

BALL Corp
Form 10-Q
November 02, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2018

or

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

Commission file number 001-07349

BALL CORPORATION

State of Indiana

35-0160610

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

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10 Longs Peak Drive, P.O. Box 5000

Broomfield, CO 80021-2510

80021-2510

(Address of registrant's principal executive office) (Zip Code)

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

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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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 31, 2018
Common Stock, without par value	339,191,207 shares

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Ball Corporation

QUARTERLY REPORT ON FORM 10-Q

For the period ended September 30, 2018

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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,	
	2018	2017	2018	2017
Net sales	\$ 2,946	\$ 2,908	\$ 8,832	\$ 8,236
Costs and expenses				
Cost of sales (excluding depreciation and amortization)	(2,362)	(2,338)	(7,083)	(6,583)
Depreciation and amortization	(171)	(162)	(529)	(539)
Selling, general and administrative	(113)	(127)	(352)	(398)
Business consolidation and other activities	(32)	(157)	(131)	(253)
	(2,678)	(2,784)	(8,095)	(7,773)
Earnings before interest and taxes	268	124	737	463
Interest expense	(76)	(74)	(226)	(216)
Debt refinancing and other costs	—	—	(1)	(1)
Total interest expense	(76)	(74)	(227)	(217)
Earnings before taxes	192	50	510	246
Tax (provision) benefit	(140)	(4)	(220)	(48)
Equity in results of affiliates, net of tax	7	5	14	23
Net earnings	59	51	304	221
Net earnings attributable to noncontrolling interests	—	(3)	(1)	(6)
Net earnings attributable to Ball Corporation	\$ 59	\$ 48	\$ 303	\$ 215
Earnings per share:				
Basic	\$ 0.17	\$ 0.14	\$ 0.87	\$ 0.61
Diluted	\$ 0.17	\$ 0.13	\$ 0.86	\$ 0.60

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Weighted average shares outstanding:

(000s)

Basic	342,982	350,327	347,113	350,481
Diluted	349,709	358,556	353,755	358,492

See accompanying notes to the unaudited condensed consolidated financial statements.

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BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net earnings	\$ 59	\$ 51	\$ 304	\$ 221
Other comprehensive earnings (loss):				
Foreign currency translation adjustment	(47)	3	(157)	16
Pension and other postretirement benefits	49	19	68	1
Effective financial derivatives	(28)	(7)	(48)	9
Total other comprehensive earnings (loss)	(26)	15	(137)	26
Income tax (provision) benefit	(7)	(20)	(7)	(9)
Total other comprehensive earnings (loss), net of tax	(33)	(5)	(144)	17
Total comprehensive earnings (loss)	26	46	160	238
Comprehensive (earnings) loss attributable to noncontrolling interests	—	(4)	(1)	(7)
Comprehensive earnings (loss) attributable to Ball Corporation	\$ 26	\$ 42	\$ 159	\$ 231

See accompanying notes to the unaudited condensed consolidated financial statements.

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BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(\$ in millions)	September 30, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 598	\$ 448
Receivables, net	1,872	1,634
Inventories, net	1,243	1,526
Other current assets	147	150
Total current assets	3,860	3,758
Noncurrent assets		
Property, plant and equipment, net	4,508	4,610
Goodwill	4,497	4,933
Intangible assets, net	2,247	2,462
Other assets	1,358	1,406
Total assets	\$ 16,470	\$ 17,169
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt and current portion of long-term debt	\$ 150	\$ 453
Accounts payable	2,953	2,762
Accrued employee costs	260	352
Other current liabilities	450	540
Total current liabilities	3,813	4,107
Noncurrent liabilities		
Long-term debt	6,523	6,518
Employee benefit obligations	1,421	1,463
Deferred taxes	672	695
Other liabilities	296	340
Total liabilities	12,725	13,123
Shareholders' equity		
Common stock (672,699,383 shares issued - 2018; 670,576,215 shares issued - 2017)	1,142	1,084
Retained earnings	5,224	4,987
Accumulated other comprehensive earnings (loss)	(800)	(656)
Treasury stock, at cost (332,017,564 shares - 2018; 320,694,598 shares - 2017)	(1,926)	(1,474)
Total Ball Corporation shareholders' equity	3,640	3,941
Noncontrolling interests	105	105
Total shareholders' equity	3,745	4,046
Total liabilities and shareholders' equity	\$ 16,470	\$ 17,169

See accompanying notes to the unaudited condensed consolidated financial statements.

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BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in millions)	Nine Months Ended September 30,	
	2018	2017
Cash Flows from Operating Activities		
Net earnings	\$ 304	\$ 221
Adjustments to reconcile net earnings to cash provided by (used in) continuing operating activities:		
Depreciation and amortization	529	539
Business consolidation and other activities	131	253
Deferred tax provision (benefit)	103	—
Other, net (a)	72	(229)
Changes in working capital components, net of dispositions	(112)	(40)
Cash provided by (used in) operating activities (a)	1,027	744
Cash Flows from Investing Activities		
Capital expenditures	(616)	(404)
Business dispositions, net of cash sold	551	31
Other, net	50	3
Cash provided by (used in) investing activities	(15)	(370)
Cash Flows from Financing Activities		
Long-term borrowings	1,475	440
Repayments of long-term borrowings	(1,531)	(909)
Net change in short-term borrowings	(189)	220
Proceeds from issuances of common stock, net of shares used for taxes	25	18
Acquisitions of treasury		