



# 2Q 2020 EARNINGS

AUGUST 5, 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 the company’s wholly owned subsidiary 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 at 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 March 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

## 2Q20 results were consistent with recent business update

- aEPS<sup>1</sup> \$0.01 and \$112M FCF<sup>2</sup>

## O-I has responded to pandemic with speed and agility

- Profitable with strong cash flow despite pandemic and significant lockdowns in Mexico / Andean

## Bold actions to execute O-I investment thesis are delivering results

- Improving performance through turnaround initiatives
- Advancing MAGMA to revolutionize glass
- Optimizing structure through ANZ divestiture, Paddock Chapter 11 and refinancing

## Business recovery underscores affinity for safe, clean, sustainable glass packaging

- Shipments recovered as markets reopen: -15% 2Q20, -3% June, +2% July
- Consumers trust glass packaging on and off premise; growing in all categories off premise

## Improving business outlook

- 2020 volume outlook down 4-7% is favorable to previous outlook of down 5-10%
- Preserve strong liquidity, maximize FCF and reduce debt



# RESPONDING TO PANDEMIC WITH SPEED AND AGILITY

## Align Supply with Demand

- Swift action
- $IDS \leq PY$  by 3Q
- Optimizing network
- Reducing cost absorption

## Operating Efficiency

- Turnaround initiatives
- Includes focus factories

## Strict Cost Controls

- Reducing spend
- Reduction in force
- Deferring salaries
- Procurement benefits

## Capital Management

- 2020 CapEx  $\leq$  \$300M
- AR / inventory mgmt

## Capital Allocation

- Suspend dividend
- Suspend share repurchases
- Reduce debt

O-I'S 2020 COVID-19 RESPONSE PLAN TARGETS SIGNIFICANT SAVINGS SPANNING 28 DIFFERENT LEVERS TO HELP MITIGATE IMPACT OF PANDEMIC

# 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 ~ \$46M benefit YTD
- Focus factories ~ 4% higher efficiency YTD

2

## OPTIMIZE STRUCTURE

**REBALANCE BUSINESS PORTFOLIO AND IMPROVE BALANCE SHEET**

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

3

## REVOLUTIONIZE GLASS

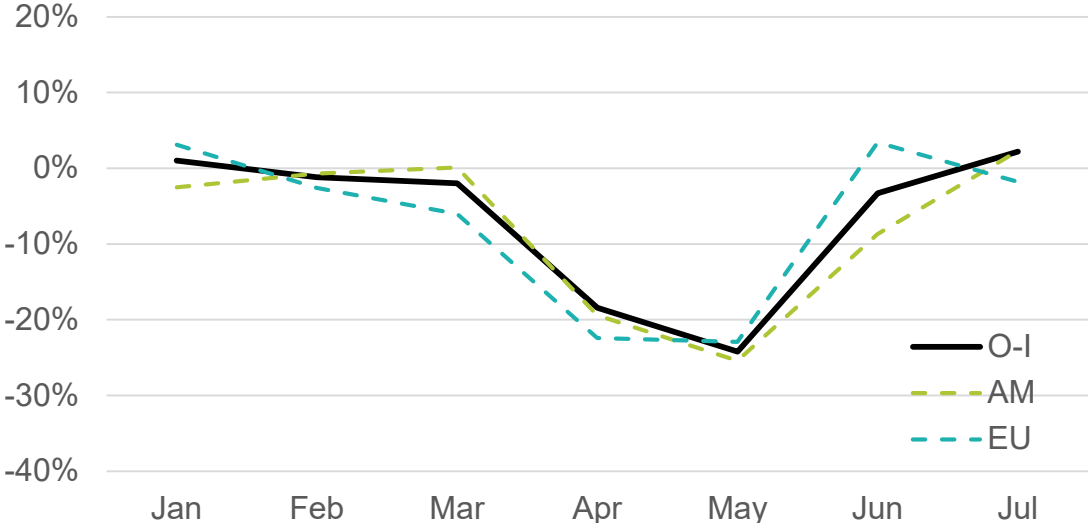
**CREATE A NEW BUSINESS MODEL FOR GLASS PACKAGING**

- Divested ANZ A\$947M (~7.6x)
- Tactical divestitures proceeding
- Refinancing to improve financial flexibility
- Paddock Ch11 proceeding as expected



# IMPROVING SHIPMENT TRENDS ACROSS ALL GEOGRAPHIES

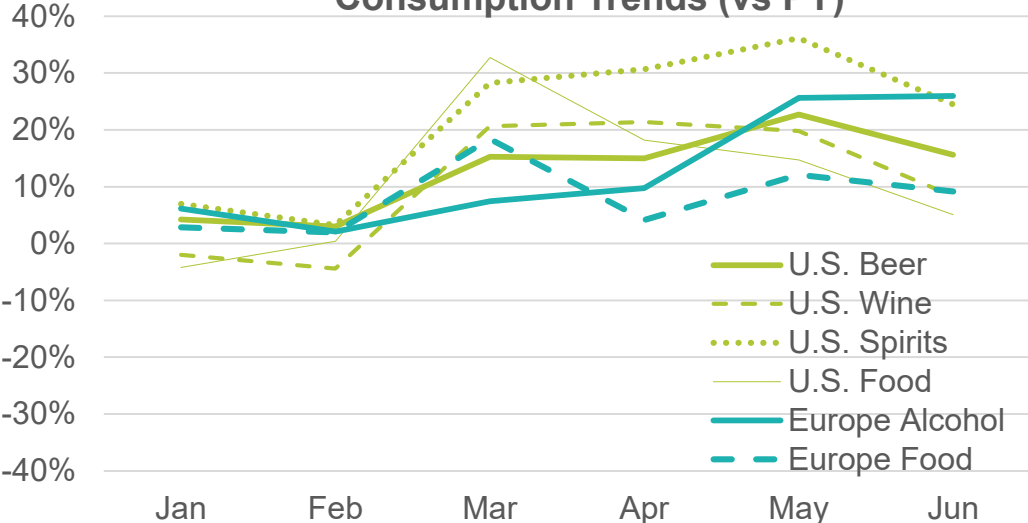
O-I Shipment Trends (vs PY)



O-I's 2Q20 sales volumes were down ~ 15% from PY, or down ~ 13.5% normalized for shipping days as there was one less shipping day in 2020 vs 2019

O-I Shipment Trends Reflect Disruption from Pandemic

Retail/Off Premise Consumer Consumption Trends (vs PY)



Source: Various 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)

O-I'S SHIPMENT TRENDS ARE IMPROVING AS MARKETS REOPEN AND SUPPLY CHAINS ADJUST TO SOLID UNDERLYING CONSUMPTION PATTERNS



# 2Q20 RESULTS CONSISTENT WITH BUSINESS UPDATE

2Q20 aEPS: \$0.01 | 2Q20 SEGMENT PROFIT<sup>1</sup>: \$95M

## 2Q20 aEPS was \$0.01

- Consistent with recent business update indicating ~ breakeven results

## Impact of pandemic partially offset by good operations/cost control

- Higher selling prices offset cost inflation, including FX induced inflation
- Sales volumes down ~ 15% due to the pandemic
  - Shipments down ~ 13.5% from PY normalized for 1 less shipping day compared to 2019
- Higher operating costs reflect lower production partially offset by good performance
  - Production volume down ~ 20% impacted results ~ \$109M
    - Rapidly respond to pandemic, align supply with demand and trim inventory levels
  - Turnaround initiatives and cost control actions benefited results ~ \$57M

## Non-operating items

- Lower adjusted interest expense<sup>4</sup> attributable to recent refinancing
- 48% adjusted tax rate<sup>4</sup>
  - Reflects shifts in regional earnings, interest exp deductibility limits, withholding taxes

	SEGMENT OPERATING PROFIT (\$M)	aEPS
<b>2Q19 AS REPORTED</b>	<b>\$ 236</b>	<b>\$ 0.69</b>
Foreign currency translation <sup>2</sup>	(6)	(0.03)
Divestitures (Soda Ash JV)		(0.02)
<b>SUB-TOTAL</b>	<b>\$ 230</b>	<b>\$ 0.64</b>
Net price <sup>3</sup> (incl. cost inflation)	1	0.01
Volume and mix (incl. acquisitions)	(84)	(0.43)
Operating costs (excl. cost inflation)	(52)	(0.26)
Retained corporate costs		(0.00)
Net interest expense / NCI		0.06
Change in tax rate		-
Share count		(0.01)
<b>2Q20 RESULTS</b>	<b>\$ 95</b>	<b>\$ 0.01</b>

<sup>1</sup> Segment 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> Net price represents the net impact of movement in selling prices and cost inflation.

<sup>4</sup> Adjusted interest expense and adjusted tax rate exclude certain items that management considers not representative of ongoing operations. See the appendix for further disclosure.



# 2Q20 SEGMENT REVIEW

	AMERICAS	EUROPE	ASIA PACIFIC
<b>Results</b>	<ul style="list-style-type: none"> <li>▼ \$52M vs \$144M PY</li> <li>• FX -\$4M</li> </ul>	<ul style="list-style-type: none"> <li>▼ \$42M vs \$90M PY</li> <li>• FX -\$3M</li> </ul>	<ul style="list-style-type: none"> <li>▶ \$1M vs \$2M PY</li> <li>• FX +\$1M</li> </ul>
<b>Net Price</b>	<ul style="list-style-type: none"> <li>▲ Constructive price environment</li> <li>• Revenue Optimization</li> <li>▼ FX induced inflation</li> </ul>	<ul style="list-style-type: none"> <li>▲ Constructive price environment</li> <li>• Revenue Optimization</li> <li>▶ Stable cost inflation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Stable price</li> </ul>
<b>Volume/Mix</b>	<ul style="list-style-type: none"> <li>▼ Shipments -18%</li> <li>• -8% in June</li> </ul>	<ul style="list-style-type: none"> <li>▼ Shipments -14%</li> <li>• +3% in June</li> </ul>	<ul style="list-style-type: none"> <li>▼ Shipments -8%</li> </ul>
<b>Operating Costs</b>	<ul style="list-style-type: none"> <li>▼ COVID-19 related downtime</li> <li>• Lockdowns in MX / Andean</li> <li>▲ Improved factory performance</li> <li>▲ Good cost control</li> </ul>	<ul style="list-style-type: none"> <li>▼ COVID-19 related downtime</li> <li>▲ Improved factory performance</li> <li>▲ Good cost control</li> </ul>	<ul style="list-style-type: none"> <li>▲ Improved factory performance</li> <li>▲ Good cost control</li> </ul>



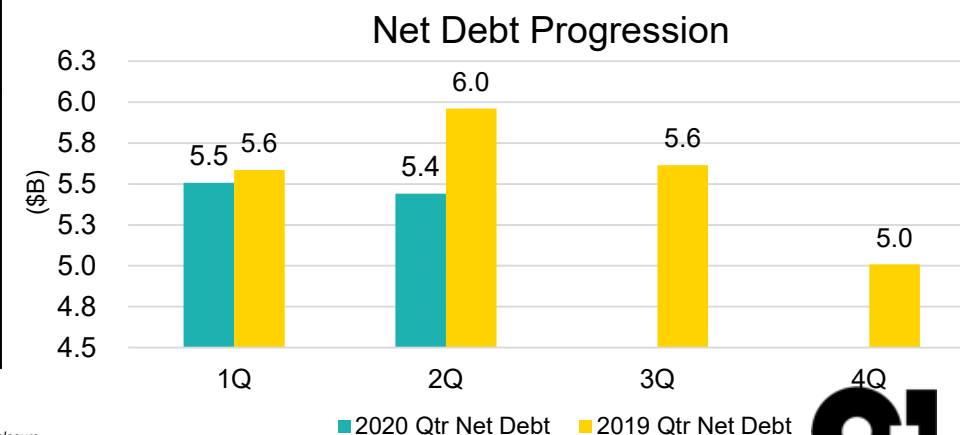
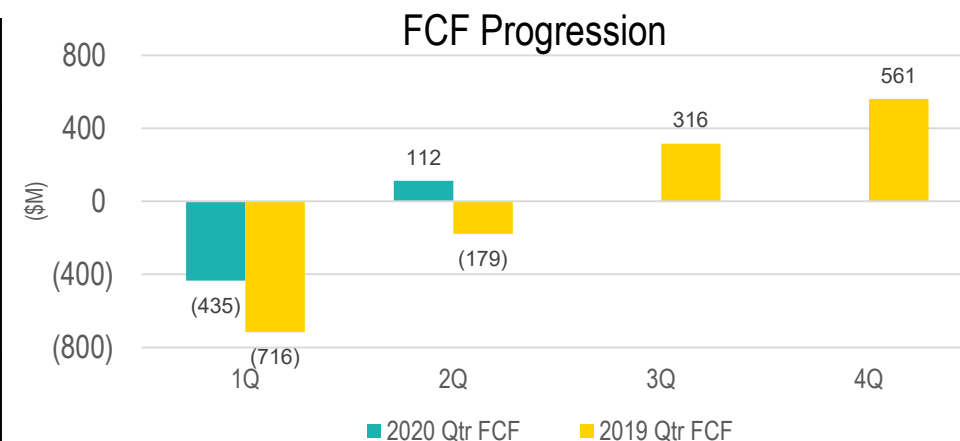


# 2020 CAPITAL ALLOCATION CONSIDERATIONS

## CAPITAL ALLOCATION GUIDING PRINCIPLES

GUIDING PRINCIPLE	PROGRESS
<b>Maximize Free Cash Flow<sup>1</sup></b> <ul style="list-style-type: none"> <li>Capex at or below \$300M</li> <li>FYE20 IDS at or below PY of 64 days</li> </ul>	<ul style="list-style-type: none"> <li>2Q20 FCF \$112M</li> <li>IDS ≤ PY by 3Q20</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>2Q20 liquidity ≥ \$1.8B</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>Net debt \$520M fav vs 2Q19</li> <li>BCA leverage ratio<sup>3</sup> well below covenant (5.0x)</li> <li>ANZ net proceeds applied to debt</li> <li>No significant bond maturities until 2023</li> </ul>

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



# IMPROVING BUSINESS OUTLOOK

## Given COVID-19 uncertainties, guidance limited to sales volume outlook

- Significant earnings sensitivity to volume volatility
- Will consider reinstating financial guidance in the future when market trends become more clear

## Improved FY20 sales volume outlook

- Reflecting recent trends, O-I expects FY20 sales volume will be down 4 – 7% from PY
  - Favorable to prior outlook of down 5 – 10%
- O-I expects 3Q20 sales volume will be flat to modestly down with PY
  - Production will likely be down 7 – 10% as the company reduces inventory resulting in IDS ~ 3Q19 (focus on FCF)

IMPROVING SALES VOLUME OUTLOOK WHILE  
UNCERTANTIES REMAIN WITH COVID-19



# CONCLUSION

## **Responding to COVID-19 with speed and agility**

- 2Q cash flow strong despite pandemic and disruptive lockdowns in Mexico and Andean
- Strong operating performance

## **Demand recovering as markets reopen**

## **Improving business outlook**

## **Bold actions to create long-term value**

## **Stronger, leaner O-I enterprise emerging**





01

FINANCIAL APPENDIX

# HISTORIC PROFORMA EXCLUDING ANZ

\$ millions

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	LTM June 30, 2020
<b>Consolidated O-I</b>								
Net Sales	\$ 1,638	\$ 1,756	\$ 1,670	\$ 1,628	\$ 6,691	\$ 1,561	\$ 1,418	\$ 6,276
Adjusted EBIT (a)	176	208	185	175	744	148	62	570
EBITDA (a)	302	335	312	294	1,243	274	183	1,063
<b>ANZ</b>								
Net Sales	131	122	128	153	534	123	106	510
Adjusted EBIT	12	9	4	19	44	12	5	40
EBITDA	23	20	14	30	86	23	16	82
<b>Proforma (Consolidated O-I less ANZ)</b>								
Net Sales	1,507	1,634	1,542	1,475	6,157	1,438	1,312	5,766
Adjusted EBIT	164	199	181	156	700	136	57	530
EBITDA	279	315	298	264	1,157	251	167	981

(a) Reconciliations to Reported Results:

EBITDA	\$ 302	\$ 335	\$ 312	\$ 294	\$ 1,243	\$ 274	\$ 183
Depreciation and amortization	126	127	127	119	499	126	121
Adjusted EBIT	176	208	185	175	744	148	62
Items not considered representative of ongoing operations		(42)	(638)	(13)	(694)	(14)	(83)
Interest expense, net	(65)	(68)	(83)	(96)	(311)	(53)	(98)
Earnings (loss) from continuing operations before income taxes	\$ 111	\$ 98	\$ (536)	\$ 66	\$ (261)	\$ 81	\$ (119)



# FX IMPACT ON EARNINGS

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

EUR	\$0.07
MXN	\$0.01
BRL	\$0.01
COP	\$0.01
AUD	\$0.00

## FX RATES AT KEY POINTS

	AUG 1, 2020	AVG 2019	AVG 2Q19
EUR	1.18	1.12	1.12
MXN	22.27	19.32	19.26
BRL	5.22	3.95	3.91
COP	3,733	3,299	3,270
AUD	0.71	0.70	0.70



# 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 and leverage ratio, 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. Leverage ratio is defined as Net Debt divided by EBITDA, after adjustments allowed by the credit agreement. Management uses adjusted earnings, adjusted earnings per share, segment operating profit, net debt, and leverage ratio 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, net debt, and leverage ratio 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 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 June 30		Six months ended June 30	
	2020	2019	2020	2019
Earnings (loss) from continuing operations attributable to the Company	\$ (101)	\$ 66	\$ (51)	\$ 145
Items impacting other selling and administrative expense:				
Restructuring, asset impairment and other charges		2		2
Items impacting other expense, net:				
Restructuring, asset impairment and other charges	71	38	71	38
Strategic transactions costs	4		4	
Charge for deconsolidation of Paddock			14	
Pension settlement charges	8	2	8	2
Items impacting interest expense:				
Charges for note repurchase premiums and write-off of finance fees	38	2	38	2
Items impacting income tax:				
Net benefit for income tax on items above	(19)	(2)	(19)	(2)
Items impacting net earnings attributable to noncontrolling interests:				
Net impact of noncontrolling interests on items above				
Total adjusting items (non-GAAP)	\$ 102	\$ 42	\$ 116	\$ 42
Adjusted earnings (non-GAAP)	\$ 1	\$ 108	\$ 65	\$ 187
Diluted average shares (thousands)	156,790	156,471	156,435	156,555
Earnings (loss) per share from continuing operations (diluted)	\$ (0.64)	\$ 0.42	\$ (0.32)	\$ 0.93
Adjusted earnings per share (non-GAAP) (a)	\$ 0.01	\$ 0.69	\$ 0.42	\$ 1.20

(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.





# RECONCILIATION TO EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

Unaudited	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Net sales:				
Americas <sup>(d)</sup> :	\$ 724	\$ 934	\$ 1,555	\$ 1,815
Europe	555	650	1,132	1,246
Asia Pacific	132	152	277	303
Reportable segment totals	1,411	1,736	2,964	3,364
Other	7	20	15	29
Net sales	<u>\$ 1,418</u>	<u>\$ 1,756</u>	<u>\$ 2,979</u>	<u>\$ 3,393</u>
Segment operating profit <sup>(a)</sup> :				
Americas <sup>(d)</sup> :	\$ 52	\$ 144	\$ 155	\$ 257
Europe	42	90	103	169
Asia Pacific	1	2	6	10
Reportable segment totals	95	236	264	436
Items excluded from segment operating profit:				
Retained corporate costs and other	(33)	(28)	(54)	(53)
Items not considered representative of ongoing operations <sup>(b)</sup>	(83)	(42)	(97)	(42)
Interest expense, net	(98)	(68)	(151)	(132)
Earnings (loss) from continuing operations before income taxes	<u>\$ (119)</u>	<u>\$ 98</u>	<u>\$ (38)</u>	<u>\$ 209</u>
Ratio of earnings from continuing operations before income taxes to net sales	-8.4%	5.6%	-1.3%	6.2%
Segment operating profit margin <sup>(c)</sup> :				
Americas	7.2%	15.4%	10.0%	14.2%
Europe	7.6%	13.8%	9.1%	13.6%
Asia Pacific	0.8%	1.3%	2.2%	3.3%
Reportable segment margin totals	6.7%	13.6%	8.9%	13.0%

(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 and constant currency.

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

(d) Beginning in the first quarter of 2018, to better leverage its scale and presence across a larger geography and market, and to reduce administrative costs, the Company consolidated the former North America and Latin America segments into one segment named the Americas.



## 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- 2019	\$ 934	\$ 650	\$ 152	\$ 1,736
Effects of changing foreign currency rates (a)	(66)	(15)	(7)	(88)
Price	6	12		18
Sales volume & mix	(150)	(92)	(13)	(255)
Total reconciling items	(210)	(95)	(20)	(325)
Net sales for reportable segments- 2020	\$ 724	\$ 555	\$ 132	\$ 1,411

## 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 - 2019	\$ 144	\$ 90	\$ 2	\$ 236
Effects of changing foreign currency rates (a)	(4)	(3)	1	(6)
Net Price (net of cost inflation)	(5)	9	(3)	1
Sales volume & mix	(59)	(22)	(3)	(84)
Operating costs	(24)	(32)	4	(52)
Total reconciling items	(92)	(48)	(1)	(141)
Segment operating profit - 2020	\$ 52	\$ 42	\$ 1	\$ 95

(a) Currency effect on net sales and segment operating profit determined by using 2020 foreign currency exchange rates to translate 2019 local currency results.



# RECONCILIATION FOR NET DEBT

Dollars in millions	March 31, 2020	June 30, 2020	March 31, 2019	June 30, 2019	Sept 30, 2019	Dec 31, 2019
Total debt	\$ 6,398	\$ 6,507	\$ 5,911	\$ 6,331	\$ 5,888	\$ 5,559
Cash and cash equivalents	891	1,067	326	371	273	551
Net debt (non-GAAP)	<u>\$ 5,507</u>	<u>\$ 5,440</u>	<u>\$ 5,585</u>	<u>\$ 5,960</u>	<u>\$ 5,615</u>	<u>\$ 5,008</u>

# RECONCILIATION FOR QUARTERLY FREE CASH FLOW

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



# RECONCILIATION FOR ADJUSTED INTEREST EXPENSE

Dollars in millions	Three Months Ended	
	June 30, 2020	June 30, 2019
Interest Expense, net	\$ 98	\$ 68
Items management considers not representative of ongoing operations	(38)	(2)
Adjusted Interest Expense, net	<u>\$ 60</u>	<u>\$ 66</u>

# RECONCILIATION FOR ADJUSTED TAX RATE

Dollars in millions, except tax rate	Three Months Ended	
	June 30, 2020	June 30, 2019
Earnings (loss) from continuing operations before income taxes (A)	\$ (119)	\$ 98
Items management considers not representative of ongoing operations	121	44
Adjusted Earnings (loss) from continuing operations before income taxes (C)	<u>\$ 2</u>	<u>\$ 142</u>
Benefit (Provision) for income taxes (B)	\$ 18	\$ (27)
Tax items management considers not representative of ongoing operations	(19)	(2)
Adjusted benefit (provision) for income taxes (D)	<u>\$ (1)</u>	<u>\$ (29)</u>
Effective Tax Rate (B)/(A)	<u>15.1%</u>	<u>27.6%</u>
Adjusted Effective Tax Rate (D)/(C)	<u>48.3%</u>	<u>20.8%</u>

