

OWENS ILLINOIS INC /DE/
Form 10-Q
October 28, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended

September 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-9576

OWENS-ILLINOIS, INC.

(Exact name of registrant as specified in its charter)

Delaware	22-2781933
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

One Michael Owens Way, Perrysburg, Ohio	43551
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (567) 336-5000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of common stock, par value \$.01, of Owens-Illinois, Inc. outstanding as of September 30, 2015 was 160,837,783.

Part I — FINANCIAL INFORMATION

Item 1. Financial Statements.

The Condensed Consolidated Financial Statements of Owens-Illinois, Inc. (the “Company”) presented herein are unaudited but, in the opinion of management, reflect all adjustments necessary to present fairly such information for the periods and at the dates indicated. All adjustments are of a normal recurring nature. Because the following unaudited condensed consolidated financial statements have been prepared in accordance with Article 10 of Regulation S-X, they do not contain all information and footnotes normally contained in annual consolidated financial statements; accordingly, they should be read in conjunction with the Consolidated Financial Statements and notes thereto appearing in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

OWENS-ILLINOIS, INC.

CONDENSED CONSOLIDATED RESULTS OF OPERATIONS

(Dollars in millions, except per share amounts)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net sales	\$ 1,566	\$ 1,745	\$ 4,530	\$ 5,181
Cost of goods sold	(1,290)	(1,408)	(3,712)	(4,165)
Gross profit	276	337	818	1,016
Selling and administrative expense	(109)	(118)	(351)	(382)
Research, development and engineering expense	(15)	(15)	(46)	(47)
Interest expense, net	(67)	(53)	(188)	(161)
Equity earnings	17	13	46	48
Other expense, net	(44)	(73)	(59)	(70)
Earnings from continuing operations before income taxes	58	91	220	404
Provision for income taxes	(33)	(23)	(73)	(89)
Earnings from continuing operations	25	68	147	315
Loss from discontinued operations	(1)	(1)	(3)	(22)
Net earnings	24	67	144	293
Net earnings attributable to noncontrolling interests	(7)	(7)	(16)	(18)
Net earnings attributable to the Company	\$ 17	\$ 60	\$ 128	\$ 275
Amounts attributable to the Company:				
Earnings from continuing operations	\$ 18	\$ 61	\$ 131	\$ 297
Loss from discontinued operations	(1)	(1)	(3)	(22)
Net earnings	\$ 17	\$ 60	\$ 128	\$ 275
Basic earnings per share:				
Earnings from continuing operations	\$ 0.11	\$ 0.37	\$ 0.81	\$ 1.80
Loss from discontinued operations	(0.01)	—	(0.02)	(0.13)
Net earnings	\$ 0.10	\$ 0.37	\$ 0.79	\$ 1.67
Weighted average shares outstanding (thousands)	160,730	164,798	161,284	164,821
Diluted earnings per share:				
Earnings from continuing operations	\$ 0.11	\$ 0.37	\$ 0.81	\$ 1.79
Loss from discontinued operations	(0.01)	—	(0.02)	(0.13)
Net earnings	\$ 0.10	\$ 0.37	\$ 0.79	\$ 1.66
Weighted average diluted shares outstanding (thousands)	161,612	166,138	162,264	166,187

See accompanying notes.

OWENS-ILLINOIS, INC.

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME

(Dollars in millions)

	Three months ended		Nine months ended	
	September 30, 2015	2014	September 30, 2015	2014
Net earnings	\$ 24	\$ 67	\$ 144	\$ 293
Other comprehensive income (loss):				
Foreign currency translation adjustments	(265)	(219)	(499)	(138)
Pension and other postretirement benefit adjustments, net of tax	25	50	70	87
Change in fair value of derivative instruments	(3)	1	(5)	1
Other comprehensive loss	(243)	(168)	(434)	(50)
Total comprehensive income (loss)	(219)	(101)	(290)	243
Comprehensive income attributable to noncontrolling interests	1	(4)		(14)
Comprehensive income (loss) attributable to the Company	\$ (218)	\$ (105)	\$ (290)	\$ 229

See accompanying notes.

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OWENS-ILLINOIS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	September 30, 2015	December 31, 2014	September 30, 2014
Assets			
Current assets:			
Cash and cash equivalents	\$ 270	\$ 512	\$ 264
Receivables	1,108	744	1,042
Inventories	1,023	1,035	1,112
Prepaid expenses	87		