



LIBBEY®

Q4 2019  
Earnings Call  
February 25, 2020

# Management on Today's Call



**Mike Bauer**  
*Chief Executive Officer*



**Juan Amezquita**  
*Senior Vice President,  
Chief Financial Officer*



**Jim Burmeister**  
*Senior Vice President,  
Chief Operating Officer*



**Mike Lindsey**  
*Vice President,  
Corporate Controller*



# Cautionary Statement

*Material presented on today's call includes forward-looking statements about Libbey Inc. These statements are subject to risks and uncertainties, including market conditions, our level of indebtedness and the availability and cost of credit, competitive pressures, the value of the U.S. dollar and potential significant cost increases. These and other risk factors that could cause results to differ materially from those described in the forward-looking statements contained in this presentation can be found in the Company's Annual Report on Form 10-K and in other filings with the SEC. Refer to the Company's most recent SEC filings for any updates concerning these and other risks and uncertainties that may affect the Company's operations and performance.*

*This presentation includes financial information of which the Company's independent auditors have not completed their audit. Although the Company believes that the assumptions upon which the financial information and its forward-looking statements are based are reasonable, it can give no assurances that these assumptions will prove to be accurate. The Company assumes no obligation to update or revise its forward-looking statements except as may be required by applicable law.*

*This presentation and today's prepared remarks contain non-GAAP financial measures. We believe that the Adjusted Earnings Before Interest Taxes Depreciation and Amortization, or Adjusted EBITDA; Adjusted EBITDA margin; Adjusted Income from Operations (Adjusted IFO); Adjusted IFO Margin; Free Cash Flow; Trade Working Capital; Debt, net of cash to Adjusted EBITDA; Adjusted Selling, General and Administrative expense; Adjusted Selling, General and Administrative Margin; and references to financial measures in constant currency are meaningful measures for investors to compare our results from period to period.*

*Reconciliations of the non-GAAP to GAAP measures may be found within the earnings press release and the supplemental financials. The presentation of our non-GAAP measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.*

# 2019 Fourth-quarter Highlights

- Net sales decline 1.3%; favorable product mix and price realization, offset by lower volumes
- Gross profit increased \$1.7 million or 100bps; improvement in product mix and price realization are offset by an unfavorable \$5.0 million impact from operating downtime
- Disciplined spending and organizational realignment drives SG&A 5.0% lower vs. prior year
- Adjusted Income from Operations (IFO)<sup>(1)(2)</sup> improved 42.8% year-over-year
- 17.3% expansion of Adjusted EBITDA<sup>(1)(2)</sup> driven by improved sales margins, and disciplined SG&A, partially offset by production downtime in the quarter
- Net cash provided by operating activities improved \$21.5 million, driving a Free Cash Flow<sup>(1)(2)</sup> increase of \$27.2 million vs. prior-year quarter.

	Fourth Quarter 2019	Fiscal Year 2019
<i>(\$ in millions)</i>		
<b>Net Sales</b>	<b>\$208.9</b>	<b>\$782.4</b>
Y-O-Y Change	(1.3 %)	(1.9 %)
Y-O-Y Constant Currency <sup>(1)</sup>	(1.1 %)	(0.9 %)
<b>Gross Profit</b>	<b>\$39.1</b>	<b>\$154.2</b>
Y-O-Y Change	4.4 %	(0.4 %)
Y-O-Y Constant Currency <sup>(1)</sup>	2.6 %	(0.4 %)
Y-O-Y Margin Change	+100 bps	+30 bps
<b>Adjusted IFO<sup>(1)(2)</sup></b>	<b>\$11.5</b>	<b>\$35.2</b>
Y-O-Y Change	42.8 %	19.7 %
Y-O-Y Constant Currency <sup>(1)</sup>	33.9%	16.7 %
Y-O-Y Margin Change	+170 bps	+80 bps
<b>Adjusted EBITDA<sup>(1)(2)</sup></b>	<b>\$19.0</b>	<b>\$70.3</b>
Y-O-Y Change	17.3 %	(0.9 %)
Y-O-Y Constant Currency <sup>(1)</sup>	17.0%	(0.2 %)
Y-O-Y Margin Change	+140 bps	+10 bps



(1) See the Appendix for definitions of constant currency and other non-GAAP measures.

(2) See our 8-K press release dated February 25, 2020, for reconciliations of Adjusted IFO, Adjusted EBITDA and Free Cash Flow to the most directly comparable U.S. GAAP measure.

# Key Financial Data

## Fourth Quarter '19 & '18

Unaudited

\$ in millions, except per share data

	Fourth Quarter			Year-to-Date		
	'19	'18	VPY	'19	'18	VPY
Net sales	\$ 208.9	\$ 211.6	\$ (2.7)	\$ 782.4	\$ 797.9	\$ (15.5)
Gross profit	\$ 39.1	\$ 37.5	\$ 1.6	\$ 154.2	\$ 154.9	\$ (0.7)
Gross profit margin	18.7%	17.7%	100 bps	19.7%	19.4%	30 bps
Selling, general & administrative expenses	\$ 28.0	\$ 29.5	\$ 1.5	\$ 122.4	\$ 127.9	\$ 5.5
Net income (loss)	\$ (17.3)	\$ (4.0)	\$ (13.3)	\$ (69.0)	\$ (8.0)	\$ (61.0)
Net income (loss) margin	(8.3%)	(1.9%)	(640) bps	(8.8%)	(1.0%)	(780) bps
Diluted EPS	\$ (0.76)	\$ (0.18)	\$ (0.58)	\$ (3.08)	\$ (0.36)	\$ (2.72)
Adjusted EBITDA <sup>(1)(2)</sup> (non-GAAP)	\$ 19.0	\$ 16.2	\$ 2.8	\$ 70.3	\$ 70.9	\$ (0.6)
Adjusted EBITDA margin <sup>(1)(2)</sup> (non-GAAP)	9.1%	7.7%	140 bps	9.0%	8.9%	10 bps

Unaudited

\$ in millions, except ratio

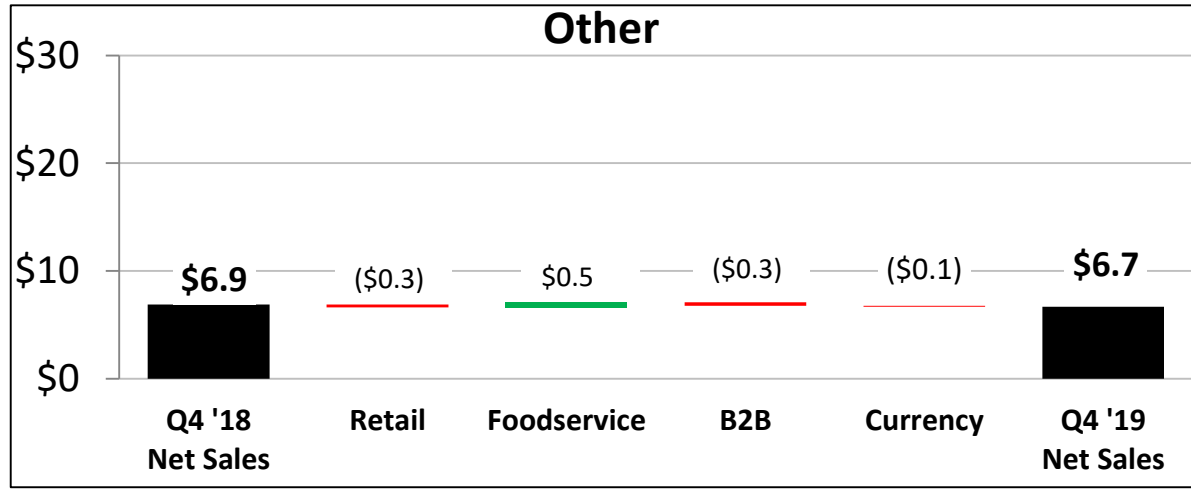
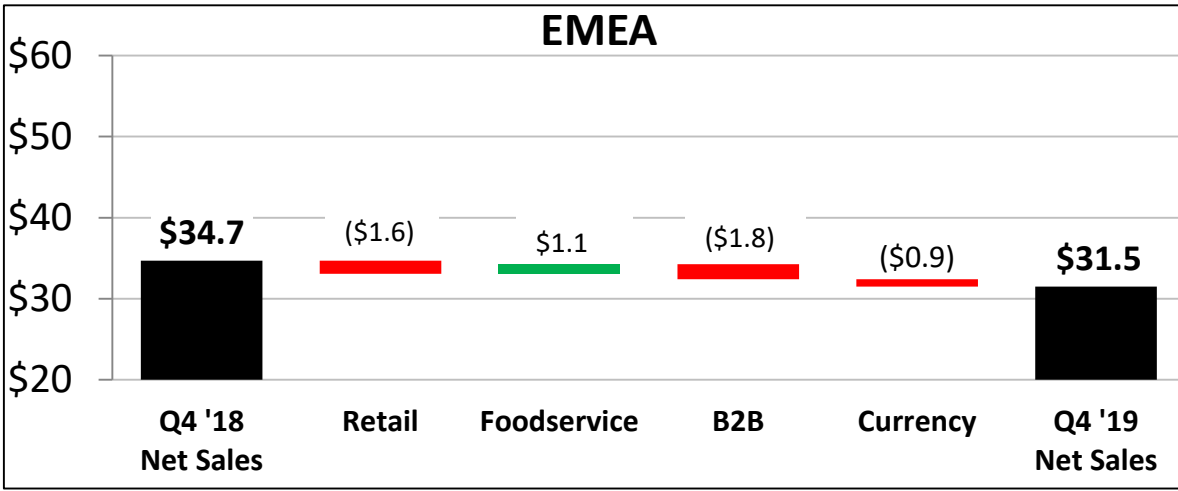
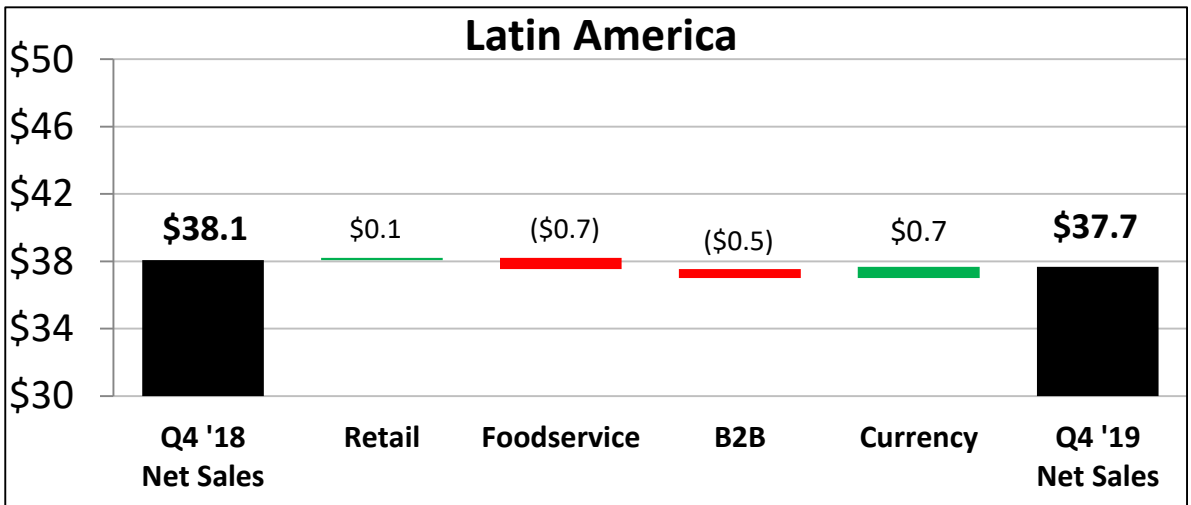
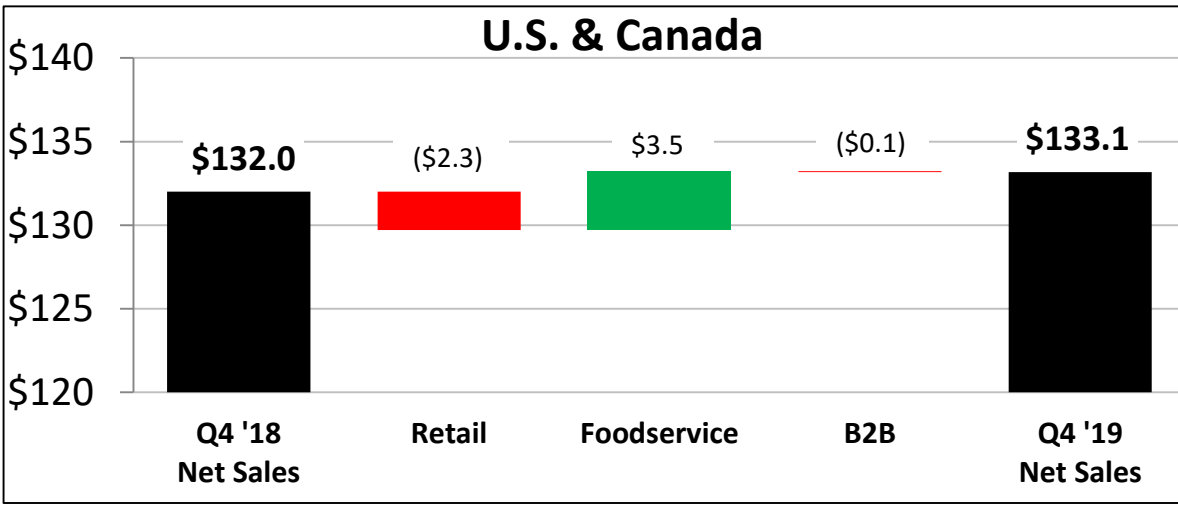
	December 31, 2019	December 31, 2018
Trade Working Capital <sup>(1)(2)</sup> (non-GAAP)	\$ 176.8	\$ 201.2
Debt, net of cash to Adjusted EBITDA ratio <sup>(1)(2)</sup> (non-GAAP)	4.9 x	5.3 x

(1) See the Appendix for definitions of non-GAAP measures.

(2) See our 8-K press release dated February 25, 2020, for reconciliations of Adjusted EBITDA, Adjusted EBITDA margin, Trade Working Capital and Debt, net of cash to Adjusted EBITDA ratio to the most directly comparable U.S. GAAP measure.



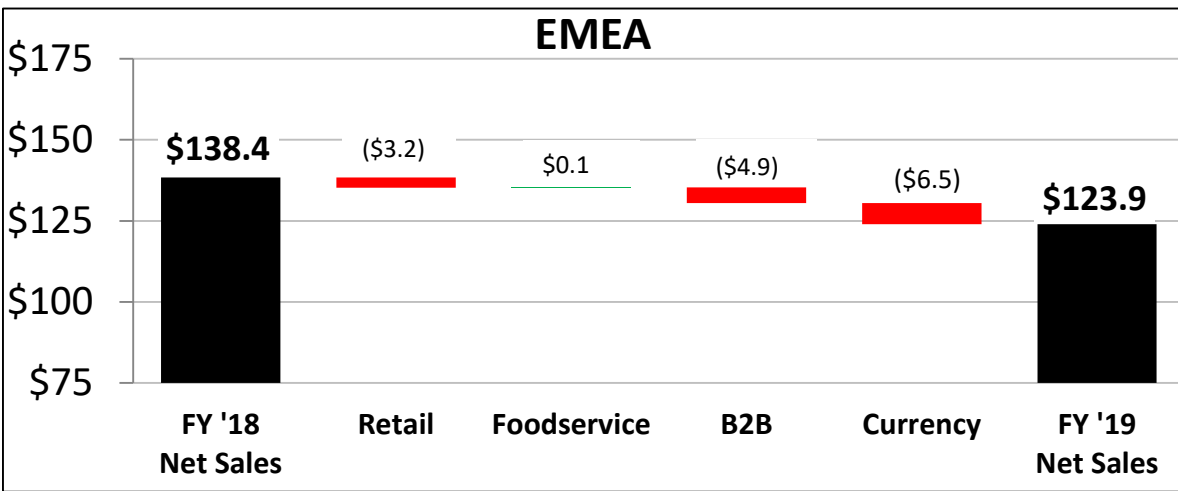
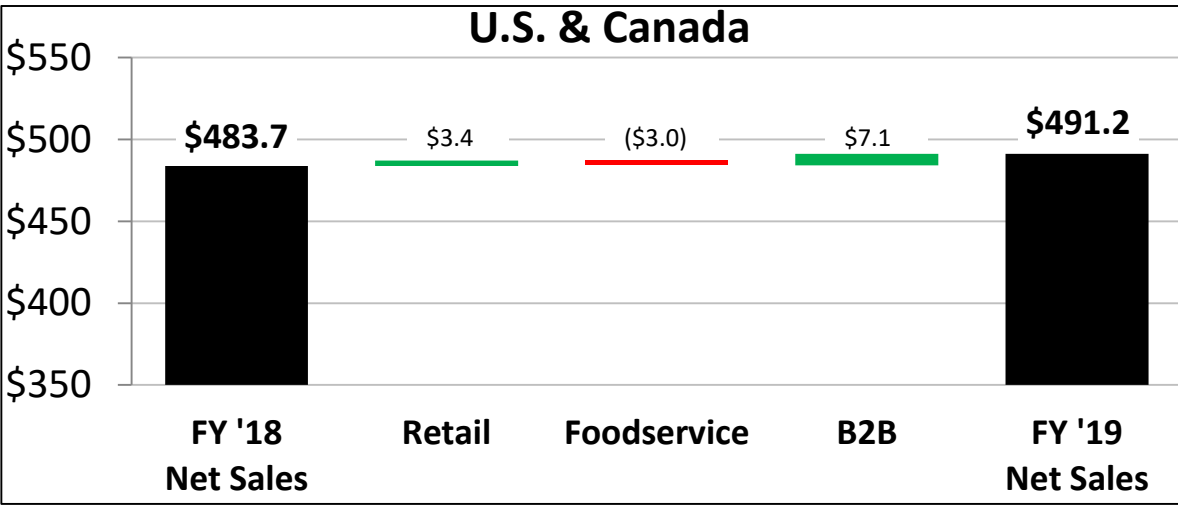
# Q4 2019 Net Sales of \$208.9 vs. \$211.6 in Q4 2018



\*See Appendix and our comparable 8-K press release dated February 25, 2020, for definitions and reconciliations of constant currency net sales to its comparable U.S. GAAP measure.

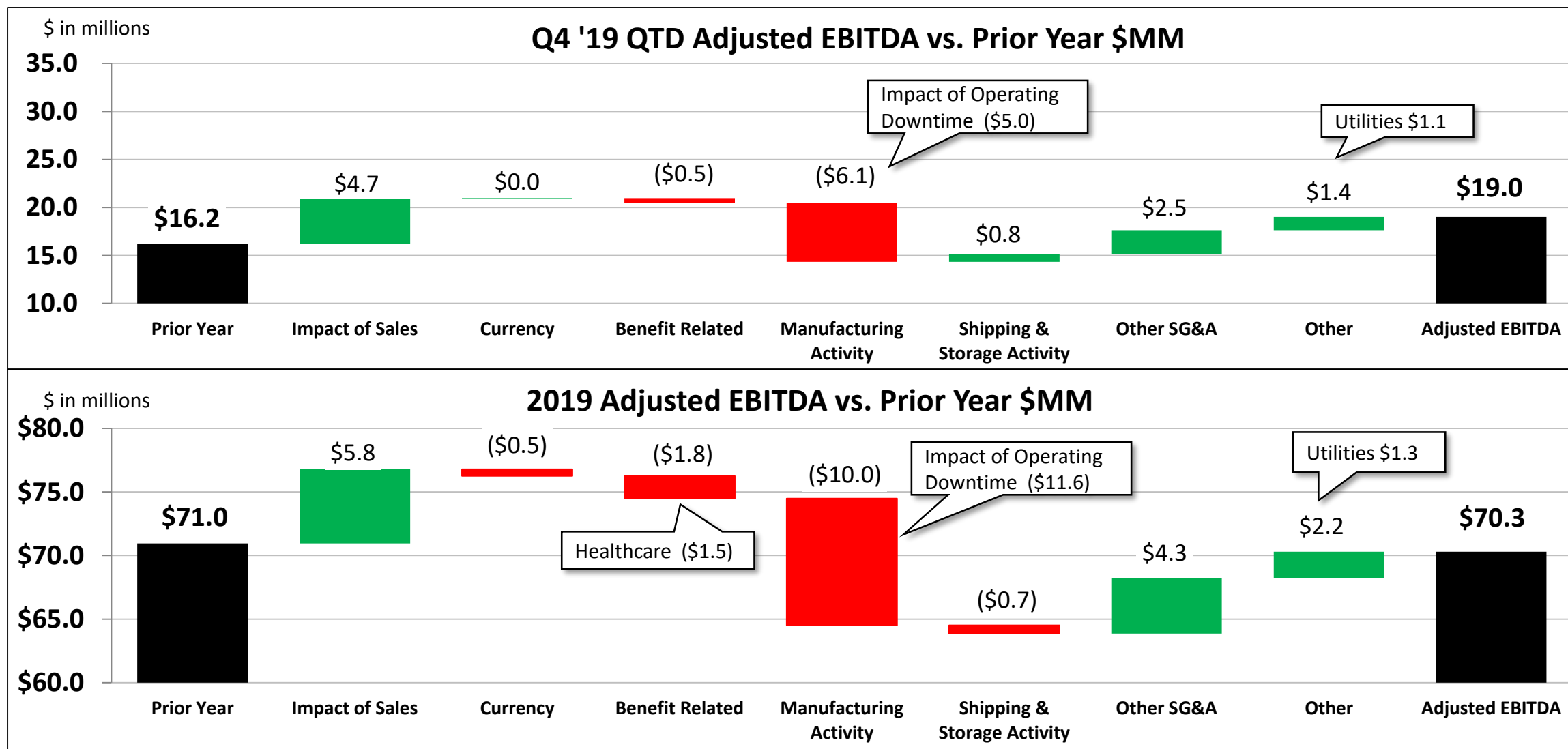
\$ in millions

# YTD 2019 Net Sales of \$782.4 vs. \$797.9 in 2018



\*See Appendix and our comparable 8-K press release dated February 25, 2020, for definitions and reconciliations of constant currency net sales to its comparable U.S. GAAP measure.

# Adjusted EBITDA<sup>(1)</sup> Walk vs. Prior Year





# Outlook for Full-year 2020

- Net sales flat to a low-single digit increase
- Adjusted EBITDA margin<sup>(1)</sup> between 9%-10% range
- Capital expenditures and ERP capital<sup>(2)</sup> of approximately \$30 million
- Trade Working Capital<sup>(1)</sup> reduction of around \$10 million

(1) See Appendix for definitions of non-GAAP measures. See our 8-K press release dated February 25, 2020, for reconciliations of Adjusted EBITDA Margin and Trade Working Capital to the most directly comparable U.S. GAAP measures.

(2) See Table 9 in our 8-K press release dated February 25, 2020 for 2019 calculation; also see New Accounting Standards Adopted in our Form 10-Q for the quarter-ended March 31, 2019, filed on May 1, 2019



# Q&A

# Appendix of Non-GAAP Definitions

- *Adjusted EBITDA and Adjusted EBITDA Margin*
  - U.S. GAAP net income (loss) plus interest expense, provision for income taxes, depreciation and amortization, and special items, when applicable, that Libbey believes are not reflective of our core operating performance. Adjusted EBITDA Margin is Adjusted EBITDA divided by net sales.
- *Adjusted SG&A and Adjusted SG&A Margin*
  - U.S. GAAP selling, general and administrative expenses less special items that Libbey believes are not reflective of our core operating performance. Adjusted SG&A Margin is Adjusted SG&A divided by net sales.
- *Adjusted Income from Operations (IFO) and Adjusted IFO Margin*
  - U.S. GAAP net income (loss) plus interest expense, provision for income taxes, other (income) expense, and special items, when applicable, that Libbey believes are not reflective of our core operating performance. Adjusted IFO Margin is Adjusted IFO divided by net sales.
- *Free Cash Flow*
  - Sum of net cash provided by operating activities and net cash used in investing activities. The most directly comparable U.S. GAAP measure is net cash provided by (used in) operating activities.
- *Trade Working Capital*
  - Net accounts receivable plus net inventories less accounts payable
- *Debt, Net of Cash to Adjusted EBITDA Ratio*
  - Gross debt on the balance sheet plus unamortized discount and finance fees, less cash and cash equivalents, divided by last twelve months Adjusted EBITDA (defined above)
- *Constant Currency*
  - Constant currency references regarding net sales reflect a simple mathematical translation of local currency results using the comparable prior period's currency conversion rate
  - Constant currency references regarding Gross Profit, Gross Profit Margin, Adjusted IFO, Adjusted IFO Margin, Adjusted EBITDA and Adjusted EBITDA Margin comprise a simple mathematical translation of local currency results using the comparable prior period's currency conversion rate plus the transactional impact of changes in exchange rates from revenues, expenses and assets and liabilities that are denominated in a currency other than the functional currency

# Additional Information



## **NYSE American: LBY**

**Alpha IR Group**

**Bobby Winters or Chris Hodges**

**312-445-2870**

email: [LBY@alpha-ir.com](mailto:LBY@alpha-ir.com)

*visit our website: [www.libbey.com](http://www.libbey.com)*