Ball Reports First Quarter 2016 Results

Ball Corporation ("Ball") today reported a first quarter 2016 net loss attributable to the corporation of $127 million, or a loss of 90 cents per diluted share (including after tax charges of $213 million, or $1.50 per diluted share for business consolidation, debt refinancing and other costs) on sales of $1.8 billion, compared to $21 million of net earnings attributable to the corporation, or 15 cents per diluted share (including after tax charges of $76 million, or 54 cents per diluted share for business consolidation costs, debt refinancing and other costs), on sales of $1.9 billion in the first quarter of 2015. Comparable earnings per diluted share were 59 cents in the first quarter 2016 versus 69 cents in the first quarter of 2015.

"Strong operating performance in our U.S. and European metal beverage businesses was offset by difficult year-over-year comparisons in our China metal beverage and U.S. metal food businesses, as well as start-up costs for growth projects," said John A. Hayes, chairman, president and chief executive officer. "Our proposed offer for Rexam continues to move forward and we expect the transaction to close in late June."

Details of comparable segment earnings, business consolidation activities, historical segment reporting, and Rexam PLC ("Rexam") transaction-related hedging and other costs can be found in the notes to the unaudited condensed consolidated financial statements available at the following link:

Metal Beverage Packaging, Americas & Asia

Metal beverage packaging, Americas and Asia, comparable segment earnings in the first quarter 2016 were $102 million on sales of $937 million, compared to $125 million on sales of $1 billion in the first quarter 2015.

In North America and Brazil, first quarter volumes improved, all of which was more than offset by weakened demand and price erosion in China. During the first quarter, the company began production on one of the new beverage can lines and multiple end lines at its Monterrey, Mexico, facility with a second beverage can line scheduled to start up in mid-2016. Start-up costs related to this major project will moderate in the second half of 2016 as production ramps to support customers’ demand.

Metal Beverage Packaging, Europe

Metal beverage packaging, Europe, comparable segment earnings in the first quarter 2016 were $39 million on sales of $356 million, compared to $29 million on sales of $379 million in the first quarter 2015. Comparable segment earnings were higher in the first quarter due to lower year-over-year aluminium premiums and strong manufacturing performance.

Metal Food & Household Products Packaging

Metal food and household products packaging comparable segment earnings in the first quarter 2016 were $20 million on sales of $284 million, compared to $30 million on sales of $308 million in the first quarter 2015.

During the first quarter, the segment faced difficult year-over-year volume comparisons, inventory holding losses and start-up costs related to the introduction of a new two-piece steel aerosol investment in the U.S. Demand for metal aerosol containers remains strong, and related investments made in late 2015 will provide momentum throughout the remainder of 2016.

In February, the company also announced the closure of its Weirton, West Virginia, steel food and household metal service center, which is expected to cease production in early 2017. Certain equipment will be redeployed throughout Ball’s existing U.S. manufacturing locations to support the segment’s remaining facilities.

Aerospace and Technologies

Aerospace and technologies comparable quarterly segment earnings in the first quarter 2016 were $18 million on sales of $180 million, compared to $20 million on sales of $215 million in the first quarter 2015.

Across the segment, effective cost management continues and the company is in the final stages of negotiating multiple contracts for programs awarded in late 2015. As projected, contracted backlog grew more than $100 million to $729 million at the end of first quarter and anticipated meaningful quarter-on-quarter backlog improvement will further position the company for stronger segment performance in the future.

During the quarter, the business acquired Wavefront Technologies, a specialized engineering services firm that provides systems and network engineering, software development and analytical services for cyber and mission-focused programs within the U.S. government. Ball will leverage its existing hardware capabilities to complement this acquisition.

Outlook

“We continue to expect 2016 free cash flow to be in the range of 2015 free cash flow, excluding cash costs for the proposed Rexam acquisition. The multiple currency and interest rate hedges implemented throughout 2015 and early 2016 to mitigate risk related to the proposed acquisition continue to influence GAAP accounting results,” said Scott C. Morrison, senior vice president and chief financial officer.

“Operationally and from a demand perspective, our first quarter results were largely in line with our expectations. We fully expect for our businesses to gain momentum through the balance of this year as our cost optimization efforts are further realized and the growth capital deployed in 2015 transitions into full production,” Hayes said. “We are nearing
the finish line on our proposed offer for Rexam and look forward to reaping the benefits and increasing EVA dollar generation."

About Ball Corporation

Ball supplies innovative, sustainable packaging solutions for beverage, food and household products customers, as well as aerospace and other technologies and services primarily for the U.S. government. Ball and its subsidiaries employ 15,200 people worldwide and reported 2015 sales of $8.0 billion. For more information, visit www.ball.com.

Enquiries

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Conference Call Details

Ball Corporation will announce its first quarter 2016 earnings on Thursday, 28 April, 2016, before trading begins on the New York Stock Exchange. At 9 a.m. Mountain time on that day (11 a.m. Eastern), Ball will hold its regular quarterly conference call on the company’s results and performance. The North American toll-free number for the call is 877-256-8251. International callers should dial 303-223-4387. Please use the following URL for a webcast of the live call:

http://edge.media-server.com/m/p/gkokx7ip

For those unable to listen to the live call, a taped replay will be available from 11 a.m. Mountain time on 28 April, 2016, until 11 a.m. Mountain time on 5 May, 2016. To access the replay, call 800-633-8284 (North American callers) or 402-977-9140 (international callers) and use reservation number 21808467. A written transcript of the call will be posted within 48 hours of the call's conclusion to Ball's website at www.ball.com/investors under “news and presentations.”

Further Information

This announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for, or any invitation to purchase or subscribe for, or the solicitation of an offer to purchase or otherwise subscribe for any securities, or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise nor shall there be any sale, issuance or transfer of securities of Ball or Rexam in any jurisdiction in contravention of applicable laws. The Offer will be made solely pursuant to the Scheme Document (or in the event that the Offer is to be implemented by means of a Takeover Offer, the Offer Document) which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Offer. Any vote or response in relation to the Offer should be made solely on the basis of the Scheme Document (or Offer Document, as the case may be).
This announcement does not constitute a prospectus or prospectus equivalent document.

Ball reserves the right to elect in accordance with the Co-operation Agreement (summarised at Section 11 of the Offer Announcement), with the consent of the Panel (where necessary), to implement the Offer by way of a Takeover Offer. In such event, the Takeover Offer will be implemented on substantially the same terms, subject to appropriate amendments, as those which would apply to the Scheme.

**Information relating to Rexam Shareholders**

Please be aware that addresses, electronic addresses and certain other information provided by Rexam Shareholders, persons with information rights and other relevant persons for the receipt of communications from Rexam may be provided to Ball during the Offer Period as required under Section 4 of Appendix 4 of the Code.

**Overseas jurisdictions**

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their Rexam Ordinary Shares in respect of the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of any jurisdiction outside England.

Copies of this announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of acceptance of the Offer.

If the Offer is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

Further details in relation to Rexam Shareholders in overseas jurisdictions will be contained in the Scheme Document.

**Notice to U.S. investors in Rexam**

The Offer relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under Part 26 of the Companies Act. The Offer, implemented by way of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the U.S. Exchange Act of 1934, as amended. Accordingly, the Offer is subject to the disclosure requirements and practices applicable to a scheme of arrangement involving a target company in England listed on the London Stock Exchange, which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Ball exercises its right to implement the Offer by way of a Takeover Offer and determines to extend the Takeover Offer into the United States, the Offer will be made in compliance with applicable United States laws and regulations.

The New Ball Shares to be issued pursuant to the Offer have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. The New Ball Shares to be issued pursuant to the Offer will be issued pursuant to the exemption from registration provided by Section 3(a)(10) under the Securities Act. If, in the future, Ball exercises its right to implement the Offer by way of a Takeover Offer or otherwise in a manner that is not exempt from the registration requirements of the Securities Act, it will file a registration statement with the SEC that will contain a prospectus with respect to the issuance of New Ball Shares. In this event, Rexam Shareholders and holders of Rexam ADRs are urged to read these documents and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information, and such documents will be available free of charge at the U.S. Securities and...
Exchange Commission’s (“SEC”) website at www.sec.gov or by directing a request to Ball’s contact for enquiries identified above.

Neither the SEC nor any U.S. state securities commission has approved or disapproved of the New Ball Shares to be issued in connection with the Offer, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

Rexam is incorporated under the laws of England and Wales. In addition, some of its officers and directors reside outside the United States, and some or all of its assets are or may be located in jurisdictions outside the United States. Therefore, investors may have difficulty affecting service of process within the United States upon those persons or recovering against Rexam or its officers or directors on judgments of United States courts, including judgments based upon the civil liability provisions of the United States federal securities laws. It may not be possible to sue Rexam or its officers or directors in a non-U.S. court for violations of the U.S. securities laws.

Cautionary note regarding forward-looking statements
This announcement contains “forward-looking” statements concerning future events and financial performance. Words such as "expects," "anticipates," "estimates" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties, which could cause actual results to differ materially from those expressed or implied. Ball undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Key risks and uncertainties are summarized in filings with the SEC, including Exhibit 99 in Ball’s Form 10-K, which are available on Ball’s website and at www.sec.gov. Factors that might affect: a) Ball’s packaging segments include product demand fluctuations; availability/cost of raw materials; competitive packaging, pricing and substitution; changes in climate and weather; crop yields; competitive activity; failure to achieve productivity improvements or cost reductions; mandatory deposit or other restrictive packaging laws; customer and supplier consolidation, power and supply chain influence; changes in major customer or supplier contracts or loss of a major customer or supplier; political instability and sanctions; and changes in foreign exchange or tax rates; b) Ball’s aerospace segment include funding, authorization, availability and returns of government and commercial contracts; and delays, extensions and technical uncertainties affecting segment contracts; c) Ball as a whole include those listed plus: changes in senior management; regulatory action or issues including tax, environmental, health and workplace safety, including U.S. FDA and other actions or public concerns affecting products filled in Ball’s containers, or chemicals or substances used in raw materials or in the manufacturing process; technological developments and innovations; litigation; strikes; labor cost changes; rates of return on assets of the company’s defined benefit retirement plans; pension changes; uncertainties surrounding the U.S. government budget, sequestration and debt limit; reduced cash flow; ability to achieve cost-out initiatives; interest rates affecting Ball’s debt; and successful or unsuccessful acquisitions and divestitures, including, with respect to the proposed Rexam acquisition, the effect of the announcement of the acquisition on Ball’s business relationships, operating results and business generally; the occurrence of any event or other circumstances that could give rise to the termination of Ball’s proposed acquisition of Rexam; the outcome of any legal proceedings that may be instituted against Ball related to the proposed acquisition of Rexam; and the failure to satisfy conditions to completion of the acquisition of Rexam, including the receipt of all required regulatory approvals.

No Profit Forecast
No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Ball Share or Rexam Share for the current or future financial years would necessarily match or exceed the historical published earnings per Ball Share or Rexam Share.

Quantified Financial Benefits
No statement in this announcement should be construed or interpreted to mean that the combined company’s earnings in the first full year following the effective date of the Scheme, or in any subsequent period, would necessarily match or be greater than or be less than those of Ball and/or Rexam for the relevant preceding financial period or any other period.

Disclosure requirements of the Code
Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day (as defined in the Code) following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day (as defined in the Code) following the announcement in which any securities exchange offeror is first
identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day (as defined in the Code) following the date of the relevant dealing.

Disclosures are therefore required in the shares of Ball and Rexam.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel’s website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel’s Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on website
A copy of this announcement and the documents required to be published pursuant to Rule 26.1 and Rule 26.2 of the Code will be available free of charge, subject to certain restrictions relating to persons resident in or subject to Restricted Jurisdictions, on Ball’s website at www.ball.com by no later than noon (London time) on the day following this announcement. For the avoidance of doubt, neither the content of this website nor the content of any website accessible from hyperlinks on this website (or any other websites referred to in this announcement) are incorporated into, or form part of, this announcement.

Requesting hard copy documents
In accordance with Rule 30.2 of the Code, a person so entitled may request a copy of this announcement (and any information incorporated into it by reference to another source) in hard copy form. A person may also request that all future documents, announcements and information sent to that person in relation to the Offer should be in hard copy form. For persons who have received a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested from either Ball by contacting Greenhill on +44 (0) 20 7198 7400.