

BALL CORP
Form 10-Q
October 30, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

Commission file number 001-07349

BALL CORPORATION

State of Indiana
(State or other jurisdiction of incorporation or organization)

35-0160610
(I.R.S. Employer Identification No.)

10 Longs Peak Drive, P.O. Box 5000
Broomfield, CO 80021-2510
(Address of registrant's principal executive office)

80021-2510
(Zip Code)

Registrant's telephone number, including area code: **303/469-3131**

Edgar Filing: BALL CORP - Form 10-Q

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
Non-accelerated filer

Accelerated filer
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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 26, 2015
Common Stock, without par value	136,321,229 shares

Edgar Filing: BALL CORP - Form 10-Q

Table of Contents

Ball Corporation

QUARTERLY REPORT ON FORM 10-Q

For the period ended September 30, 2015

INDEX

	Page Number
<u>PART I.</u>	<u>FINANCIAL INFORMATION:</u>
<u>Item 1.</u>	<u>Financial Statements</u>
	<u>Unaudited Condensed Consolidated Statements of Earnings for the Three and Nine Months Ended September 30, 2015 and 2014</u>
	1
	<u>Unaudited Condensed Consolidated Statements of Comprehensive Earnings for the Three and Nine Months Ended September 30, 2015 and 2014</u>
	2
	<u>Unaudited Condensed Consolidated Balance Sheets at September 30, 2015, and December 31, 2014</u>
	3
	<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2015 and 2014</u>
	4
	<u>Notes to the Unaudited Condensed Consolidated Financial Statements</u>
	5
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	36
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	47
<u>Item 4.</u>	<u>Controls and Procedures</u>
	47
<u>PART II.</u>	<u>OTHER INFORMATION</u>
	49

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****BALL CORPORATION****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**

(\$ in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 2,097.0	\$ 2,238.9	\$ 6,192.4	\$ 6,537.6
Costs and expenses				
Cost of sales (excluding depreciation and amortization)	(1,690.3)	(1,807.3)	(5,026.3)	(5,266.6)
Depreciation and amortization	(71.9)	(71.3)	(211.5)	(209.7)
Selling, general and administrative	(106.8)	(123.1)	(340.5)	(342.2)
Business consolidation and other activities	(151.9)	(9.2)	(138.3)	(17.8)
	(2,020.9)	(2,010.9)	(5,716.6)	(5,836.3)
Earnings before interest and taxes	76.1	228.0	475.8	701.3
Interest expense	(37.5)	(40.1)	(107.0)	(120.9)
Debt refinancing and other costs	(21.0)		(85.9)	(33.1)
Total interest expense	(58.5)	(40.1)	(192.9)	(154.0)
Earnings before taxes	17.6	187.9	282.9	547.3
Tax (provision) benefit	31.0	(39.8)	(47.9)	(139.6)
Equity in results of affiliates, net of tax	1.5	0.3	3.4	1.9
Net earnings	50.1	148.4	238.4	409.6
Less net earnings attributable to noncontrolling interests	(5.6)	(1.0)	(12.8)	(15.6)
Net earnings attributable to Ball Corporation	\$ 44.5	\$ 147.4	\$ 225.6	\$ 394.0
Earnings per share:				
Basic	\$ 0.32	\$ 1.07	\$ 1.64	\$ 2.83
Diluted	\$ 0.32	\$ 1.04	\$ 1.60	\$ 2.76
Weighted average shares outstanding (000s):				
Basic	137,337	138,010	137,409	139,133
Diluted	140,858	142,090	141,141	142,986

See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents**BALL CORPORATION****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS**

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net earnings	\$ 50.1	\$ 148.4	\$ 238.4	\$ 409.6
Other comprehensive earnings (loss):				
Foreign currency translation adjustment	(20.9)	(106.1)	(113.5)	(136.7)
Pension and other postretirement benefits	10.5	15.4	41.6	32.5
Effective financial derivatives	(0.9)	24.3	(16.6)	44.5
Total other comprehensive earnings (loss)	(11.3)	(66.4)	(88.5)	(59.7)
Income tax (provision) benefit	(5.0)	(6.4)	(10.0)	(16.3)
Total other comprehensive earnings (loss), net of tax	(16.3)	(72.8)	(98.5)	(76.0)
Total comprehensive earnings (loss)	33.8	75.6	139.9	333.6
Less comprehensive (earnings) loss attributable to noncontrolling interests	(5.7)	(0.6)	(12.3)	(15.2)
Comprehensive earnings (loss) attributable to Ball Corporation	\$ 28.1	\$ 75.0	\$ 127.6	\$ 318.4

See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents**BALL CORPORATION****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(\$ in millions)	September 30, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 244.4	\$ 191.4
Receivables, net	1,097.8	957.1
Inventories, net	876.0	1,016.7
Deferred taxes and other current assets	164.4	148.3
Total current assets	2,382.6	2,313.5
Noncurrent assets		
Property, plant and equipment, net	2,547.3	2,430.7
Goodwill	2,204.1	2,254.5
Intangibles and other assets, net	593.0	572.3
Total assets	\$ 7,727.0	\$ 7,571.0
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt and current portion of long-term debt	\$ 282.9	\$ 175.1
Accounts payable	1,451.4	1,340.0
Accrued employee costs	213.3	269.9
Other current liabilities	332.0	221.8
Total current liabilities	2,279.6	2,006.8
Noncurrent liabilities		
Long-term debt	2,879.4	2,993.8
Employee benefit obligations	1,159.5	1,178.3
Deferred taxes and other liabilities	165.1	152.5
Total liabilities	6,483.6	6,331.4
Shareholders' equity		
Common stock (332,437,320 shares issued - 2015; 331,618,306 shares issued - 2014)	1,171.3	1,131.3
Retained earnings	4,519.6	4,346.9
Accumulated other comprehensive earnings (loss)	(620.1)	(522.1)
Treasury stock, at cost (196,180,099 shares - 2015; 194,652,028 shares - 2014)	(4,037.1)	(3,923.0)
Total Ball Corporation shareholders' equity	1,033.7	1,033.1
Noncontrolling interests	209.7	206.5
Total shareholders' equity	1,243.4	1,239.6
Total liabilities and shareholders' equity	\$ 7,727.0	\$ 7,571.0

See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents**BALL CORPORATION****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(\$ in millions)	Nine Months Ended September 30,	
	2015	2014
Cash Flows from Operating Activities		
Net earnings	\$ 238.4	\$ 409.6
Adjustments to reconcile net earnings to cash provided by (used in) operating activities:		
Depreciation and amortization	211.5	209.7
Business consolidation and other activities	138.3	17.8
Deferred tax provision (benefit)	(68.3)	8.3
Other, net	91.6	(18.8)
Changes in working capital components	(14.5)	23.4
Cash provided by (used in) operating activities	597.0	650.0
Cash Flows from Investing Activities		
Capital expenditures	(356.8)	(250.0)
Business acquisitions	(29.1)	
Other, net	18.3	11.1
Cash provided by (used in) investing activities	(367.6)	(238.9)
Cash Flows from Financing Activities		
Long-term borrowings	2,315.0	396.9
Repayments of long-term borrowings	(2,408.4)	(874.3)
Net change in short-term borrowings	111.0	199.0
Proceeds from issuances of common stock	26.3	27.7
Acquisitions of treasury stock	(135.5)	(335.5)
Common dividends	(54.0)	(54.8)