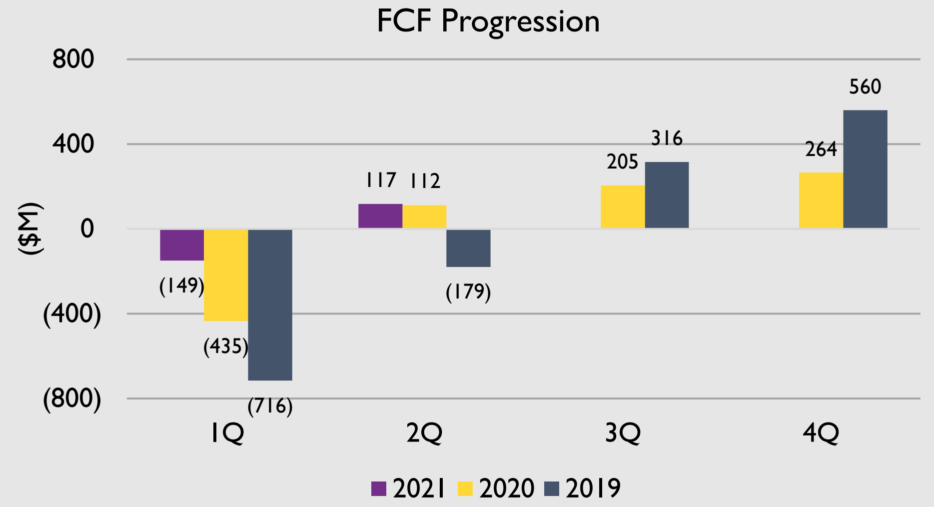
*1 Segment operating profit is defined as consolidated earnings before interest income, interest expense, and provision for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations as well as certain retained corporate costs and the Company's global equipment business. See the appendix for further disclosure.*
*2 Foreign currency effect determined by using 2021 foreign currency exchange rates to translate 2019 local currency results.*
*3 Divestitures include Argentina and ANZ. on Seg Op Profit and included in EPS is the Sode Ash JV. Temp items include white certificates.*
*4 Net price represents the net impact of movement in selling prices and cost inflation.*
*5 Adjusted effective tax rate exclude certain items that management considers not representative of ongoing operations.*

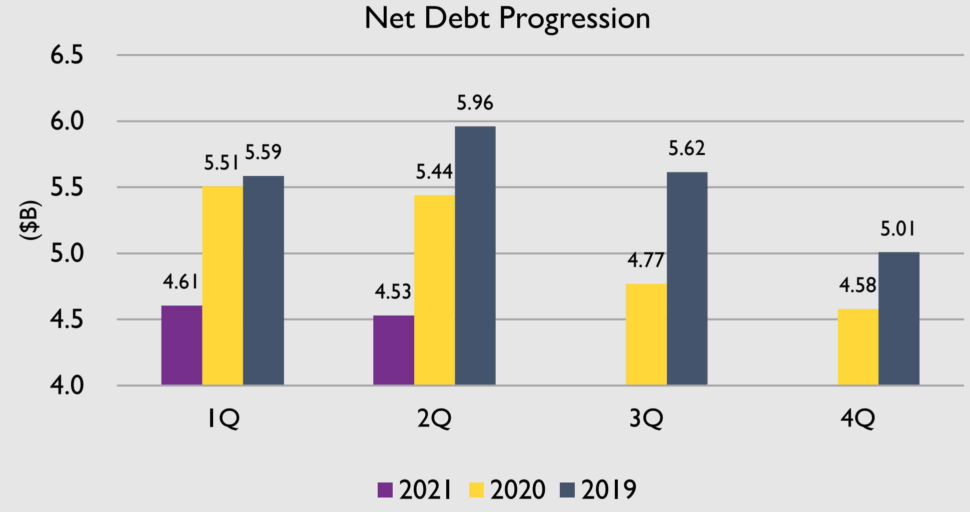
# 2021 FCF AND CAPITAL STRUCTURE

## 1H21: HIGHER FCF AND LOWER NET DEBT

| GUIDING PRINCIPLE | PROGRESS |
|---|---|
| **Maximize Free Cash Flow[1]** | |
| FY21 FCF: ~$260M (20-25% conversion)<br>DSO/DPO/IDS: ~ flat or fav with PY | 2Q21 FCF $117M; 1H21 FCF ($32)M vs ($323)M PY<br>2Q21 IDS 11 days below PY |
| **Preserve Strong Liquidity** | |
| Liquidity ≥ $1.25B across 2021 | 2Q21 committed liquidity ~ $2.2B |
| **Reduce Net Debt[2]** | |
| FYE21 Net Debt < $4.4B[3]<br>FYE21 BCA leverage ratio "high 3s"[3]<br>Divestitures for further deleveraging | 2Q21 Net Debt ~$4.5B, ~$1B below 2Q20<br>2Q21 BCA leverage ratio[4] well below covenant<br>Final $58M ANZ proceeds received |
| **De-Risk Legacy Liabilities** | |
| Advance Paddock Chapter 11 524(g) case | Agreement in principle for a consensual plan of reorganization;<br>$610M total consideration to fund a section 524(g) trust on effective date of a confirmed plan of reorganization |

## FY21 FCF[1] AND NET DEBT[2] 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 2021 targets exclude any potential impact of Paddock 524(g) funding in the event reorganization is completed prior to FYE21*
*4 BCA leverage ratio is defined as Net Debt divided by EBITDA, after credit agreement adjustments.*

# 2021 BUSINESS OUTLOOK

## IMPROVING OUTLOOK AS MARKETS STABILIZE AND RECOVER

### 3Q21 GUIDANCE: $0.47 – $0.52 aEPS COMPARED TO $0.41 IN PY

- Higher selling prices should partially offset elevated cost inflation
- Expect improved volumes: sales volume up 0% – 1%; production up 8% – 10%
- Continued solid operating performance while certain costs normalize post pandemic impact

### UPDATED FY21 GUIDANCE: $1.65 – $1.75 aEPS AND ~ $260M FCF

- Compares to prior guidance of $ 1.55 – $1.75 aEPS and ~ $240M FCF
- Full year sales volume up 4% – 5% compared to prior outlook of up 3% – 4%
- Outlook increasing despite > $40M impact of winter storm Uri in US / MX
- 20-25% FCF conversion

### 2021 INVESTOR DAY MORNING OF SEPT. 28, 2021 AT NY PALACE

- Updated plan including further MAGMA details
- Share company targets and milestones

### 3Q21 EARNINGS OUTLOOK (aEPS)

| | | |
|---|---|---|
| **3Q20 AS REPORTED** | **$0.41** | |
| FX[1] | $0.02 | |
| Divestitures/Temp Item[2] | $(0.01) | |
| **SUBTOTAL** | **$0.42** | |
| Net price[3] (incl. cost inflation) | ▼ | Higher selling prices<br>Elevated cost inflation |
| Volume and mix (incl. acquisitions) | ▲ | Vol up 0 – 1% |
| Operating costs (excl. cost inflation) | ▲ | Production up 8-10%<br>Margin Expansion initiatives<br>Certain costs normalize post pandemic impact |
| Retained corp costs | ▼ | R&D, Glass Advocacy, Incentives |
| Net interest exp / NCI | ▶ | |
| Change in tax rate[4] | ▶ | ~ 30% - 32% tax rate |
| Share count | ▶ | |
| **3Q21 GUIDANCE** | **$0.47 – $0.52** | |

*1. Foreign currency effect determined by using June 30th, 2021, foreign currency exchange rates to translate 2020 local currency results.*
*2. Divestiture of ANZ and Argentina, net of lower interest expense due to debt reduction. Excludes factoring impact.*
*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.*

# CONCLUSION

2Q21 results above guidance on strong volumes

Fav. underlying performance across key business levers

Step change in ability to consistently perform and deliver

Advancing bold plan to change O-I's business fundamentals

Improving business outlook and volume growth

# FINANCIAL APPENDIX

# 1Q21 SEGMENT FX IMPACT ON EARNINGS

**APPROXIMATE ANNUAL IMPACT ON EPS FROM 10% FX CHANGE**

| | |
|---|---|
| EUR | 0.08 |
| MXN | 0.04 |
| BRL | 0.03 |
| COP | 0.01 |

**FX RATES AT KEY POINTS**

| | Jul 31st 2021 | AVG 2Q21 | Avg 2Q20 | Avg 3Q20 | Avg 2020 |
|---|---|---|---|---|---|
| EUR | 1.19 | 1.21 | 1.11 | 1.18 | 1.15 |
| MXN | 19.89 | 19.92 | 22.98 | 22.08 | 21.56 |
| BRL | 5.08 | 5.18 | 5.38 | 5.39 | 5.21 |
| COP | 3,845 | 3,733 | 3,791 | 3,785 | 3,715 |

# 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, adjusted EBITDA, adjusted EBITDA to free cash flow conversion, adjusted interest expense and adjusted effective tax rate 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 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. 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.

Net debt is defined as total debt less cash. Management uses net debt to analyze the liquidity of the company.

Further, free cash flow relates to cash provided by continuing operating activities less cash payments for 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. Adjusted EBITDA relates to net earnings from continuing operations attributable to the company, less interest, taxes, depreciation and amortization as well as 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. Free cash flow to adjusted EBITDA conversion 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 **o-i.com/investors**.

# RECONCILIATION TO EARNINGS BEFORE INCOME TAXES

| Unaudited | Three months ended June 30 2021 | 2020 | 2019 | Six months ended June 30 2021 | 2020 |
|---|---|---|---|---|---|
| Net sales: | | | | | |
| Americas | $ 890 | $ 724 | $ 934 | $ 1,727 | $ 1,555 |
| Europe | 745 | 555 | 650 | 1,384 | 1,132 |
| Asia Pacific | | 106 | 122 | | 229 |
| Reportable segment totals | 1,635 | 1,385 | 1,706 | 3,111 | 2,916 |
| Other | 25 | 33 | 50 | 50 | 63 |
| Net sales | $ 1,660 | $ 1,418 | $ 1,756 | $ 3,161 | $ 2,979 |
| Segment operating profit [(a)]: | | | | | |
| Americas | $ 124 | $ 52 | $ 144 | $ 224 | $ 155 |
| Europe | 108 | 42 | 90 | 183 | 103 |
| Asia Pacific | | 5 | 9 | | 17 |
| Reportable segment totals | 232 | 99 | 243 | 407 | 275 |
| Items excluded from segment operating profit: | | | | | |
| Retained corporate costs and other | (42) | (37) | (35) | (77) | (65) |
| Items not considered representative of ongoing operations [(b)] | 60 | (83) | (42) | (94) | (97) |
| Interest expense, net | (52) | (98) | (68) | (103) | (151) |
| Earnings (loss) before income taxes | $ 198 | $ (119) | $ 98 | $ 133 | $ (38) |
| Ratio of earnings (loss) before income taxes to net sales | 11.9% | -8.4% | 5.6% | 4.2% | -1.3% |
| Segment operating profit margin [(c)]: | | | | | |
| Americas | 13.9% | 7.2% | 15.4% | 13.0% | 10.0% |
| Europe | 14.5% | 7.6% | 13.8% | 13.2% | 9.1% |
| Asia Pacific | | 4.7% | 7.4% | | 7.4% |
| Reportable segment margin totals | 14.2% | 7.1% | 14.2% | 13.1% | 9.4% |

(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.

# SEGMENT RECONCILIATIONS

## 2Q PRICE, VOLUME AND CURRENCY IMPACT ON REPORTABLE SEGMENT SALES

| | Three months ended June 30, | | | |
|---|---|---|---|---|
| | Americas | Europe | Asia Pacific | Total |
| Net sales for reportable segments- 2020 | $ 724 | $ 555 | $ 106 | $ 1,385 |
| Effects of changing foreign currency rates (a) | 28 | 51 | | 79 |
| Price | 23 | 4 | | 27 |
| Sales volume & mix | 120 | 135 | | 255 |
| Divestitures | (5) | | (106) | (111) |
| Total reconciling items | 166 | 190 | (106) | 250 |
| Net sales for reportable segments- 2021 | $ 890 | $ 745 | $ - | $ 1,635 |

## 2Q PRICE, SALES VOLUME, OPERATING COSTS AND CURRENCY IMPACT ON REPORTABLE SEGMENT OPERATING PROFIT

| | Three months ended June 30, | | | |
|---|---|---|---|---|
| | Americas | Europe | Asia Pacific | Total |
| Segment operating profit - 2020 | $ 52 | $ 42 | $ 5 | $ 99 |
| Effects of changing foreign currency rates (a) | (2) | 4 | | 2 |
| Net Price (net of cost inflation) | (2) | (4) | | (6) |
| Sales volume & mix | 31 | 31 | | 62 |
| Operating costs | 43 | 35 | | 78 |
| Divestitures | 2 | | (5) | (3) |
| Total reconciling items | 72 | 66 | (5) | 133 |
| Segment operating profit - 2021 | $ 124 | $ 108 | $ - | $ 232 |

(a) Currency effect on net sales and segment operating profit determined by using 2021 foreign currency exchange rates to translate 2020 local currency results.

# JUNE YTD PRICE, VOLUME AND CURRENCY IMPACT ON REPORTABLE SEGMENT SALES

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | Americas | Europe | Asia Pacific | Total |
| Net sales for reportable segments - 2020 | $ 1,555 | $ 1,132 | $ 229 | $ 2,916 |
| Effects of changing foreign currency rates (a) | 15 | 98 | | 113 |
| Price | 49 | 6 | | 55 |
| Sales volume & mix | 117 | 148 | | 265 |
| Divestitures | (9) | | (229) | (238) |
| Total reconciling items | 172 | 252 | (229) | 195 |
| Net sales for reportable segments - 2021 | $ 1,727 | $ 1,384 | $ - | $ 3,111 |

# JUNE YTD PRICE, SALES VOLUME, OPERATING COSTS AND CURRENCY IMPACT ON REPORTABLE SEGMENT OPERATING PROFIT

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | Americas | Europe | Asia Pacific | Total |
| Segment operating profit - 2020 | $ 155 | $ 103 | $ 17 | $ 275 |
| Effects of changing foreign currency rates (a) | 2 | 10 | | 12 |
| Net Price (net of cost inflation) | (19) | (7) | | (26) |
| Sales volume & mix | 30 | 34 | | 64 |
| Operating costs | 54 | 43 | | 97 |
| Divestitures | 2 | | (17) | (15) |
| Total reconciling items | 69 | 80 | (17) | 132 |
| Segment operating profit - 2021 | $ 224 | $ 183 | $ - | $ 407 |



(a) Currency effect on net sales and segment operating profit determined by using 2021 foreign currency exchange rates to translate 2020 local currency results.

# RECONCILIATION FOR ADJUSTED EARNINGS

| Unaudited | Three months ended June 30 | | | Three months ended September 30, | Six months ended June 30 | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2020 | 2021 | 2020 |
| Net earnings (loss) attributable to the Company | $ 118 | $ (101) | $ 66 | $ 328 | $ 21 | $ (51) |
| Items impacting cost of good sold: | | | | | | |
| Pension settlement charges | | | 2 | | | |
| Items impacting other selling and administrative expense: | | | | | | |
| Restructuring, asset impairment and other charges | | | 2 | | | |
| Items impacting other income (expense), net: | | | | | | |
| Restructuring, asset impairment and other charges | 9 | 71 | 38 | 9 | 9 | 71 |
| Gain on sale of ANZ businesses | | | | (280) | | |
| Charge related to Paddock support agreement liability | | | | | 154 | |
| Charge for deconsolidation of Paddock | | | | | | 14 |
| Strategic transaction costs | | 4 | | 3 | | 4 |
| Pension settlement charges | | 8 | | | | 8 |
| Brazil indirect tax credit | (69) | | | | (69) | |
| Items impacting interest expense: | | | | | | |
| Charges for note repurchase premiums and write-off of finance fees | | 38 | 2 | 6 | | 38 |
| Items impacting income tax: | | | | | | |
| Net provision (benefit) for income tax on items above | 28 | (19) | (2) | (1) | 28 | (19) |
| Total adjusting items (non-GAAP) | $ (32) | $ 102 | $ 42 | $ (263) | $ 122 | $ 116 |
| Adjusted earnings (non-GAAP) | $ 87 | $ 1 | $ 108 | $ 65 | $ 143 | $ 65 |
| Diluted average shares (thousands) | 160,791 | 156,790 | 156,471 | 159,299 | 160,459 | 156,435 |
| Earnings (loss) per share from continuing operations (diluted) | $ 0.73 | $ (0.64) | $ 0.42 | $ 2.06 | $ 0.13 | $ (0.32) |
| Adjusted earnings per share (non-GAAP) (a) | $ 0.54 | $ 0.01 | $ 0.69 | $ 0.41 | $ 0.89 | $ 0.42 |

(a) For purposes of computing adjusted earnings per share, the diluted average shares (in thousands) are 158,327 for the three months ended June 30, 2020.
For purposes of computing adjusted earnings per share, the diluted average shares (in thousands) are 158,006 for the six months ended June 30, 2020.

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 September 30, 2021 or 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 FOR ADJUSTED EFFECTIVE TAX RATE

| Unaudited | Three Months Ended | | |
|---|---|---|---|
| | June 30, 2021 | June 30, 2020 | June 30, 2019 |
| Earnings (loss) before income taxes (A) | $ 198 | $ (119) | $ 98 |
| Items management considers not representative of ongoing operations | (60) | 121 | 44 |
| Adjusted Earnings (loss) before income taxes (C) | $ 138 | $ 2 | $ 142 |
| Benefit (Provision) for income taxes (B) | $ (75) | $ 18 | $ (27) |
| Tax items management considers not representative of ongoing operations | 28 | (19) | (2) |
| Adjusted benefit (provision) for income taxes (D) | $ (47) | $ (1) | $ (29) |
| Effective Tax Rate (B)/(A) | 37.9% | 15.1% | 27.6% |
| Adjusted Effective Tax Rate (D)/(C) | 33.8% | 48.3% | 20.8% |

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, 2021 and the quarter ended September 30, 2021, to its most directly comparable GAAP financial measure, provision for income taxes divided by earnings (loss) before income taxes, because management cannot reliably predict all of the necessary components of these GAAP financial measures without unreasonable efforts. Earnings (loss) 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) 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 NET DEBT

| | March 31, 2021 | June 30, 2021 | March 31, 2020 | June 30, 2020 | Sept 30, 2020 | Dec 31, 2020 | March 31, 2019 | June 30, 2019 | Sept 30, 2019 | Dec 31, 2019 | Forecasted Year Ended December 31, 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total debt | $ 5,348 | $ 5,062 | $ 6,398 | $ 6,507 | $ 5,375 | $ 5,142 | $ 5,911 | $ 6,331 | $ 5,888 | $ 5,559 | $ 4,900 |
| Cash and cash equivalents | 742 | 531 | 891 | 1,067 | 606 | 563 | 326 | 371 | 273 | 551 | 500 |
| Net Debt | $ 4,606 | $ 4,531 | $ 5,507 | $ 5,440 | $ 4,769 | $ 4,579 | $ 5,585 | $ 5,960 | $ 5,615 | $ 5,008 | $ 4,400 |

# RECONCILIATION TO FREE CASH FLOW

| | Three Months Ended | | | | | | | | | | Forecasted Year Ended |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (Dollars in millions) | March 31, 2021 | June 30, 2021 | March 31, 2020 | June 30, 2020 | Sept 30, 2020 | Dec 31, 2020 | March 31, 2019 | June 30, 2019 | Sept 30, 2019 | Dec 31, 2019 | December 31, 2021 |
| Cash provided by (utilized in) continuing operating activities | $ (56) | $ 199 | $ (315) | $ 181 | $ 262 | $ 329 | $ (595) | $ (67) | $ 416 | $ 653 | $ 660 |
| Cash payments for property, plant and equipment | (93) | (82) | (120) | (69) | (57) | (65) | (121) | (112) | (100) | (93) | (400) |
| Free cash flow (non-GAAP) | $ (149) | $ 117 | $ (435) | $ 112 | $ 205 | $ 264 | $ (716) | $ (179) | $ 316 | $ 560 | $ 260 |

The Company is unable to present a quantitative reconciliation of its forward-looking non-GAAP measures, EBITDA, for the quarter ending September 30, 2021, and the year ending December 31, 2021, to its most directly comparable GAAP financial measures, earnings (loss) from operations attributable to the Company because management cannot reliably predict all the necessary components of this GAAP financial measure without unreasonable efforts. Earnings (loss) from 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 EBITDA to earnings (loss) from 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.