Ball Corporation 2020 Virtual Investor Day Transcript
October 6, 2020

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Corporate Speakers:

- John Hayes; Chairman, President & CEO
- Kathleen Pitre; Chief Commercial & Sustainability Officer
- Dan Fisher; COO, Global Beverage Packaging
- Rob Strain; SVP & President, Ball Aerospace
- Scott Morrison; SVP & CFO
- Colin Gillis; President, Beverage Packaging North & Central America
- Ron Lewis; President, Beverage Packaging EMEA
- Carlos Pires; President, Beverage Packaging South America
- Dave Kaufman; COO, Ball Aerospace
- Stan Platek; VP & General Manager, Global Aluminum Aerosol

PRESENTATION

Operator: Greetings, and welcome to the Ball Corporation 2020 Investor Day call. As a reminder, this call is being recorded Tuesday, October 6, 2020. I would now like to turn the conference over to John Hayes. Please go ahead, sir.

John Hayes, chairman, president & CEO: Great. Thank you, Carlos, and good morning, everyone. Welcome to Ball Corporation's Virtual Investor Day. First and foremost, we hope you, your families and colleagues are safe and healthy, and we look forward to the future when we can all get together and share cold canned beverage together.

Now a few housekeeping items before we begin. Today's presentation is also available via webcast on ball.com/investors. For reference, today's slides as well as a data sheet, map of locations and sustainability materials are available for download under the "resources" tab in the webcast as well as on the "presentation" tab of ball.com/investors.

A rough schedule of our event can be found on Slide 5. We do plan to take a couple of short breaks throughout today's event, and we appreciate your patience as we navigate the speaker and break transitions during the virtual event. Following the conclusion of our formal remarks, we will host a Q&A session, and we anticipate Q&A starting at approximately 10:00 a.m. Mountain time, noon Eastern Time. However, the actual start time may vary.

So if we could advance to Slide 3, the forward-looking statement. Now before I begin, I want to remind you that the information provided during this event will contain forward-looking statements. Actual results or outcomes may differ materially from those that may be expressed or implied. Some factors that could cause the results or outcomes to differ are noted on Slide 3 and are in the company's latest 10-K and in other company SEC filings as well as company news releases.

So if we can advance to Slide 4, participating management. Joining me today in speaking order are Kathleen Pitre, Chief Commercial and Sustainability Officer; Dan Fisher, Chief Operating Officer of Global Beverage Packaging; Rob Strain, President of our Aerospace Business; and Scott Morrison, Senior Vice President and Chief Financial Officer. During the Q&A session, we will be joined by Colin Gillis, President of Beverage Packaging, North & Central America; Ron Lewis, President of Beverage Packaging for EMEA; Carlos Pires, President of Beverage Packaging, South America; Stan Platek, VP and General Manager of our Global Aluminum Aerosol Business; and Dave Kaufman, Chief Operating Officer of our Aerospace Business.

So we advance to Slide 5, the agenda. In short, our time is now. 2020 marks the 140th anniversary of Ball Corporation, and I'm excited to say that I truly believe that the best is yet to come. As shown on Slide 5, our agenda today will focus on the long term and how our company, products and team are able to deliver sustainable growth. With the end of the third quarter closed, we are in a blackout period when it comes to discussing quarterly results. And, on November 5, we will host our third quarter earnings conference call.

So if we could advance to Slide 6, our Drive for 10. During my remarks, I'm going to spend a bit more time than we usually do at investor meetings talking about our culture, our values, our history and our people to give you context as to why we do what we do. The others, Kathleen, Dan, Rob, Scott, Colin, Ron, Pires, Dan and Dave, will fill you in on the specifics as to why we get so excited looking forward.

Our company is built upon the foundation of Drive for 10, which we formalized a decade ago. It's a mindset about perfection with a greater sense of urgency around our future success. Despite the profound changes and circumstances happening in the world today, we truly believe that nothing fundamental has changed about our opportunity set going forward. At Ball, we know who we are, we know where we're going and we know what is important. This isn't just a bunch of words on a poster, it's an ethos that was formed decades ago.

And if we could flip the slide to Slide 7, our legacy. It was because of what 5 brothers started 140 years ago, we are all here today. Legacy is indeed not what you leave for someone but rather what you leave in someone. At its core, it is they that began traditions and cultures that endure today: our values of uncompromising integrity and doing things right the first time; of being close to our customers, listening to them, understanding their needs and hopefully being a true partner to them; of focusing on attention to detail, and whether we are making hundreds of millions of products a day or building something that doesn't have a second chance at perfection, that attention to detail is the difference between good and great; of being innovative and pushing and trying new things and never taking no for an answer.

We're behaving as true owners for all of us are, and we take great pride in the alignment every employee shares with every owner of our company. To the Ball brothers, these were not words either. They were a belief system that was built into who they were, who we are and what is important.

If you could advance to Slide 8. At our 140th anniversary year, we celebrate our culture and our colleagues, present and past, that sustained our great company. Throughout our history, we've constantly evolved. We've been in 50 different businesses, whether it was the iconic glass jar with zinc lids or making penny blanks for the U.S. government, making picture tubes for television sets or prefabricated housing after the Second World War. We've even been in the plastic business three different times. Our most recent businesses are aluminum cups and our enterprise intelligence business. Dan Fisher will talk a bit about the cups business a bit later.

Sometimes we get asked what's next. What does Ball look like 10 years from now? And the truth is I don't know. But what I do know is this, we have more opportunities in what we are doing right here, right now than I've ever seen in my career. You're going to hear a lot about that today. At the same time, when you stay curious and inquisitive and persistent and humble, additional opportunities come your way.

As fellow shareholders, you should not expect that we will be doing anything other than what we've always done, which has tried to be the best in everything we do, execute, execute, execute and being open to being innovative. Over the long term, what we make may change, it has for the last 140 years, but who we are never will.

If you could please advance to Slide 9, Leadership Team E-mail. When we entered 2020, we were excited. We were in the midst of our opportunity of a lifetime, the opportunity we framed in our 2018 Investor Day, and everything was lining up. We were excited about new customers, new conversions, new categories. The first couple of months has started out very strongly, and then COVID came.

Many of you know me and that I take lots of notes in meetings. I get inspiration and creativity by writing things down. This was a note that I wrote to our leadership team on March 14, and I apologize for it being a bit fuzzy, but we did that for confidentiality purposes.

It was the end of one of the craziest weeks I'd ever seen. It started with a trip to Brazil in the midst of the oil disagreement between Russia and Saudi, leading to a rout in the equity markets early in that week. And after cutting short the trip and coming home, we found grocery stores where shelves were literally bare, bare of fresh produce, bare of meats, bare of toilet paper, bare of cleaning supplies.

I remember laying awake that Friday night thinking, "What in the heck is going on? And what does all this mean for our company?" And I also remember thinking that night that our Drive for 10 framework is our guiding sense of principles, whether it is behaving like long-term owners, keeping our employees safe and ensuring we remain customer-focused, and that would provide clarity as to what to prioritize and how to make appropriate decisions.

So I shared with our team that we may experience some demand destruction in the near term but that our end markets have tailwind and will bounce back; over the last 20 years, whether it was 1998 or 2003, 2008, the German deposit laws situation, sequestration, what have you, that our end markets are resilient; that by doubling down and being close to our customers, we can be a calming voice in a chaotic world; that this is our time to shine and let's not get defensive or reticent about our once-in-a-lifetime opportunity; that a crisis like this can accelerate our strategic positioning if we focus on caring for one another, our customers and our communities. I asked at the end who's in, and of course, the resounding response was "we're all in."

So if you could advance to Slide 10, please. So let me give you a glimpse of where this conviction came from. Someone once said that the definition of a gut feeling is an unarticulated accumulation of experiences. And I thought I'd share with you what this slide reflects, some of the work that we did for our Board of Directors back six months prior, in October 2019, a time that we didn't know we were 6 months from a global pandemic and economic crisis. We walked our Board through a variety of various charts that highlights some of our past experiences and what recession-resistant looked like through a Ball lens by using these and other slides, showing beverage can volume versus GDP going back to the late '90s. By the way, the bars are GDP and the lines are can volumes.

During crises, people still eat and drink, governments still need intelligence, surveillance and reconnaissance. And as a result, we have always operated essential businesses. Whether we look back two decades in our history or a century, Ball has weathered political unrest, economic crises, changing consumer trends and technologies. By knowing who we are, what is important, where we're going and being able to invest when others may be unable, our momentum has always sustained.

So if we move to Slide 11, please, and that is where we find ourselves today. We did experience short-term demand declines in some of our markets and it did bounce back. Our business unit executives will speak to that shortly. We've tried to create as safe as an environment for our people as possible, and they have responded by doing amazing things. We have doubled down on being close to our customers to understand even better the long-term opportunities in front of us and as a result, have even greater conviction today than we did on March 14 that our strategy is working and that it is indeed a once-in-a-lifetime opportunity.

During 2020, we have launched the aluminum cup into retail, introduced new systems to enhance employee connectivity, development and training and announced and closed on the Brazilian Tubex acquisition in our aluminum aerosol business to expand our geographic footprint in South America.

So if you could advance to Slide 12, please. Why were we able to stay calm and get all this done? How and why were we successful? Because of our people behaving like owners. Their selflessness, perseverance, passion and can-do spirit enable our path forward.

Slide 13, please. Our culture is constantly active through the actions of our employees, and our employees' adaptability, flexibility and empathy have never been more evident. We often talk about Ball as a family and creating a positive change where we live and operate.

Advance to Slide 14, please. Now this is something we often don't talk about with investors but perhaps what makes us most proud. Early on in this pandemic, we knew that we were very fortunate. All of our businesses were deemed essential, and we were focused on hiring people, not furloughing people. We also knew that those in the communities in which we live and operate would not be so lucky, so we committed to giving back to our communities.

And not 10, 2 or 30 people would be making the decision on how to give back, we were going to let all 20,000 people at Ball decide, and that's exactly what they did. This global impact slide highlights just a few of the more than 350 organizations selected by our employees for support during these unprecedented times.

I won't read them but some of them, including the All Together Fund of New Mexico, the American Chamber of Egypt, The Angels of Mercy Medical Clinic, Cabo de Santo Agostinho temporary hospital down in Brazil, the Czech Red Cross, Minnesota Coalition for the Homeless, San Jose Social Movement. I could go on and on, but it's times like this that make me proud to be a Ball person. And needless to say, this was a proud Ball moment, and words can't describe the honor with which we get to serve with all 20,000 of these Ball people who are giving back to the communities where they live while, at the same time helping our company achieve amazing results, sustainable growth and their can-do attitude that will fuel us today and into the future.

So if we could advance to Slide 15, please. I mentioned earlier that we began Drive for 10 in a formal way back in 2010. What we saw in 2010 is still true today. Maximizing value alone will not ensure that we meet our goals. Decision-making needs to be faster. We need to be deliberate about leveraging our strengths. Ball's size means that we can take greater risks. We want to grow but we won't be chasing growth at all cost because patience pays. And Drive for 10 is not a departure from our 130-years at that time, but rather a “dialing-it-up” a notch.

So if you could switch to Slide 16 now. As part of this, we just discussed the enablers of what we would achieve as part of our Drive for 10, including sustainability. Now I won't steal Kathleen's thunder, but at Ball, we're committed to sustainability, whether it be economic, social or environmental. Aluminum is the most sustainable solution for our customers, and cans are winning. Kathleen will cover more about our sustainability leadership and journey when she comes on after me.

So if you can flip to Slide 17, our D&I journey. Let me talk for a moment about another enabler for our Drive for 10 vision, which is diversity and inclusion at Ball. While the importance and spotlight is certainly and appropriately shining a light on the societal issue now in the wake of George Floyd and others, it is not new to us at Ball. Back in 2015, we established a dedicated function reporting directly into me, the CEO, and have built upon a variety of initiatives. From launching unconscious bias training in 2016 to initiating our Ball employee resource groups and our Women's Talent Focus and Global Women's Summit events, our D&I function and initiatives have grown meaningfully over the past 5 years. In 2019, Forbes Magazine named Ball Corporation #1 of America's best employers for diversity.

I must admit, however, when we received this, we were shocked as well. We had been doing good in certain areas. We had and still have so much more to do to foster an environment where everyone feels safe, everyone feels welcome, everyone can bring their full selves to the workplace and everyone has equal opportunities to chase their dreams. While we are proud of our efforts, we still have a long way to go on our journey to make the uncomfortable conversations comfortable and to elevate D&I globally.

So we're going to advance to Slide 18, please. Now we have a terrific lineup of senior leaders at Ball to walk you through the opportunities in front of us in each of our businesses, whether it's leveraging the once-in-a-lifetime opportunity we've been speaking of since 2016 to position the beverage can as the most sustainable package in the beverage world relative to other substrates; continue to develop our unique capabilities and mission partner mindset to grow our aerospace and defense business at rates much higher than the industry; to replicate the innovation mindset, geographic footprint and customer focus of our global beverage can business into creating an aluminum aerosol franchise that serves companies facing the same sustainability issues as beverage companies; or creating new, exciting and adjacent products, services and businesses by leveraging our historic strengths of being innovative, focusing on the customer and behaving like true owners of the business. I've said it before and I'll say it again. In my 25 years in these industries, I've never seen the opportunity set as robust and enduring as it is today.

We now just have to execute. So if you move to Slide 19, please, and if we do, the upside is terrific. People often talk about the laws of compounding numbers, but for folks like us, we think about it in terms of compounding execution for if you out-execute on a consistent basis over many years, great things happen. For example, since 2000, the S&P has grown a bit over 4% per year and $1 invested back then would be worth about $2.40 today. At Ball, we have compounded at more than 18% per year on average and $1 invested in Ball at the end of 2000 is now worth over $31, and that excludes dividends Ball has paid.

That, my friends, is what we mean about the laws of compounding execution. Whether it's on a 1-, 3-, 5-, 7-, 10- or 20-year horizon, we've outperformed both the S&P 500 and the NASDAQ index. And what is more exciting than that, we believe we can do it again.

We are aligned with stakeholders' interests as fellow employee shareholders and through our EVA incentive plans. Scott will discuss this alignment later.

So if you advance to Slide 20. What more can we do? Just execute and just keep getting the word out about Ball and our sustainable and enduring business model to our customers, our fellow consumers; to the best, most diverse talent to hire; to our supply chain, NGOs, legislators and other government officials. Learn the facts about our products, learn who we are and how, together, we will do well and do good by being responsible producers, providing circular packaging solutions and technologies to enable great science, protect our world and deliver a sustainable future. And did I mention execute?

Indeed, we know who we are, we know where we are going and we know what is important. So if you flip to Slide 21, our future is bright, and our time is now.

So if you advance to Slide 22, please. It is my pleasure to introduce Kathleen Pitre, Chief Commercial Officer and Chief Sustainability Officer. Kathleen started her career at Ball as an intern, believe it or not, back in 2003. She has excelled in aerospace and corporate roles and now leads Ball's global sustainability and commercial teams and has been instrumental in commercializing sustainability across our company. She's done a fantastic job and deserves, candidly, much of the credit for acting like an owner and being innovative in cajoling and pushing and leading our way down the sustainable journey.

So with that, Kathleen.

Kathleen Pitre, chief commercial and sustainability officer: Thank you, John. Really appreciate the opportunity to highlight our sustainability initiatives and progress.

If we can advance to Slide 23. For those of you who have been following Ball for a long time, you'll know that sustainability and the commercial opportunity associated with it has been a theme for several years. John articulated this theme very clearly and the size of the opportunity at our last Investor Day in 2018. Now our once-in-a-lifetime opportunity has transitioned to "Our time is now." It is happening.

Since our last Investor Day, there has been a fundamental shift, not just about public awareness about the challenges of plastic pollution and recycling plastics but also a growing recognition that, indeed, aluminum is the solution. Since we were together last, we had customers launch new and exciting still water brands in aluminum bottles and cans and had other customers announce they would begin filling water in cans. We also saw an acceleration of new product launches in cans and the incredible momentum and excitement about the aluminum cup. All indicate that the preference for aluminum is indeed growing.

We have experienced a significant increase in demand for cans from current customers as well as inquiries from new customers for cans. And we are engaging in interesting and exciting conversations with retailers who see the beverage aisle as a place where they could impact their plastic footprint in the near term.

For us, sustainability is not a nice to do and it is not a license-to-operate function. It is a growth engine for Ball that delivers real value to our customers who need to meet changing consumer expectations. People are waking up and realizing that we are impacting the planet in ways that are unhealthy. People are looking for solutions. They're looking for someone to show a better way, who can show that we can live more sustainably and still have a great experience in the process, and we have the opportunity to show this is possible.

Consumer expectations have changed. Consumers want sustainability programs that are serious and authentic. The goals must be meaningful and show a clear tie to reducing environmental impact. As John said, we are all in and have opened ourselves to new thinking and are moving away from some industry norms and developing new relationships, which challenge our thinking and help us to be better. We are extremely excited about the opportunities we have, and our time is now. There's still plenty of runway to keep building a pipeline of profitable growth for many more years to come.

So if we advance to the next slide [Slide 24]. Let's take a look at what consumers are thinking. In May and June of this year, we commissioned a consumer research [study] to evaluate sentiment on a variety of topics, including sustainability. We focused on consumers between 18 and 55 who are representative of the broader country demographics in the U.S., U.K., Spain, Brazil and Argentina. As you can see from the graph, there are strong majorities across these countries who are concerned about recycling, about climate change, looking for companies who can make a difference, and a full 64% said they're looking for ways to reduce their use of plastic where possible. This is at the heart of our opportunity as replacing plastic is possible now in the beverage and personal care aisle.

It also shows that people are understanding that aluminum is an incredible material that can deliver superior performance on the sustainability issues that are critical to consumers. Whether it's beverage cans and bottles, aerosol bottles or aluminum cups, we have products that help consumers live more sustainably, and we can offer our customers a credible and legitimate way to positively engage with consumers on making a difference. Our customers are increasingly seeing aluminum this way as well.

If we can advance to Slide 25, we'll show some additional research. In mid-2019, we surveyed individuals from beverage companies who are involved in the decision-making process around which materials are used in beverage packaging. The results of this study confirmed that our customers do feel pressure to select sustainable beverage packages, with 74% saying consumers are increasingly demanding sustainable beverage containers; 80% saying their efforts must be something that consumers can see, understand and believe; and strong majorities, especially strong majorities in the U.S. and Brazil, saying they plan to increase their use of aluminum in the coming years.

If we can advance to Slide 26, please. This is great because it shows that our customers increasingly understand what we already know, that aluminum is the most sustainable package; that it's fully and infinitely recyclable; that the ring tab is integrated; that it's easy to collect and sort; that it has the highest recycling yield, the highest recycled content, the highest scrap value. It's already the most recycled package in the world, and 75% of aluminum ever produced is still in use today. So momentum for aluminum is strong and still building. The nature of the growth varies a bit by market, but the momentum is undeniable.

So we have products with great sustainability credentials and a lot of momentum. So now what? As John alluded to, our Drive for 10 vision means that we have a greater sense of urgency around our future success. And so we keep pushing ourselves and our packages to be even better. We will not rely on saying that our product offering today is better than plastic or glass. While this is true, we will continue to be better in the future and to create a larger and larger performance gap between cans and other substrates.

When we began our commercializing sustainability initiative, we knew we needed to build our expertise, credentials and performance. We wanted to set ambitious goals as a company and for our products. We made a deliberate decision that we would ramp up our engagement with NGOs, we would share our thoughts and plans and ask for candid feedback on the strengths and weaknesses of them and what we could do better. These new relationships and inputs from a broad range of stakeholders have become a valuable part of our sustainability strategy.

We also knew that with all of the strengths of cans, we are actually in a position to make the can even better. And so we have focused on developing initiatives and activities in two fronts, which I will outline today. The first is to have an aggressive and market-leading agenda to make aluminum packages even better than they are today. And the second is to continue to communicate and build understanding about the sustainability credentials of our packages and our vision for the future of aluminum packages.

If we could advance to Slide 27. I'd like to begin by outlining how we are addressing climate change, which is clearly one of the defining issues of our time. We have set an ambitious target for 55% absolute reduction from our operations and a 16% reduction for our value chain in greenhouse gas emissions by 2030. What makes this goal credible is that it is approved by the Science Based Target initiative, which means that our target is independently validated as being aligned with the latest climate science, warming of less than 1.5 degrees Celsius, and confirms that Ball is a leading company from a climate strategy standpoint. We were the first can maker to have an approved science-based target.

And as part of our value of uncompromising integrity, it means that we set goals with a clear intent and path to achieve them. For our Scope 1 and Scope 2 emissions from our own operations, we are building on our strong legacy of driving energy efficiency in our plants to reduce carbon emissions. We have also outlined new initiatives with our engineering, operations and innovation colleagues to further drive energy efficiency in our plants. For our Scope 3 or value chain emissions, we have initiated new and more robust programs with our aluminum suppliers to measure and reduce their greenhouse gas emissions associated with producing aluminum, what their sources of energy are and how to increase recycled content.

Now we know that to meet a goal of 55% greenhouse gas emission reduction from our own operations, energy efficiency programs alone will not get us there. And we wanted to make a significant contribution to meeting these goals right from the beginning, and so we have pursued renewable energy deals with significant scale.

If you could advance to Slide 28, please. We have completed 4 virtual purchase power agreements for renewable energy projects in the United States and in Europe. Because of these transactions, 3 new wind farms and a solar farm will be built and will produce significant amounts of clean energy. Beginning in 2021, 100% of our North America energy load will be addressed with renewable energy and 63% in Europe from these virtual purchase power agreements. And we are not done. We are evaluating additional projects in Europe as well as significant programs in South America and Asia, and we will also look to incorporate on-site renewables at our new plant builds.

If you could advance to the next slide [Slide 29], please. In addition to our focus on sustainable operations, we also know that understanding and improving the performance of our packages is critical for continued growth. To keep pace with changing consumer expectations, we have developed a holistic vision for further enhancing the sustainability credentials of the can. I'd like to start by talking about responsible sourcing of aluminum.

Consumers, NGOs, governments and investors are increasingly interested in transparency and programs for responsible sourcing and want to look far deeper in the supply chain than in the past. In partnership with our colleagues in sourcing and operations, we have taken on significant programs to build trust in our supply chain. Now Ball has long been a member of the Aluminum Stewardship Initiative or ASI, and in conjunction with NGOs and industry partners, we have helped to craft ASI standards, which were launched in late 2017.

Earlier this year, we've achieved both ASI performance and chain of custody standard certification. The performance standard is a measure of how much effort a company is making to assess, manage and disclose its ESG impacts, including on issues such as life cycle thinking, recycling, greenhouse gas emissions, water and waste management, biodiversity, business integrity and the human rights of both workers and local communities. The chain of custody standards sets out requirements for the creation of a chain of custody throughout the entire value chain, which, in our case, covers all areas from mining to remelting to casting, rolling, can manufacturing and filling.

As an industry-first, Ball has already achieved dual certification in all 23 of our beverage can plants in the EMEA region and was the first business to receive certification in 18 countries in parallel and the first business of any kind to achieve a certification in 6 of those countries. We are on track to have our beverage can plants in North and Central

America, South America and Asia and also all of our aerosol plants certified by 2022 as well. And we have also established aluminum stewardship certification as an expectation for our suppliers to do business with Ball.

Now I'd like to outline our strategy for can coatings. NGOs, consumers, consumer groups and regulators are increasingly interested in the health impacts of chemicals used in various forms of food and beverage packaging. In our industry, the main focus has been on bisphenol A, commonly referred to as BPA. While can coatings containing BPA have regulatory approval, ongoing concerns about their perceived health impacts undermine and distract from the many strengths of aluminum packages. The formulation of coatings used in our cans are a key indicator of our intent – for the can to be the most sustainable package it must also have the most sustainable coatings. So in partnership with our customers, we have already converted a significant portion of our business to next-generation coatings and expect this transition to intensify over the next year.

In addition to removing coatings with BPA from our operations, we have also outlined a broader vision to create more transparency and confidence in aluminum beverage cans. We have gone further and are seeking cradle-to-cradle material health certification for all coatings used in our products. Cradle-to-cradle material health certification requires product ingredients to be inventoried throughout the supply chain and evaluated for their impact on human and environmental health. Once assessed by a third party, a product can be assigned a material health certificate. The process and certificates provide a foundation for confidence in formulations and suggest road maps for improvement.

This is an area where we are purposefully taking a different approach than the historic industry approach. In the past, we have a focus on achieving standards based on regulatory approval. Now we see a different and higher expectation coming from consumers about material health. Responding to the consumer interest and expectation is at the heart of our strategy, and we are now working well beyond what is required by governments to meet these changing consumer expectations. This work is challenging. We are pushing our suppliers and ourselves to do things that no one in our industry has done before. It's not easy, and it will absolutely position us for a long track record of continued growth based on confidence in aluminum packages.

If we could advance to the next slide [Slide 30], please. Now that we've covered the work that we're doing inside our four walls and in partnership with our suppliers, I'd like to transition to a discussion about the vision that we are articulating for beverage cans. It's about real circularity. I'd like to define what we mean by real circularity because when it comes to recycling-related topics, so many words have lost their meaning. For us, real circularity means that all of the material from a product is collected, it's sorted. It means that all of the material is available to be made into a new product and that, that new product is of equal value.

To achieve a perfect circle, each element must be at 100%. This is a high standard, and it should be the standard that we are all aiming for. We suggest that circularity needs to be carefully defined and measured or like the word "recycling", it will lose its meaning. For example, far too often today, when we talk about recycling rates, we are merely reporting collection rates. Lots of material is collected for recycling but a large percentage of that material for other substrates is not recycled or it's down cycled. This is not circularity nor is it real recycling.

Today, many are building goals and marketing claims around individual elements of circularity but not the whole picture. Materials that are difficult to recycle focus primarily on recycled content. Materials with very low recycling yields focus on claims that their product is recyclable. To keep material in the loop and to make a significant improvement in the amount of packaging waste entering the natural environment or the landfill, we believe we must move beyond this partial focus and look at the whole picture. Real circularity is a high standard for any material, and we are willing to challenge ourselves to work towards achieving this standard.

Now we have a head start compared to other materials because aluminum is already the most recycled package in the world. It is easy to sort and the recycling yields are the highest, and we already have very high recycled content. But remember, the vision for real circularity calls for 100% so we have work to do.

If we could advance to Slide 31, please. In July, Ball published a peer-reviewed comparative study, which is available in the “resources” tab of today's webcast. The study creates a more transparent and holistic look at the environmental impact of each beverage packaging type, including aluminum beverage cans, PET and glass bottles as well as beverage cartons, in Brazil, Europe and the United States. The goal of the study was to demonstrate the impact of transparent measurement of the real environmental impact of our waste.

Beyond the prestigious review committee that was assembled for the study, we also engaged with a number of leading NGOs on the construction of the study and on the results. We wanted their candid feedback on what would be most useful to move the industry forward and are greatly appreciative of their collaboration. The study demonstrated that higher recycling rates and/or recycled content plus the infinite recyclability of aluminum and high recycling yields mean that the aluminum beverage can has a lower carbon footprint than glass bottles and PET bottles used for carbonated beverages. Coupled with the highest circularity score using the material circularity indicator methodology developed by the Ellen MacArthur Foundation, the aluminum beverage can performed exceedingly well.

This study also gives us clear insight into further improvements that we can make to differentiate the can from plastic, cartons and glass. We can increase the advantage that we have today with additional use of renewable energy, by increasing our recycled content in our products, with lightweighting and by improving recycling rates. Again, because of the infinite recyclability of aluminum and its high recycling yields, none of the other substrates have the same opportunity for improvement as does aluminum, and it is our job to make sure we maximize this opportunity.

If you could advance to the next slide [Slide 32]. Aluminum cans are poised to be the package closest to this perfect cycle. We have taken the learnings from our study and also looked at the current performance of cans in each of the 4 areas required for true circularity and are developing road maps to move the can towards this perfect circle. We are already in a strong position when it comes to sorting and remelting yields. And so initially, we will focus most of our attention on increasing collection rates and in building on the already high level of recycled content in beverage cans.

While the can is the most recycled beverage package in the world, there are some geographies where the collection rates are unacceptably low, most notably the United States, where the collection rate for cans at 50% cannot continue. Moving to 90% or 100% collection is the challenge, and we are willing to be bold. For many years, we have relied on the growth of curbside recycling and infrastructure to collect more cans. As the recycling stream is filled with difficult-to-recycle and low-value plastics, the curbside model is breaking down and is not economically sustainable.

When we have assessed what is working with collection in the U.S., the majority of cans collected come from the 10 states with a deposit. Now for nearly 50 years, our industry has opposed deposit legislation. We were afraid that deposits would hurt sales. Today, we know that increasing collection demonstrates the strength of aluminum cans, and that is resonating with consumers and customers alike. And so we will begin advocating for container deposits in the U.S. Now they must be well designed, and if crafted properly and paired with extended producer responsibility laws, this could actually produce an additional competitive advantage for cans and dramatically increase collection rates.

It will not be politically feasible to pass deposits in all 40 states that don't have them today, and so we are also examining business partnerships and new ways of leveraging technology to increase can collection, especially for on-the-go consumption. We are developing new work streams that draw on experience from our entire company to develop and implement the best ideas that can move the needle on can collection in the U.S. and in Europe. We are also active participants in the European road map to move can recycling from 75% to 90% by 2030, and we support ongoing efforts to keep the high recycling rates in Brazil and Asia.

If you could advance to Slide 33, please. We have a vision and a playbook for demonstrating that aluminum cans are the best opportunity to show what real circularity looks like. The foundation is products that are designed for circularity. This design and infinite recyclability, high recycling yields, high recycled content make aluminum a low-carbon material. By working together with stakeholders on new business models and new technology applications and with policy, we will improve collection rates and further strengthen the circle for aluminum. And finally, we will continue to focus on transparency and engagement with NGOs on how to measure true environmental impact, and we will continue to develop creative and inspiring partnerships with our customers and with influencers to educate and inspire consumers on how aluminum packages can help them to live more sustainably.

This concludes my comments. If you can advance to Slide 34. I'd like to thank you for your attention and say that we will be starting a short break. Following the break, you will hear from Dan Fisher, Chief Operating Officer for Global Beverage Packaging.

Operator, please continue to hold the line while the management goes on mute.

Dan Fisher, COO, global beverage packaging: Welcome back from our short break, everyone. And special thanks to Kathleen and John for your presentations.

At the 2018 Investor Day, I spent time talking a fair amount about achieving the cost synergies from the Rexam acquisition, sizing up our capabilities in specialty and how we were embarking on a period of commercial opportunity, and we discussed potential growth from sustainability, new categories and innovation tailwinds and how Ball would leverage its strengths to lead this sustainable growth. Where you find us today is riding the wave of achieving accelerating growth from all of those areas.

Please advance to the next slide [Slide 36]. Not a day goes by without recognizing that we know what is important. It is our people. Our EH&S professionals and fellow employees looking out for one another and following protocols has kept us safe. We will remain vigilant until we have a vaccine in place. To our entire team, customers and suppliers, we continue to send our support and wishes of health and safety.

As an essential global industry, we've been extremely busy keeping our customers in cans, and our continued efforts around the health and safety of our team members will be increasingly important as we continue to maneuver not only the ongoing operations but the increased project activities our engineers are undertaking. From being very inwardly focused during the Rexam integration process to shifting our operations to a rapid growth mindset has been uncomfortable at times, yet more importantly, very rewarding. We are excited to expand our operations and our talent base and are doubling down on being customer-focused and transparent during tight supply/demand conditions across all of our major regions. There is no doubt that our time is now.

Scott will discuss later the 5-year CapEx profile to enable our once-in-a-lifetime opportunity to support our customers' accelerating can demand. We're a growth company, and that requires the brightest minds and the best technologies providing supply chain agility to know what we have, when we have it and that customers know they can win when they choose Ball as a partner. Our operational excellence comes down to Ball having the best trained can makers operating the most capable set of assets in the industry.

From an excellence and measurement perspective, the tone and tenor is a bit different than a few years ago. Not all of our institutional knowledge has been tied up in being a growth company. And since our existing asset base is so well capitalized, we have focused our team's attention and technologies on improving our start-up curves, making them as effective as possible and focused on continuous learning and ensuring the most agility for our plant networks and our customers' filling and brewing networks.

The burden of an efficient startup is not placed solely on the plant. It includes collaboration across our support teams, global business services, talent acquisition, training and business development teams being ready to serve our growth. Whether it's the number of transactions processed or the number of people we're hiring, it's all at a bigger scale, and we are making these investments, too.

Technology is advancing at a rate where we can leverage robotics for processing transactions in our GBS [Global Business Services] organization, and we are also keeping pace with these advancements so we can scale up appropriately. Later in my presentation, I'll speak to The Source, our new online customer onboarding and service global platform to improve the customer experience.

Please advance to the next slide [Slide 37]. We are constantly striving to be the partner of choice to ensure we are positioned to achieve growth. And it's not just our customers, it's our suppliers and employees that we need to be seen as that partner of choice. The opportunity around aluminum packaging is significant for all of these stakeholders.

Our deeper, richer conversations with our diverse global customer base and supply chain bolsters our understanding that can demand will continue to accelerate. We're set up with a systems approach, have the right footprint, people and support functions as well as capabilities to grow our leading product portfolio to offer the best customer experience.

Please advance to the next slide [Slide 38]. Let's discuss this growing global demand. Aluminum packaging is winning. We've engaged in a longer-term planning horizon and process. Slide 38 reveals our view that the global beverage can industry is expected to grow approximately 100 billion units by 2025 off of the 2019 base. Since the time of our past Investor Day, what we thought could be the high side has now become the most likely. And when we speak a year from now, chances are good that the growth figures on this slide will be even higher. Candidly, after 11 years in this industry, I'm hesitant to move off a slide that I admittedly didn't know was possible. But let's move on, and I'll let you know why we believe so strongly in the growth.

Please advance to the next slide [Slide 39]. As summarized on this slide, Ball is well positioned in the largest markets in the world: North America, EMEA and South America. And our specialty portfolio is capable of producing upwards of 40 different cans and bottle sizes, resulting in the deepest, broadest customer portfolio in the industry. These regions and capabilities are our focus and our priority.

Can consumers and customers in these 3 markets demand the most innovation. They require the most robust systems to serve complex categories, channels, filling networks. And Ball's leadership in these areas lends ourselves to winning. For those of you newer to Ball, there is a data sheet available on the “resources” tab of today's webcast which provides a map of locations and quick bullet point summary on each packaging business.

Let's talk more specifically about each of our largest regions and reasons for even more opportunity. Next slide [Slide 40], please. In North America, over the next 5 years, we see greater than 4% to 6% growth driven by package mix shift to cans and positive consumption patterns driven by sustainability and new category introductions in beer, wine, water, hard seltzers and energy. I'll dive deeper into hard seltzers and water later in my presentation. Ball has certainly won in the spiked seltzer market, which is cannibalizing, to a certain extent, wine and spirits. And our excitement about the water space and why we are still bullish about the other categories the consumer hasn't seen yet hasn't been contemplated in the 4% to 6%, which is why the plus sign.

We also recognize that there will be end consumer behaviors that have been permanently changed by COVID. We believe and have heard from a number of our customers that the can will be one of the winners of that shift. Obviously, we're still very much in the throes of the pandemic, but we'll be monitoring this consumer behavior and investing behind it where appropriate. In the near term, we believe the U.S. market is short 10 billion cans in 2020 and that imports will continue in 2021, which is why it is so vital for us to invest in assets, our team and capabilities as rapidly and safely as possible.

Please advance to the next slide [Slide 41]. In South America, we believe the lion's share of our businesses' growth will be tied to beer, and there has been notable mix shift from returnable glass to cans. And this has jumped in the COVID period to nearly 70% of shelf mix for beer. If it were to remain at 70%, our 5-year growth rates of 5% to 8% plus indicated on this slide are not high enough. Our team has done an amazing job managing this notable shift in the short term, and we are assessing end users' data to plan appropriately for the future.

Sustainability is also gaining hold in Chile as customers are choosing aluminum over glass. And just a few years ago, we weren't in Paraguay. That was an example of being a partner of choice. With our relationships and capabilities, we see other regional markets outside of Brazil shifting to near-term opportunities, much like we saw in Paraguay. We really enjoy winning with the winners across South America.

Please advance to the next slide [Slide 42]. In EMEA, sustainability and new category introductions will drive the tailwind in some countries, and the can is winning in a number of large can markets like the U.K. and Russia. Over the next 5 years, we believe the growth rates are 2x the historical growth rates. Hard seltzers are just now making an appearance in Western Europe, and there is reason to believe that product will also be a winning category with consumers. Images on this slide include Kopparberg hard seltzers from the Nordics and U.K., still water brands from Norway, sparkling wine from the U.K. and kombucha from Germany. During today's Q&A session, our regional business unit presidents will also be available to take your questions.

Please advance to the next slide [Slide 43]. Throughout my comments, I've emphasized that we have the infrastructure, capabilities and resources to grow with our customers. Slide 43 summarizes the reasons to believe Ball is well positioned to garner an outsized portion of global growth.

Please advance to the next slide [Slide 44]. For those of you that have joined Ball at past investor days or conference presentations, this is a familiar slide. Relative to other substrates, cans are winning in North America. At year-end 2019, 67% of new product launches were in cans versus in 2015 when it was 36%. We see this progress continuing. We just have to get our investments up and running so we can step into these opportunities faster.

Please advance to the next slide [Slide 45]. When we've met with investors in 2020, we get asked about the durability of certain category growth. Slide 45 reflects reasons to believe that hard seltzers and mixed cocktails in cans are growth categories, which has spurred even more innovation in the space at the expense of certain wine and spirits categories. Not a day goes by without a new opportunity being announced by our customers. Our partners are investing heavily in distribution and filling assets, and our partners have global aspirations for their brand.

And our customers' aggressive investment in the category has led to brand extensions, where Ball is well positioned to be the supplier of choice. The images listed on Slide 45 include hard seltzers brands as well as vodka-based products. These exciting innovations are coming fast and furious. There will be winners and losers certainly, though retailers are expanding shelf space to make room for this fast growing category.

Large CPG players needed to find growth. And because of our product portfolio and scale, we were well positioned and this success breeds further success. This is another tailwind. It's about the change in behavior of our customers. They are having success broadening categories, and seltzer is just an example of how they can grow product winners and how Ball is best positioned to facilitate this growth. There's really nothing better than organic internal investments.

Advance to the next slide [Slide 46], please. Sustainability tailwinds will also drive the still water category. It is unbelievable to me that in the U.S. on a daily basis, remember I said daily, 60 million single-use plastic water bottles end up in a landfill. This is not sustainable. We welcome the fact that there is an innovation rush to create alternatives. Though if you think back to Kathleen's comments, these alternatives are not all equivalent circular solutions. These other packages may say they are made from 100% recyclable materials, but are these product alternatives actually getting recycled? All we are pointing out is that we have a solution available to these brands today, and that solution is aluminum.

We are well positioned to pick up our fair share and are a leader in still water. We recognize it is early days, and there needs to be a conscious effort across the entire supply chain to enable the next wave of multiyear growth. We are investing in this category. Believe it or not, still water is the most sensitive taste profile to work with because there are minute flavors our customers want to promote. We have advantages with our technology and a dedicated team in our lab and innovation center that will set us apart in this category.

Please advance to the next slide [Slide 47]. To further emphasize why we believe in the durability of the growth, our customers and co-packers are expanding can filling. Slide 47 represents a few of the largest brands that have spoken publicly about making these investments, many of which are in North America.

Please advance to the next slide [Slide 48]. As I mentioned earlier, we see our growth CAGR in North America, the largest regional can base in the world, doubling beyond 2019, driven by water, hard seltzers, craft beer and other brand extensions and categories. I'm sure you are all interested in asking Colin about his experiences and plans since taking on the North America President role late last summer, and there will be an opportunity for that in Q&A.

Please advance to the next slide [Slide 49]. In North America, some of you may have noticed the tightness of can availability when you go to the store to buy your favorite canned beverage brand. And we are working creatively with our customers to minimize the allocations which are occurring across our customer base due to the unprecedented demand and relative to the timing of our new production capacity coming online. We are in constant communication with our customers and certainly want to provide the most transparency possible.

In a collaborative global initiative, we have introduced The Source , a new digital self-service platform to build agility and trust with our customers while we serve their growth. The platform features FAQs on our portfolio, sustainability, quoting, account setup, graphics submission, product testing, forecasting and ordering, billing and invoicing. Following the Rexam transaction and the complexities of integrating new assets and completing the required divestments, we are really pleased to move to one global platform to help with case management, to having access to more robust data and analytics. It truly allows our sales team, which candidly have had to engage in some difficult conversations this summer due to the short supply of cans, to offer the facts about current conditions and to help our customers better forecast their demand with data and analytics.

Please advance to the next slide [Slide 50]. Another way, the best way candidly, to improve our customers' experience is to have more cans available, and the key to securing long-term equitable contracts is improving our speed to market. We believe Ball has an opportunity for 45 billion units of capacity additions and growth by 2025. And to date, we have capital and contracts approved for 25 billion units of capacity additions by 2023. Of note, the 25 billion includes the 8 billion units and projects we have publicly announced that will come online by the end of 2021.

The top image on Slide 50 is of our new Glendale, Arizona facility, which is still under construction; and the lower images, from left to right, are the Fort Worth, Texas and Rome, Georgia line additions as well as an image of the new Pittston, Pennsylvania plant or the Northeast plant. This is an exciting amount of growth investment that we're undertaking, and we're not done yet.

One additional reminder to our long-term shareholders, and I hope this goes without saying, the amount of growth investment will continue to be governed by EVA dollar generation. Nothing has changed in the business with regards to our capital allocation focus. Growth is terrific. EVA dollar growth is how we get paid.

Please advance to the next slide [Slide 51]. Transitioning to another growth platform, and launched in 2019, the Ball aluminum cup is delivering a sustainable alternative to plastic cups and a real circular alternative to compostable cups while driving Ball as a sustainable brand. Our launch began at college campuses. We executed consumer testing at sporting events and concerts and in early 2020, made an appearance at the Super Bowl and just recently launched on Amazon.

Today, I'll touch a bit on the addressable market, the power of the cups proposition, how we are getting the word out for our retail launch and conclude by updating you on the progress of our first dedicated aluminum cups manufacturing plant in Rome, Georgia. In the spirit of time today, I'll move through the next 4 slides fairly quickly, and I'm happy to take additional questions during our Q&A session.

Please advance to the next slide [Slide 52]. What is the addressable market for Ball aluminum cups? Today, the annual global disposable plastic cups market is roughly 93 billion units, of which 25% is sold in North America. Breaking that down a bit, the U.S. market for 9-ounce to 24-ounce cups is about 15 billion units, with about 6 billion sold to food service venues, 8 billion at retail and the rest through e-commerce.

Next slide [Slide 53], please. Slide 53 is summarizing succinctly the power of the Ball cup proposition. First, we have a proven concept in food service and venues. Second, we are accelerating category growth in retail with early adopters, which I'll discuss on a later slide. Thirdly, through consumer research, our cup provides a better drinking experience. And fourth, it offers a sustainable solution to retailers and consumers.

Please advance to the next slide [Slide 54]. As we continue to get the word out about our amazing, lightweight, infinitely recyclable aluminum cups, what better outlet than Amazon? And we apologize if you go out today and try to buy some cups on Amazon. We're sorry the first slate of inventory sold out in less than 24 hours. We're working to get our next set of inventory to the distribution centers as we speak.

Please advance to the next slide [Slide 55]. The cups being provided to consumers and retailers today are being made in our Colorado innovation center on a pilot line. We have invested in a dedicated aluminum cup manufacturing center in Rome, Georgia, very close to our existing Rome [Georgia] beverage can plant. The cups plant pictured on Slide 55 will start up later this month and be scalable to multiple lines. Our team did an amazing job in the midst of COVID, keeping this project on time and on budget while hiring and training roughly 130 new Ball employees. The plant will start up with 1 line capable of producing 450 million cups, and our larger quantity retail shipments will begin in the second quarter of 2021.

The excitement is growing. And to date, orders have exceeded our original business forecast despite the impact on gatherings at large venues. And just like our beverage business, we will use our expertise in metal bending and printing at high speed to broaden our portfolio of cup sizes to capture more of the addressable market.

Next slide, please [Slide 56]. In summary, we are investing in durable, profitable growth to expand EVA and shareholder value creation: one, by being an industry leader and by driving aluminum's share of the package mix by leveraging the can's sustainability credentials; two, by being a partner of choice through offering innovation to our customers and offering exciting fulfilling work for our employees; and lastly, by investing in our future to ensure profitable growth and making sure we have the best talent to run our new investments.

What is our risk? It's execution. Along our multiyear growth journey, we will encounter challenges and even more opportunities. And for certain, we will live our Drive for 10 and rely on our culture and just be Ball – a trusted and respected partner and employer that is focused on doing well and doing good.

It is my pleasure to turn the presentation over to Rob Strain from Ball Aerospace.

Rob Strain, SVP and President, Ball Aerospace: Thank you so much, Dan. Good morning. I'm Rob Strain, Senior Vice President of Ball Aerospace. John gave a bit of background on where we are and where we're going, and I'll dig a little deeper into that.

If you could turn to Slide 58, please. Looking at our first half of 2020 results. So in the first half, we had $70 million of operating earnings on sales of $870 million. Our backlog was $2.1 billion.

We've made big investments in building strong relationships with our customers. We call this our mission partner strategy, as John earlier mentioned. This is incredibly important to us. We don't use the term mission prime, we use mission partner, which represents a mindset of how we approach our customers, and that means to be part of their mission, part of their success. And it also broadens our role in the nation's most important missions.

We've won some terrific programs, franchise programs that will go far into the future and will give us a solid base of work that can sustain us for many years. Our continued success in the second half of this year and into next year is about focusing on execution, as Dan said, we have the same challenges, and delivering on our commitments.

Our hiring pace has accelerated over the past few years, in line with our growth. In 2018, we hired over 700 new team members. At that time, that was the fastest pace of hiring in our company's history. In 2019, we hired just under 1,000. And we're on our way to achieving the 1,000 mark again this year, and that is despite the challenges of COVID-19. We keep raising the bar each year in terms of our incredible capability of some of team members that we brought on. It's also given us an opportunity to focus on the diversity of our staff. We're very proud of the fact that 43% of the new hires just this year are women and minorities.

Please turn to Slide 59, please. As a reminder to some of you new to the aerospace part of our business, we are primarily a U.S. government contractor. We provide first-class instruments, spacecraft, tactical mission systems, data exploitation solutions and mission support. Our customer mix is a mix of cost-plus and fixed-price contracts, and we service primarily 2 markets: the civil market, which includes NASA and NOAA and USGS; and the defense market that includes DoD, all the branches of the military and our largest customers right now, the intel community.

If you could turn to Slide 60, please. This chart shows the contracted backlog and more importantly, programs that we have won already but do not show up yet in our backlog. So we're estimating $2.2 billion [contracted] backlog by year's end. And then our won not booked [backlog], we're estimating at $5.3 billion, which is up over $1 billion since the end of last year. This highlights our ability to win work and the success we've had in delivering cost-competitive solutions to our customers. These results also show that our mission partner strategy is realized through the trust and confidence our customers have in us.

If you could turn to Slide 61, please. In the past 5 years, we've transformed our aerospace business from a supplier to a mission partner, growing 100%, nearly doubling our workforce and taking on increasingly large roles in our customers' missions. Our customers continue to update their architectures, and we're working to fill critical capability gaps. This allows us unique opportunity to win long-term work that will sustain us well into the future.

If you could turn to Slide 62, please, Building Tomorrow Today. So our Drive for 10 vision is the foundation of our strategy to bring long-term success and sustainable growth for our business. As you've heard me already say, our mission partner strategy is working. We're committed to our customers' missions and their success. We're demonstrating integrity, humility and transparency. We're bringing innovation, expertise to deepen our relationships. There is no doubt that our people and our culture are our strongest discriminator, One Ball, inclusive and diverse, welcoming and inspiring in our environment.

If you could turn to Slide 63, please. This gives you a visual of our entire business. As discussed earlier, while we have different customer sets, our core competencies across many markets: instruments, spacecraft, tactical mission systems, data exploitation, solutions and mission support. Our four strategic business units are working together to provide discriminating solutions that will enable us to build a sustainable pipeline of work well into the future. In the appendix of today's slide deck, there's also additional information about our four different strategic businesses.

If you could turn to Slide 64, please. Our people, facilities and technologies are our critical enablers.

If you could go to 65. Our integrated operations plan enables us to forecast future operational needs to execute well on our program. These incorporate facilities and capital; tools and processes, including a new investment we've begun this year in digital engineering; security; additional manufacturing space; and the like that you can see on that chart.

If you could turn to Slide 66. Our vision is to be an employer of choice. That strategy includes hiring the very best talent throughout our entire [company], deepening diversity in technical and program roles, transferring knowledge and enhancing our culture.

If you could turn to Slide 67. We've made significant investments in capital over the last few years. When we met 2 years ago, we showed you our plan. And in the top of the chart, you see all the projects that have been complete and many that are underway. These are to support the backlog that we've already captured. Current projects are all very well underway, and again, they support the work already won and all passed a very rigorous EVA filter.

If you could turn to Page 68, please. As we discussed, our people and culture are our strongest discriminator in our market. As we continue to grow, our challenge is to ensure we never lose sight of what is important, our culture. We will protect what makes us unique and stay true to our core values.

I'll now turn it over to our CFO, Scott Morrison.

Scott Morrison, SVP and CFO: Please advance to Slide 69. Thank you for your presentation, Rob. As you can see, a lot of exciting growth projects and hiring happening at Ball Aerospace.

Hello, everyone. It's good to be with you at least virtually. I'm sure we are all getting used to this new normal, and I know this won't be as fun as the last time we were all together here in Colorado.

I believe the message you'll hear today from me will be pretty inspiring. As John and others have said, Ball is in a fortunate place. We came into these unprecedented times with the global pandemic in a position of strength. Our financial condition is excellent. We have flexibility to invest in our business when others may be more hesitant. Our size, scale, our innovation capabilities, our leadership in sustainability and most importantly, our people, make Ball an incredible place to be with a very exciting outlook.

Given the organic growth across all of our businesses, the path we followed to deliver growth and value creation will be slightly different than in the past, which I will talk about in a few minutes. We have a once-in-a-lifetime opportunity to take advantage of and our EVA discipline, ownership mindset and ability to put capital to work will deliver increasing value. Our time is now to capitalize on those opportunities.

Over the next several years, we will make significant investments in our people, systems, processes and assets to create an even bigger competitive advantage, and I know we will be up for the challenge. It will no doubt stretch parts of our organization, though how we work together, solve problems together treat each other and grow with each other won't change. Combining our Ball culture, our financial strength and our teams working together, we can make the things happen when we need to, to ensure our success.

Please advance to Slide 70. Our long-standing financial strategy continues to work. This slide hasn't changed in 20 years since I've been here. At a high level, this is pretty simple. If the formula works, keep doing it.

First and foremost, we are an EVA company, putting capital to work to earn more EVA dollars is what guides us. It's not about getting bigger, it's not about market share, it's about earning more EVA dollars on an increasing pool of capital. We are fortunate that all of our businesses generate cash. We then allocate that cash or capital into more EVA-generating opportunities. All of our businesses have great opportunities to grow EBIT over the next several years. Organic growth in the beverage businesses, record backlog in aerospace, our new Tubex aluminum aerosol acquisition in Brazil and our new cups business all provide great opportunities for us to grow as we look forward. The foundation of how we think about growing our businesses won't change, but the actual path to value creation will look a little different.

Please advance to Slide 71. This is a busy slide, but it tells a really good long-term story. The gray bar is our cost of capital, as nothing is free. We still have to pay to borrow money, and our shareholders listening expect a certain return. The stacked blue bar represents the EVA dollars generated over that cost of capital. The orange line is our at least 9% hurdle rate we need to earn for future investments. The green line is our year-end stock price. The blue burst along the way are important acquisitions, like Reynolds in 1998, Schmalbach in 2002, U.S. Can in 2006, the ABI plants in 2009 and Rexam in 2016. The red burst are divestitures we have made along the way, like plastics in 2010, our steel food business in 2018 and our China beverage assets in 2019. Sometimes it's better to exit a business when you don't see a path to generate positive EVA. That discipline of always actively managing your business and looking at what is the best long-term decision has enabled the favorable CAGRs that John referenced earlier today.

Another important part of this slide is the amount of capital we have at work. The investments we've made in plants, facilities, equipment, inventory, systems. In 2004, we had about $2.5 billion of capital at work, earning 16% returns or nearly $400 million of EVA. In 2020, we have roughly $10 billion of capital at work, earning 11.5% or over $1.1 billion of total value. This is why the green line, our stock price, grows as the total amount of EVA dollars generated has grown to drive that stock price. EVA is about getting returns greater than the cost of capital on an increasing pool of average invested capital. Let me show you a simpler way to see this correlation.

Please advance to Slide 72. Over the 20-plus years shown on this chart, there is a 92% correlation in our stock price and EVA dollar generation. Again, the gray line is EVA dollars in excess of our weighted average cost of capital, and the blue line is our year-end stock price. You can also see over time what drove changes in EVA dollars, like the Schmalbach acquisition in 2002, which expanded our presence into Europe or buying the 4 ABI beverage can manufacturing plants in 2009 and exiting an EVA-depleting plastics business in 2010. All of those were great value generators. Rexam in 2016 was the next big step change, enabling an even broader scale in our largest business.

We also see a couple of flat spots on the EVA dollar line, like the 2005 to 2008 time frame, when we spent money recapitalizing old end-making technology with new high-speed technology in North America, that, at the time, didn't generate more EVA dollars and at that time, the stock price reflected this. More recently, we've had nice growth in EVA dollars post-Rexam. And then we saw some scrap headwinds in North America hit us in 2019, which have since been remedied with more equitable contracts, and then the pandemic hit in the first quarter of 2020. The good news is that we are quickly recovering from the short-lived pandemic impact in Q2 2020, and the outlook for the business has improved dramatically as we embark on executing on all the opportunity ahead of us. So what does the future hold?

Please advance to Slide 73. When we look back historically, you see that we've generated growing EVA dollars, driven mostly by acquisitions and some select divestitures. As we look forward, large M&A won't be a big catalyst and because the businesses we currently operate all generate good EVA dollars, divestitures are not needed. And since our existing businesses are so well positioned from a scale, capabilities, technologies, sustainability and innovation perspective, we find ourselves in a great spot at the front end of an incredible organic growth opportunity. We see global beverage cans growing at 2x their historical rate, and it's not emerging markets driving the growth, but the larger, more established regions like North America, Europe and South America, where we have significant industry-leading scale. Sustainability and innovation are driving durable long-term growth. Aluminum is the perfect answer. This growth is based upon long-term customer commitments with the aluminum can and winning new beverage categories like water, wine, spiked seltzer and even higher penetration in traditional beer and CSD.

In aerospace, our record backlog is 4x our historical level. And the work we have won sets us up for a decade of growth. In aerosol, our new Tubex acquisition gets us into the faster-growing South American market, and we're the only true global player to serve the personal care industry in our product category. And lastly, our cups plant will be up and running at the end of the month, and we continue to see excitement at stadiums and venues and now increasingly at retail, which will drive near-term demand. So unlike the past, when value was driven by M&A, our future will be driven more by opportunities we should be able to shape and influence better. With the increasing size of our CapEx in the future, it is vitally important now to execute on those opportunities as rapidly and as safely as possible.

Please advance to Slide 74. So as we sit here today, we have line of sight to over $5 billion of true growth capital over the next 5 years. Like anything, it's possible that not all of these opportunities will break our way in the 5-year time frame. But as we look out, we can see the need for 45 billion units of can capacity, which Dan discussed. We're in the process of greatly expanding the infrastructure of aerospace and the engineering tools we need to support our customers and our growing labor base, and with the commercial launch of our innovative new cup and the need for more aluminum bottles as well as keeping up with end capacity for our beverage cans, the opportunity to invest in ourselves has never been greater. It's rewarding to invest in our current and future talent base, processes, systems and assets to fuel this growth.

Please advance to Slide 75. For many of you that know me, you're probably thinking, I've never heard Scott this optimistic about Ball. And this over the investment horizon slide helps to bucket the opportunity. Starting on the left, our new cups facility in Rome, Georgia, where we've seen incredible interest with national retailers, online retailers, current beverage customers as well as stadiums; our new Tubex acquisition allows us to enter a new market for us in aerosol to be an even more global supplier; as Rob outlined, expansion of our facilities in Westminster and Broomfield [Colorado], as well as our new payload development facility, are exciting examples of investment to enable continuing growth. And in beverage, recent 1-line additions in Fort Worth, Texas, Rome, Georgia, soon to be completed initial 2-line start-ups in Glendale, Arizona and the recently announced Pittston, Pennsylvania and our Frutal, Brazil facilities powered roughly 8 billion units of additional installed capacity by the end of 2021 as well as additional contracted and approved capacity in North America, South America and European operations that are all in various stages of development or completion by the end of '23, for a grand total of 25 billion units of capacity addition. These investments, over the 2020 to 2023 time frame, are expected to generate in excess of $700 million of growth in earnings when fully ramped, and we are not done.

Please advance to Slide 76. And it wouldn't be a Ball investor presentation without a couple of stacks of cash. When we execute on all these growth opportunities, we expect to nearly double our cash from operations over the 5-year period. With more capacity, recent and future improved commercial contracts, more capability, the sustainability tailwind becoming even more powerful and execution on all the growth, we see the next leg up in our journey for creating more EVA dollars. For those that have been around a while, we've seen some exciting times. I really believe the next 5 years will be even more exciting and more rewarding for our internal and external stakeholders.

Please advance to Slide 77. For the last several years, we've talked externally about the buckets that drive value and growth in our diluted earnings per share over time. The weighting of those buckets might move around a bit over time. Historically, we were more weighted to M&A at sometimes, or more share buyback at others, or to maximizing operations. Now we see the organic growth in front of us and maximizing commercial opportunities as the primary drivers for our earnings per share growth. Rest assured, our discipline is intact. Our capable team and organizational structure has us constantly monitoring risks, our EVA incentive plans ensure alignment with fellow shareholders' interests and we have the opportunity to flex the size of any of the buckets to deliver the Ball equation of 10% to 15% plus diluted earnings per share growth over time.

Please advance to Slide 78. So in summary, what we need to do, we need to execute on the growth capital opportunities, execute with improved commercial terms in the beverage business. Every can made is a can sold, and that should be reflected in our commercial terms. Drive the sustainability credentials and capabilities of our packaging and aerospace businesses, we need to invest in the best EVA dollar-generating projects. We can't do it all. We're to invest for the best bang for the buck, and we will invest in our people and hire the best talent. And we will grow our earnings per share of 10% to 15% plus or more over time by following the same formula that has been tried and true for a long time. And we'll focus on cash. That selling terms, purchasing terms, the inventory we carry, all of that matters and is needed to fund our growth. And we will always continue our long-term focus of returning significant value to our shareholders and delivering consistently on our performance. When all of us at Ball work together and attack these opportunities together, there is nothing we can't accomplish.

I want to thank you, our global colleagues, stakeholders and equity and debt holders. Collectively, you are empowering our ability to achieve sustainable growth, and we will continue to be good stewards of our financial and human capital and invest with our customers and supply chain to ensure long-term value creation and a bright future in our next 140 years.

With that, I think we'll advance to Slide 79 and take a quick 5-minute break so the operator can organize the queue and welcome our internal panelists for the Q&A session. Operator, we'll go on mute now for 5 minutes.

John Hayes, chairman, president & CEO: Hi, Carlos. This is John Hayes. I think we're ready to begin with the Q&A.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions)

Our first phone question comes from the line of George Staphos...

George Staphos, BofA Merrill Lynch: Okay. Thanks for all the details in the presentation. To be fair, I'm just going to ask 2 questions, and I'll turn it over. I'm sure you've got a ton of questions. And maybe for Scott and John, just talking about the numbers first, even though the presentation was a lot more about just numbers. Is there a way that you can help us think about the pace and the allocation of the $700 million of EBIT round numbers through '23 and the pace and directionally, the incremental margin that you'll be seeing from those 25 billion units as they come on? And then I tried to eyeball it a bit. If there's a way you could help us with the pace of free cash flow, ultimately, simplistically, it seems like you're guiding us to about $1.6 billion of free cash flow at some point by '25. But it also looking at Slide 73, the CapEx doesn't step down until '24. So we're talking about $1 billion-ish of free cash flow by that time frame? Or does it happen sooner?

John Hayes, chairman, president & CEO: Well, yes. George, this is John. Both good questions. Why don't I kind of start with the first one, and then Scott can talk about the cash flow. The pace and where the growth is going to be coming from, I think the best way to think about it is follow the cash. I mean that's what we always do. And so look at where the investment is going. We have a fair amount going in the North America beverage. Obviously, the cups business is investing in it. We have some in South America that we've talked about. We haven't announced too much in Europe. But as we continue to look at that, you should see that. And then in aerospace, as you know, we're spending a couple of hundred million dollars. So when you look at the totality and proportionalize it relative to that growth, that's the way I would be thinking about it because I think that's the way it's going to flow through. We don't want to get tied down in any given quarter because that's not what our business is about. Our business is creating long-term value. And so I think we follow the proportionality of investment. It will help drive the proportionality of earnings growth because that's what EVA companies do.

Scott Morrison, SVP and CFO: Yes. George, the only thing I'd add to that. Obviously, the earnings will flow as the assets come online. Remember, over this period of time, we'll have fairly sizable start-up costs in each of the years, but we should have nice growth in earnings in each of the next several years. And then the cash flow will really start to accelerate as we get to kind of 2023 and beyond. You said $1.6 billion in free cash flow, I don't see that number in our future because I still think there's going to be opportunities over the next 5 years to continue to invest. But I see nice growth in earnings at that 10% to 15% plus and generating significant incremental EVA dollars over this period of time.

John Hayes, chairman, president & CEO: George, just a follow-up on that in terms of Scott's materials. He did talk about, in terms of that famous cash page, he talked about cash from operations being $1.3 billion. And by year-end '25, doubling that. And so the big governor in there is by 2025, how much growth capital will you be spending? That's the open question mark. And given that we're a bottoms-up EVA-driven company, we don't know. But I think Scott's point is when you think that through that lens, yes, our maintenance CapEx will increase incrementally as we have more assets deployed, but we will be a cash machine.

George Staphos, BofA Merrill Lynch: Sure. Just a quick follow-on and I'll turn it over. I mean I was getting to the $1.6 billion by the doubling of the $1.3 billion and then the $1 billion that you called out on CapEx on Slide 73 for average, but I realize that's $1 billion plus. I figured I'd give it a shot. Do you think the incremental margins in beverage cans, is my other question from prior, are directionally heading higher? Is there a way to sort of put some sort of maybe not per unit margin, but a way of quantifying it somehow because as margins go up, the volatility goes down, that's also good for EVA and for returns.

John Hayes: Why don't I have Dan answer that?

Dan Fisher, COO, global beverage packaging: Yes, George. I think just going back to post-Rexam acquisition, we indicated, candidly, we did not like where margins were on 12-ounce package in North America. We were inferring that there was a pretty significant delta between specialty and standard pricing in that market. That doesn't necessarily exist in other parts of the world. I think we have remedied, not only the supply-demand tightness, but also some of the contractual discipline that we've exhibited here over the last 2 to 3 years. We've kind of remedied that in North America.

And so versus a historical context, a lot of this capital is being deployed in North America should be coming in at better return profiles. And again, we'll use EVA as a governor in the other regions, but where you'll see probably and I think you're seeing that this year, candidly, is the increase in profitability for the North America business as a direct result of kind of altering the price points of some of the economics in that marketplace. So we're pretty excited about the return thresholds that are going to show up and see how big that stack of cash that's Scott showed on his slide can get to.

Operator^ Our next question comes from the line of Ghansham Panjabi with Baird.

Ghansham Panjabi, R. W. Baird: Good day and thanks for the presentation. Maybe a question for Dan Fisher, in Slide 38, where you kind of call out a 31 billion [unit] increase in North and Central America, beverage cans between 2019 and 2025. Dan, just from a high-level standpoint, how would you allocate that by end market, hard seltzers, still waters, whatever else? And then related to that, how are you managing the operational complexity, just given smaller production runs, at least initially, broader shipping and so on? I'm just asking, how is your production footprint from a best practices standpoint evolve to handle these challenges?

Dan Fisher, COO, global beverage packaging: Good. Thanks for that. Yes, I'll start with sort of how we would categorize the growth. We have indicated probably 25% of that to water growth. The biggest amount of growth that we will see probably leans much heavier into spiked seltzers and emerging alcohol categories, brand extensions, and things that, candidly, what we have insights into are the folks that aren't getting cans that have real winners. We're sort of anticipating that those we're going to step into, when we do get can capacity, that there's been filling investments. So I think that alcohol category could be at least 50% to 60% of that. And then we will continue to see energy drinks continue to grow. There's no slowing down there. Teas, kombucha, there's a lot of other categories. We continue to see nice growth. It's probably smaller when compared to still water opportunity and the alcohol category with [brand] extensions.

And I mean let's face it. If there is, we don't have this built in here, but if there is a demonstrable change in consumer behavior, we certainly saw it in the second quarter in North America. I think John referenced and we referenced in our earnings call. But I mean we saw domestic beer growth. So if there is a shift to more folks working at home and other opportunities like that, people are going to consume packaged beverages, they're going to consume cans. And that's not necessarily reflected here, but that could very well, if other categories fall a little short of our expectation, I think there's room for some other things to fill that gap.

John Hayes, chairman, president & CEO: You want to talk about the operational complexity?

Dan Fisher, COO, global beverage packaging: Yes. What's actually happened, which is a real boon for us, is a lot of the things that are winning, I mean you think of something like some of the spiked seltzers. I mean they have really limited, in many instances, the flavor profiles. They've run 4, they've run 6 and they've run it on one can size. So we have worked, especially in a tight can market, we have worked all throughout the supply chain to demonstrate how you can get more product out, you can fill it faster, you could be more agile by eliminating some of that complexity, and some of the customers that we're working with are winning. They're gaining market share as a result of changing some of those historical behaviors. And so I think that is going to be a wonderful opportunity for us to continue to work and forecast and manufacture.

The reality is, right now, one of the other underlying advantages we have in the systems in the three biggest regions are, because of the investments and because of the continued investments, we're able to not have to transition a line out as much as maybe some of our competitors do because we have such a broad footprint. So we can keep a line running on 12 sleek, for instance. We can keep a line running on 16 ounce. Those conversions seem to be a bigger drain on efficiency and productivity than are just the label profiles. But there's a couple of tailwinds on the efficiency side that are working, and we are designing that in, along with a lot of this capital that Scott talked about, to build in better efficiencies, more agility. And I think you can't underestimate the technology investments we've made with The Source that I commented on because this is improving planning, it's improving our communication with real-time data, and all of that plays a difference. And really pleased with some of the tailwinds we've seen in that area.

Ghansham Panjabi, R. W. Baird: Okay. And just a second question, maybe for you, John. On the 10% to 15% plus earnings growth, I mean, you've been very consistent with that, and you've delivered that over the years anyway, driven in large part by M&A and buybacks and internal execution. Just given the opportunity set you have in front of you over the next 5-plus years, should we expect a pure internal focus with sort of excess cash going towards buybacks? Or do you still see M&A as part of the capital allocation algorithm?

John Hayes, chairman, president & CEO: No. I honestly, I don't see M&A as a big driver. Over the years, Ghansham, we've talked about this, there's a priority shift and in any given period of timing, M&A may be priority #1, followed by share repurchases, followed by internal investment just because the return profiles of those fall out a certain way. I think what you're hearing us say is the single greatest opportunity to generate EVA dollars and generate returns is internal investment. And as I look out 3 years, 5 years, could a tuck-on M&A be part of that, of course it could. Even during COVID, we announced the Brazilian acquisition of Tubex, so that's happened.

But I don't see big scale. I think the big scale is exactly what Dan and Scott spoke about, and even Rob spoke about, that we have more internal investments, opportunities in front of us, than we have people resources in some ways. It's not the capital resource that's a strain. And so we'll continue to buy back our stock. We're going to continue to pay our dividends. We always do. I just think right now that the opportunity set in front of us, I've never seen, as I mentioned in my prepared remarks, haven't seen in 25 years hanging around this industry, and we're jumping on it.

Operator: Our next question comes from the line of Phil Ng with Jefferies.

Phil Ng, Jefferies Group LLC: Pretty impressive that you're able to generate such strong returns consistently above your WACC, and it's been pretty steady the last few years, last 5 years, actually. With the momentum you're seeing in your business, do you expect returns to accelerate the next 3 to 5 years? And what's a realistic longer-term target for ROIC?

John Hayes, chairman, president & CEO: Yes, it's a good question. Let me try and take it, and then I'll turn it over to Scott. There's 2 ways we're looking at it. First is I don't really look too much at ROIC, I look at EVA dollar [generation], because our model says that if you earn 11% off a bigger base of capital, that's going to be better off.

We could shrink the base and make 14% returns and wouldn't generate as much EVA dollars. And so we always look at it is return on capital less cost capital, in this case, our cost of capital is really 6%, but we call it 9%, times the amount of capital deployed. And so that's the way we look at it. And so based on that metric, do I see EVA dollars increasing as time goes on? You bet, I think we all do. And that's why Scott was very succinct in pointing out the 92% correlation between EVA dollar growth and share price performance.

Phil Ng, Jefferies Group LLC: Got it. That's helpful. And just piggybacking off of George's question, maybe I'll attack a little differently. The growth is obviously very exciting, but curious how you're thinking about free cash flow over the next few years. Certainly, there's going to be a curve associated with that given the CapEx. It looks like you're stepping CapEx in that $1 billion-plus range from what I can tell from your slide. So free cash flow actually might actually decline in 2021. I'm getting to maybe like a $200 million to $300 million range number. One, is that in the zip code? Two, when do you kind of expect free cash flow to kind of inflect positively appreciating there's a ramp-up curve associated with that and getting back to that $700 million to $900 million range you've seen in the last few years?

John Hayes, chairman, president & CEO: Well, yes. Well, I guess what we're trying to say is, let's talk about cash flow in two ways, generating cash flow and then using cash flow. On the generating, that's not spending money for growth, that is operationally of generating that cash. And we've been generating right now, we're generating about $1.3 billion. And as Scott said, over 5 years, we think we can double that to $2.6 billion. Now in 2025, what kind of growth opportunities will we have? The real answer is we don't know. If they continue to be as strong as they are, sure, we could be spending $1 billion of growth capital. If they're not nearly as strong, we can dial that back to very little amounts. And so it really depends, and so that's why we'd ask you guys to think more about a multivariable equation of cash generated from operations less the growth capital, as opposed to just 1 metric called free cash flow because in any given year, given the growth opportunities, that will be distorted. Is that helpful?

Phil Ng, Jefferies Group LLC: Yes, that's very helpful. I'm just trying to get a better sense when that inflects because I think Scott was talking about 2023 is when some of that could catch up, but that's definitely helpful.

Scott Morrison, SVP and CFO: Yes, I think that's when it accelerates. I think right now we kind of gave you a 5-year look. To be honest, our view over the next couple of years is it has much higher fidelity than it does out 4 or 5 years from now. Right now, we know what kind of opportunities are in front of us to spend money this year and next year and into '22, and then we would see that free cash flow accelerating after that period of time. But if the opportunities continue at the pace that we're seeing, that may not be the case. But we see, back to the cash flow from operations -- cash from operations, we see that growing consistently, we see EVA dollars growing consistently and earnings per share growing consistently over each of these periods.

Operator: Our next question comes from the line of Arun Viswanathan with RBC.

Arun Viswanathan, RBC Capital Markets: Great. Thanks good morning. Thanks for all the details, very helpful. I guess the first question I had was just a question on returns. 2 years ago at the Investor Day, I think you guys had mentioned that your North American business was potentially not aligned with the value that it was delivering, and maybe that has been rectified now. Could you just comment on maybe how some of the other regions have transpired? Do you see room for increasing your returns in, say, Europe next? And then we've also seen returns maybe come down in South America as capacity has grown there. Is that accurate? So maybe you can just comment on your portfolio generally and across regions. And do you expect that you need to increase returns in any of these regions?

John Hayes, chairman, president & CEO: Yes, why don't we do this? Why don't we since we're virtually, why don't I ask Colin to spend a minute about North America and what has transpired; Ron, a minute in Europe; Pires, a minute in South America; and then have Dan finish it up.

Colin Gillis, president, beverage packaging North & Central America: Okay. Thanks, John. Arun, great question. So in North and Central America, we've been pretty clear that certainly, there were some commercial opportunities that we needed to realize and really much more we had to pivot from a consolidated industry to a growing industry, and that's probably the biggest mindset change for our business. And as we looked at that, it required greater levels of operational efficiency. We had to do, we called it slowing down to speed up. We looked at our integrated business planning, how we manage the business day-to-day and most importantly, we discussed the customer experience. I didn't feel we were showing up as well as we could, and we've done an awful lot of work to get us in a better place. And with a lot of the support functions enabling us to just be a much more reliable supplier and position us for the growth, the explosive growth that you've heard from the guys.

John Hayes, chairman, president & CEO: Ron, do you want to talk about Europe?

Ron Lewis, president, beverage packaging EMEA: Hi, everyone. This is Ron Lewis. I would say for Europe, yes, we haven't enjoyed as high returns as the other regions perhaps, and the supply and demand economics aren't quite as tight as they have been in North America. But they're certainly tightening up, and our customer conversations are much more about strategically being able to assure supply for them. So we do foresee improvement in our margins as we drive the ability to operate our network a lot more efficiently going forward. And we continue to see expansion in specialty cans, which also drives and improves our margins. And customers like the innovation that we have to offer, and that's also an opportunity for us to improve our margins here. Thank you.

John Hayes, chairman, president & CEO: Pires, do you want to talk about South America?

Carlos Pires, president, beverage packaging South America: Yes. Carlos Pires. Good morning. About South America, we are facing and saw tremendous growth after 2 months of huge COVID impact, April and May, where most of our customers decided to be conservative about what's going to happen with the market in terms of consumption. From now on, we are oversold, and our expansion plans are in line, and we are really trying to address our capacity to recover the margins and returns on investment. And looking forward, we see opportunities to grow in categories and also in the specialty volumes that will bring us more margin and returns.

Dan Fisher, COO, global beverage packaging: Yes. And for those of you who haven't been following us over the last 3 or 4 years, in Europe, specifically, when we made the acquisition of Rexam, we stated publicly that the earnings were well below what was our divested business from Ball. And over the last 3 years, we've increased the operating earnings percent to sales by nearly 400 basis points, so there's a significant lift there. They've also repositioned a lot of the footprint in Europe to focus more on more innovative specialty packaging. We acquired a business that required a different mindset altogether. And I think we're just on this, as Ron indicated, we're sort of on the front end of the supply dynamics bending in our favor, so stay tuned on the economic profile as we continue to invest in that region.

In South America, that's our most profitable business. So from quarter-to-quarter, there could be mix impacts. There could be disruptions in the supply chain. It's a fairly volatile region, but we'll take the return threshold that exists in that business, and we'll continue to invest there. As I mentioned, the can is winning, and we've seen tremendous growth opportunity there for the past couple of years.

And Colin's being a bit humble, we were not pleased with the performance in our North America business. We had made considerable investments in our Goodyear facility over the last 3 years. That was not performing. That subsequently had a domino effect on the balance of our business. Colin did mention we had to make some contractual changes. We've seen all of that happen. Colin's been there now for almost 1.5 years, an overwhelming change to his leadership team, and we're really excited about what they're doing and the prospects for returns coming in on a lot of the investments that we're making there.

Arun Viswanathan, RBC Capital Markets: If I could just ask one more question. I wanted to maybe pivot towards sustainability, and you did spend quite a bit of time there. So my question is, I guess, considering the recycling rates, you had mentioned they're unacceptably low in North America. Maybe could you review if there's any mechanism to increase those rates? I know that curbside recycling maybe isn't really the right model, but how do you see that evolving over the next little while? What can those rates get up to? And then as a corollary, have you seen any change in consumer behavior post-COVID? I mean it does appear that maybe there's been a little bit of a pause on the war on plastics. I know you still have the plastic waste issue, are your customers expressing that by potentially not accelerating can investments? Or how should we think about some of those issues?

John Hayes, chairman, president & CEO: Yes. I want to let Kathleen take that and let me tag on the back half.

Kathleen Pitre, chief commercial and sustainability officer: Okay. Sounds good. Yes. In the U.S., as I said in my prepared remarks, we have relied really on curbside recycling. And with that, the recycling rates in the U.S. have really stagnated. And so curbside should play a role, but we also think that policy instruments will be needed to really increase that much more dramatically. And the economic issues associated with recycling, for a long time, this has been sort of a an economic model in the U.S. that's not working anymore. So we do see policy playing a role, especially with deposits and extended producer responsibility, we're starting to see more states and even at the federal level, some discussion there. But I also said in my comments, deposits won't address on-the-go consumption, so we're also looking at ways that we can leverage technology and ways that we can look at more fine recycling infrastructure for on-the-go. So early days in terms of generating that.

And where could recycling rates go? We need them to go to 100%. I mean that is the goal. And as I said, it's a bold goal, that's a 50% increase, and we can't do this alone. There is partnerships with NGOs, partnerships with other businesses and policy will be needed to move it. So it's a big journey.

Quick comment on the consumer behavior and I think you said, "a break in the war on plastic." The data that I showed you and early in my presentation, with 64% of people saying they were trying to reduce their use of plastics, came in the heart of COVID. That came from June [2020]. So no, we don't see a slowdown in that. And if anything, I think people are more aware of the impact of their consumption. And we don't see any slowdown whatsoever in terms of interest of our customers in transitioning to cans. If anything, I think, it's increased in the COVID period.

John Hayes, chairman, president & CEO: Yes. I do think to that point, I do think whether it's alcoholic or non-alcoholic, fountain, call it draft, call it fountain cold, what you will, that has been hurt, obviously. And as what we've heard anecdotally from a number of retailers, restaurateurs as well as our customers that as that migrates back on-premise, if you want to call it that, how they're going to be purchasing their beverages. It's probably not going to be as much in draft or as much in fountain as it once was, and I think that favors our products as well. But again, I think that's more anecdotal and too early to tell.

Your point about the pause, I think certain things about single-use plastic bags for grocery stores, yes, we have seen that, but we really do think that's temporary for all the reasons Kathleen said. The consumer is speaking right now.

Operator: Our next question comes from the line of Brian Maguire, Goldman Sachs.

Brian Maguire, Goldman Sachs: Thanks again for all the great information here. Just wanted to ask a little bit more details on the 25 billion units of capacity additions you're expecting by 2023. I think you've already talked about maybe 8 billion of those already being announced between Texas, Georgia, Arizona, Pennsylvania. Is the expansion in Brazil still sort of on track for mid or early next year, and that's another 2 lines, I think? And then so beyond that, you're looking at kind of a significant amount of capacity that you haven't already identified locations for. Just wanted to confirm that.

And then just around those commitments, I guess, how solid should we think about these customer commitments being obviously, we see the markets tight today, expected to be tight in the next couple of years and consumer trends and demand for things like spiked seltzer are obviously strong and likely to continue. But we've also seen in the past where those trends sometimes shift, and sometimes that demand doesn't remain in place, but the capacity does. So just wondering if you could kind of provide a little bit level of comfort on how to think about that capacity being absorbed, not just over the next year or two, but over the next 5 or 10 years or the duration of these contracts, at least.

Dan Fisher, COO, global beverage packaging: Sure thing. Yes. I would say, first, just reflecting on some of my prepared remarks, the North American market is 10 billion units undersold this year in terms of having domestic capacity to fill those needs. So that is clearly going to be a place where we're putting capital to work. And a lot of the things that you discussed, we've already mentioned that we'll be deploying capital there. I would say roughly, think about 2/3 of that capital probably going into North America.

And then we will be looking at both Europe and South America, but as previously said by, I think, everyone on the call, EVA will determine where that capital goes because we'll be redeploying engineers from all around the world to make sure we're standing up those locations. And with that, kind of as a backdrop, that probably lends itself to probably answering the other question that you asked. We're not going to be putting capital in the ground if we don't have commitments from customers, and those contracts are going to look very different than historically. I think we've mentioned at times in North America, for instance, historically, we've had requirements based contracts. So whether a customer needs 600 million units or 400 million units, we're on the hook to deliver those.

The cadence of how we're going to lay in the capital and what we expect from our customers and how we expect them to work with us and what we expect in terms of economic returns will look like a very tight marketplace should look, and we'll continue with that mindset. As you said, probably when we get into '22, back half of '22, '23, there's still some debate as to whether we're deploying more capital in each one of our major regions. But for now, I would say, rough order of magnitude, probably 2/3 of that capital is going into North America, and the other 1/3 will be split between Europe and South America depending on return thresholds.

Brian Maguire, Goldman Sachs: Great. And then just one other one for me. Just looking at the longer-term 5-year opportunity where you've described maybe a 45 billion unit opportunity and probably understanding that beyond the next year or two, it becomes a lot harder to forecast things out. But, if I'm just looking at one of the slides where you talked about the expected growth in the next 5 years between North America, South America, Europe, Russia, your 3 major regions, it looks like you're forecasting about 70 billion units of growth in the market, the next 5 years and 45 billion units for you alone would be about capturing about 2/3 of that growth. I'm just wondering if that's sort of realistic or if you think that you can capture an outsized portion of the incremental growth from here, recognizing existing market shares are kind of in that 40% to 50% range, do you think you can capture an outsized portion of the market growth from hereon out?

Dan Fisher, COO, global beverage packaging: Well, yes, great question and allow me to maybe clarify some of it. We're talking about installed annualized capacity for the 45 billion. So that doesn't necessarily mirror one-to-one with the demand that we're showing on this graph. So we don't have, as Scott and John had indicated, we don't have a market share target. We've got an EVA dollar generation target. And so whether it's 40 billion or 50 billion, and as I indicated as well, these [industry growth] numbers over the last 2 to 3 years have grown every time we've reassessed, and we usually do a reforecast, if you will, about every 6 months, and so likelihood that these numbers will continue to grow.

Where the growth is coming from kind of at a high level, I think you've indicated this in South America, it's going to be a substrate share game. In Europe, we're continuing to see that, but Russia continues to grow at a healthy margin and in the Nordics. The frontline to sustainability are being impacted in Western Europe, most notably the U.K. And then in

North America, there's no sign of a slowdown in the seltzer category or the alcohol category. And a lot of that we've referred to over the last handful of years. I can remember dozens of earnings calls where we talked about the decline in domestic beer, and what we had seen with a lot of the conversations we have with our customers is they needed to innovate, they were going to have to develop something that the end consumer wanted, and what you're seeing now is a pipeline of innovation that's really been being developed over the last couple of years, and we don't see an end to that innovation pipeline.

So I think the can continues to win. We shared that data. So things look to be very realistic for us to step into a good portion of that 45 billion installed capacity from a demand side.

Operator: Our next question comes from the line of Gabe Hajde with Wells Fargo.

Gabe Hajde, Wells Fargo Securities: Good morning. John, thanks for taking the time to highlight culture and the importance of employees. I think that sometimes goes overlooked at organizations. So wanted to dig in a little bit on the investments that you're talking about. I think Dan said 2/3 going into North America. I think for a long time, we've been kind of rationalizing capacity, we're migrating to specialty, while not necessarily investing in 12-ounce capacity, which would imply to me, some new plants that you're going to be standing up, obviously, similar to what you're doing in Glendale and Pennsylvania.

With that, often comes a little bit of a lag time from when you see the returns. And maybe another stab at getting to George's question, to the extent that you can comment, is this $700 million of expected EBIT improvement somewhat back-end loaded? And I'm trying to kind of, again, draw conclusions from what Scott had said when he referenced Slide 72, that sometimes when EVA dollars are flattish, so does the stock price and there's a 92% correlation, so that's how I'm thinking about the question.

Scott Morrison, SVP and CFO: Yes, Gabe, this is Scott. No, I think like I said, we'll see nice improvement in earnings in each of the next several years, even with all this growth and growth capital that we're spending. In terms of the timing of it, it won't be a straight line. Like Dan said, it depends on when assets get up and running. I think we learned, we talked about Goodyear a lot. And realistically, we were 6 months behind in Goodyear. And I think we learned a lot of lessons, and I think we will be a lot better as we go forward. We have been a lot better as we've gone forward and invested in additional lines and additional capacity. So I see this as strengthening as we go forward for each of the next few years. And to get to that $700 million over the next few years.

John Hayes, chairman, president & CEO: Yes. Let me kind of address it a different way because if you think about it as we sit here today, we actually have some of these new lines in Rome, Georgia, Fort Worth, Texas. They're already up and running. And we're going to get a full year's benefit next year from that. We also have the aerospace that we've been continuing to improve, and we continue to see this double-digit growth, so that's another layer of that. As we think about the cups business, the cups business plant is going to start to make product this month. Now it's going to be at the end of this month, to be fair, and we really won't hit the ground running, but we will get upwards of 3/4 of a year of real production and profitability out of that.

And then we have the Glendale plant that realistically is going to start up at the early part of the year, but we realistically won't get much until the mid of the year [2021]. And then you have Pittston coming on that happens in the middle of the year [2021]. So what that all says is you can see this cascading approach of the investments, i.e., Rome and Fort Worth that have already hit, really adding in. And then as the cups come in and as aerospace continues to grow and as Glendale comes in and as Pittston comes in and then plants after Pittston, et cetera, that's why Scott mentioned what he did in terms of just a steady-state move. It's not going to be a direct straight line, but it is not back end-loaded either.

Scott Morrison, SVP and CFO: And both Glendale and Pittston, we're starting with a couple of lines, but that doesn't mean we're ending with a couple of lines. There's a lot of incremental capacity we can add in both of those facilities as we go forward, and we see more of this growth get under contract and we get closer.

Dan Fisher, COO, global beverage packaging: Yes. Maybe because you referenced Goodyear, what happened with Goodyear is we shuttered multiple facilities and lines that were running at 80%, 85%, and we moved all that volume under one roof. And until you get back up to 80%, 85%, it becomes difficult to generate those returns. So a 6-month delay on that, where it's really not a lot of growth that's happening in that plant, is a heck of a lot different than what we're talking about. This is investment for growth. We are completely sold out in every region in the world. And so as this capital gets deployed and the fixed cost gets absorbed, the returns should just show up. And I would just echo what Scott said, we're building these facilities for growth in a growth market for medium and long term. And so when you have the second line and the third line and the fourth line show up, those returns start to look real good real quick.

Gabe Hajde, Wells Fargo Securities: Understood. That's how I understood the business to behave. One last one, I guess, on sustainability, and I'm thinking about it two ways. Would there potentially be investment necessary on your behalf to maybe enhance the North American recycling infrastructure? And then separately, what have you guys seen I mean, I'm thinking about Germany specifically, but just to the extent that states do begin to implement some sort of return policy, could that cause short-term noise/ disruption?

John Hayes, chairman, president & CEO: Yes. This is John. Let me take this, and then maybe I'll turn it over to Kathleen. Do we see a need or an opportunity to invest? If we can generate good EVA dollars, of course, we would. In fact, when Kathleen was talking about collection, you really need to break that down because there's curbside collection versus on-the-go collection, but there's also the collection on the back end at the municipal reclamation centers (MRFs). Eddy currents have been used for so long. We have been investigating, not yet investing, but investigating what role can we play in terms of making sure that these eddy currents in these MRFs, they're collecting 80% of the cans, but that last 20%, they're not. How do we attack that? And is there a technology we could invest in to go after that?

We haven't made any decisions. But if there's a business case and an EVA case to do that, of course, we'll do it because that ticks off the environmental sustainability and the economic sustainability. And so we have been looking at things like that to see where we can play.

Lastly, one of the things that we have learned is when you look where recycling systems work, they typically work because there's an economic case around it, i.e., Brazil, where wage earners are more than happy to be collecting and sorting cans or it's federally mandated like you see in Germany. So there's no wiggle room out. The U.S. the reality is there is an economic incentive, but I'm not sure that it's enough of an economic incentive for a human picker to be picking cans out of waste streams, and at the same time we have a government system setup that is a states right not a federal government right. So Kathleen had mentioned we would have to chase the other 40 states that don't have this and we would have to ask ourselves how realistic is that so we have been exploring other means, creating coalitions with other NGO partners to trying to move that agenda as well. Kathleen, anything else to add?

Kathleen Pitre, chief commercial and sustainability officer: Yes, the other thing I would say is one of the things that we have really looked at in this journey is doing a study of all of the recycling policy and deposit policy and EPRs all over the world and seeing how they work, both from a collection and recycling standpoint and also how they impact sales and consumer preference.

And we've built that into our policy-thinking. And as I referenced in my prepared comments, the design of deposits matters a lot. And this is an area where we've put considerable effort into aligning the environmental outcomes and the economic outcomes that make sense. And when those are aligned, the can will win.

Operator: Next question comes from the line of Mark Wilde from BMO.

Mark Wilde, BMO Capital Markets: I would like to just tag along on this sustainability issue. Kathleen, is it possible to have you just talk generally about sort of the dialogue with the beverage companies about putting in deposits on a broader basis?

Kathleen Pitre, chief commercial and sustainability officer: Sure. As I mentioned in my remarks, I think, for a long time, the beverage industry, in general, has opposed deposits pretty much everywhere in the world. We've seen in recent years a shift in that behavior with many of our large customers advocating for deposits in Europe, in particular because they need a clean stream for PET, and it's really problematic for PET. So I think there is a recognition that the way that the system is working generally, certainly, in the U.S. and certain other geographies, isn't working very well. And there's a bit of discussion still about what is the right structure, what's the right mix of curbside and policy instruments, et cetera.

And so there are things where the industry is starting to coalesce, and then there are still some areas where I think we'll continue to see things a little bit differently. Generally speaking, I would say, our customers are moving more in the direction of recognizing that the recycling system as it is doesn't work very well.

Mark Wilde, BMO Capital Markets: Okay. And then I wondered if you could just talk about ways to improve kind of recycled content in North America. I think a couple of other players in the beverage can supply chain had an announcement out this morning talking about increasing the actual amount of recycled aluminum in some of their products and using more green energy. And I just wondered if you think that, that is really kind of a first step, we're going to see kind of more focus on producing recycled can sheet here in North America and maybe less reliance on imported can sheet.

Kathleen Pitre, chief commercial and sustainability officer: Yes. So today, in the U.S., recycled content is a real strength. It's, for can sheet, on average, 73%. So we're starting from a very strong position. When you look at what we already referenced was the recycling rate in the U.S., and you think we're losing 50% of cans, there's a huge opportunity and it's why we're very focused on increasing the collection of those cans because the supply chain is very efficient in driving those used beverage cans back into can sheet. So as we've already talked about, collecting more of those is really important.

The other thing that's really important is keeping used beverage cans in can sheet. Because aluminum is such a versatile, valuable material, there are a lot of industries who are interested in used beverage cans. And we see used beverage cans flowing today into other industries and back and forth. And so understanding those metal flows and working with our customers to keep more used beverage cans in can sheet will be a focus for us.

Mark Wilde, BMO Capital Markets: Just the last one, John, I had, was just either for you or Dan to just talk a little bit, as you and others are kind of ramping up capital spending on beverage can capacity, just issues either internally for Ball with your own engineering or with the equipment vendors.

Dan Fisher, COO, global beverage packaging: Yes. I'll start there, and maybe John can jump in. I think the thing, if you reflect back with us and maybe compare us against others in the industry, I mean, we have really believed in the sustainability tailwinds and in the growth tailwinds for multiple years now. And we've organized around that. Kathleen's on the call today. Our strategy, our commercial strategy is sustainability. And so we spend an awful lot of time organizing under the global beverage umbrella. We've centralized our engineering. We've begun hiring. Scott referenced some of the learnings we had in Goodyear. One of the things we learned is we need to hire people faster, train them more effectively, deploy our capital, our engineers and our human capital with the same conviction that we run other aspects of our business.

So all of that generated candidly, I think John and I spent a considerable amount of time over the last 2 years educating the entire supply base on why we believe this is happening, why they need to get prepared, why we need to invest together. And we've changed an awful lot about how we structure our deals, where we invest, who we invest with. We've kind of redefined partnerships and coalitions. And because of that, I believe we're really poised to step into this growth in a manner in which we were concerned about a couple of years ago. But we organized for it, we've hired for it, and I believe all of that is starting to pay off in terms of our ability to execute and speed with which we can do that.

And so whether it's aluminum or it's coatings or it's human capital, all of those things we're able to, I think, we're able to step into and acquire. And I think one of the folks commented via questions on how many times we referenced culture or the fact that John referenced culture. That's the concern. And I think you've heard that from John and Scott in meetings, you've heard that from me, what's keeping it. You heard that from Rob Strain in the aerospace side. We're hiring thousands and thousands of people, and we need them to understand how we operate, how we solve problems, how we work together. And so that culture aspect is probably as much of a differentiator and something that we're concerned at as the raw materials and the people that we have to hire. I don't know if you had anything, John, further.

John Hayes, chairman, president & CEO: No, I think it's a good summary. Dan and the team have done a very good job. And I'll take a step back and think about we have global engineering now. We didn't have that 3 years ago, 4 years ago prior to this. You think about what we've done on the sourcing and creating global categories. And so when you look at the risk, you think of aluminum, you think of coatings, you think of equipment, you think of people. And I think across all 4 of those, we've made very good headway on that. So thank you, Dan.

I'm going to pivot a little bit here because we've gotten some questions from the webcast, and I want to make sure we address them. One of them was for the aerospace business. So maybe Dave Kaufman, who hasn't spoken yet. The question is which offerings tend to be cost-plus and which offerings tend to be fixed price? What split of your profit is fixed price versus cost-plus?

Dave Kaufman: Okay. Thanks, John. So the fixed price offerings tend to be production, and the cost-plus offerings tend to be development. And with development, there's a little bit more execution risk, a little more uncertainty, so the cost-plus offers some protection from that. And with that lower risk, there comes a lower return.

With fixed price, it's production. We know what products we're producing, and there's a little more execution risk. And so with that comes higher return. I don't have a split about how much profit comes from each, but I think those kind of guidelines give you an idea about where it tends to be.

John Hayes, chairman, president & CEO: Okay. Thank you. And then one for Stan Platek. Can you talk about the emerging opportunity within aluminum personal care items, please? Stan, do you want to talk about what's going on in your business?

Stan Platek, VP and general manager, global aluminum aerosol: Yes. Sure. Thanks, John. So I think with regards to circularity, as Kathleen talked about earlier, we have an offering towards our customer base with regards to sustainability with advanced lightweighting and also with regards to recycled content and an overall lower carbon footprint. I mean the other thing that's happening in personal care is we're offering a circular alternative to plastic and some of the other substrates that are not as circular or sustainable, in our opinion.

So with regards to our Infinity bottle line, which is not only an offering for personal care, but also for pharma, for dry goods, also with regards to unique beverage portfolios, niche markets, these are all additional categories that we have an offering for today. And we think that with regards to the consumer wanting a responsible solution for sustainability, that this is a category and these are markets that will continue to grow as an alternative to some of the other substrates out there.

With regards to the current environment, with COVID and so forth, with regards to isolation and government restrictions, we see a bit of a decline now. But with that also comes other opportunities in the personal care market with sanitizers and disinfectants, which we've been able to capitalize most recently. But I think, in general, though, that pretty much covers where we're heading and what the opportunities are within personal care.

John Hayes, chairman, president & CEO: Okay. Thanks, Stan. Somewhat related to that, there's a couple of questions that came in about, let me just read it, about sustainability. So maybe, Kathleen, I'll ask you, can you talk about the cup and the increasing brand presence at retail, how that pairs with leadership and sustainability. And tagged on to that is how is Ball telling/ reminding consumers about the substantial relative benefits of aluminum? What is Ball's social media strategy? As someone middle-aged, my kids seemed relatively, reflexively understand aluminum superiority to plastic, but my parents do not. So how does Ball help educate the boomer generation? So if you can talk about all those at once.

Kathleen Pitre, chief commercial and sustainability officer: Sure. Sure. So we do have a multipronged approach to having more people understand the sustainability credentials of aluminum. The cup, obviously, has given us a great public relations platform. And whether it's been the Super Bowl or launch on college campuses, we've generated a lot of interest and PR value from that. It tags on to cans because of the novelty and newness of the innovation, it gives us an entry point also to talk about cans, which has been very powerful.

We're also looking at new partnerships, some of which we can't talk about yet but are in development, that will give us really exciting platforms to further engage with consumers about the sustainability credentials of cans. We have some joint PR campaigns and activities. Some of those are social media-based. Many of you have seen we have a partnership with Jason Momoa on the Mananalu brand, and he, of course, is a great storyteller, leveraging social media to talk about how aluminum can solve the plastics issue.

We also know from some of the consumer research that we've done, that on-pack labels are really important. And so we've doubled down our efforts on having the Metal Recycles Forever logo be part of our package, and consumers respond really well to that. So there are several things.

Regarding the age generation and focus, candidly, we are focusing more on young people. A lot of the growth categories that we see and more of the sort of interest and enthusiasm for sustainability does tend to be in the younger generation, which doesn't mean we don't want to convince everyone, but it is more of our focus.

John Hayes, chairman, president & CEO: Okay. Thank you. A couple other questions, and I'll have Dan answer them. How sustainable are the recent commercial improvements in can contracts, whether it's pricing, logistics, volume commitments? Is there a risk that these would revert back to its historical and next wave of contract negotiations? And then a tag-on is do you think there's a risk of overcapacity in the industry given all the capacity additions going on?

Dan Fisher, COO, global beverage packaging: The first part, as it relates to contracts, the good news is a lot of the things that we built into the contracts, our customers are seeing the benefits of them. I think, historically, all of the waste in the system, all of the inefficiencies related to planning, forecasting, their ability to move product, their ability to stimulate new product launches, all of that fell to us, and we've now got, I think, fairly equitable contracts that are enabling our customers, especially as they're launching new products at the rate they are in cans, to really ramp up their supply chains and to launch those products and to win in the market.

So I don't see a lot of the contractual language that we've stepped into changing. As it sits here right now, as it relates to can demand growth overcapacity, I will say it again, the slide we referred to that is demonstrating 100 billion units of growth from 2019 to 2025, that number has increased every 6 months for the last 3 years. And so it won't take much in terms of still water, it won't take much in terms of anti-plastic sentiment, for us to continue to have to allocate at the rate we are for years in the future. There are other aspects where there are just so many new innovations coming out of the large CPG groups, and all of them are going into cans. And so we may be off a little bit on our growth projections. But I'm pretty certain, over a long period of time, at the rate all of our competitors are investing and we are right now, that the market will continue to be tight for the foreseeable future.

John Hayes, chairman, president & CEO: And one follow-up on that, and then I have some financial questions for Scott. What is your share of new orders from beverage makers? I know you have a large share of specialized, but are your competitors catching up?

Dan Fisher, COO, global beverage packaging: New orders, we tend to participate in the widest customer arena versus our competitors. We noticed this in a pretty pronounced way when we acquired Rexam. For instance, in our North America business, I think we have over 800 customers where the business we acquired had less than 60. And so innovation, differentiation, category expansion, we're still seeing all of those. The end consumer may not be seeing at the rate that we're being presented those ideas or we're chasing them because of the can allocation issue.

So I don't see the competition stepping into that. It is incredibly challenging. The attributes of the scale, the number of SKUs that we have, the system investments Scott mentioned, the recapitalization we've done over a long period of time, all of those have set us up in a way that I think continues to differentiate us in a pretty pronounced way versus our competition.

John Hayes, chairman, president & CEO: Okay. Thank you. Scott, a couple of questions. I'll lump them all together. What's your target leverage? What's your credit rating target? How do you finance growth from debt or equity?

Scott Morrison, SVP and CFO: Target leverage is really kind of where we're operating right now in that 3 to 3.5x range. If you look at our debt portfolio, it's incredibly competitive from a cost standpoint, so living with a little more leverage than we used to live with. And frankly, our cash machine is just bigger than it used to be. So 3 or 3.5x is a good place to operate. We have a pretty big seasonal build.

Credit ratings, we've been BB+ positive outlook since 1998, and that's worked pretty well for us. So I don't see that changing. It gives us a lot of flexibility to be able to invest in our business and take advantage of the opportunities that we're seeing now and still return significant amounts of money back to our shareholders. And what was the last part of that?

John Hayes, chairman, president & CEO: How do you fund the growth, debt or equity...

Scott Morrison, SVP and CFO: Yes, it's really cash. I mean we're going to generate significant amounts of cash. And that's what we're talking about before, where we're generating growing operating cash flow, and we're choosing more to invest in our businesses right now. That's really the opportunity that's in front of us. So it's almost like doing a $1 billion-plus acquisition a year in our existing businesses. So that's where the opportunity lies, at least for the next few years. And so it's really cash that we'll be generating from our existing businesses.

John Hayes, chairman, president & CEO: Okay. Thank you. Carlos, I think that's not all, but the majority of the webcast questions. So I'll turn it over to you to see if there's any other live questions.

Operator: We do have a question coming from the line of Neel Kumar of Morgan Stanley.

Neel Kumar, Morgan Stanley: On Slide 52, you laid out the addressable market for aluminum cups is about 93 billion units globally and about 23 billion units in the U.S. I know your initial production is about 450 million cups. And you said customer's activity has been quite strong so far. So can you just talk about what is general timing for the next line and plants and how big this business could eventually get? And can you just also elaborate on the opportunities you see in each of the customer end markets like foodservice versus retail versus e-commerce?

Dan Fisher, COO, global beverage packaging: Sure. So I guess a little bit of the change. Our original business case, and I think I referenced this and I think John has as well, was we were going to start out venues in concert halls, in large concert settings and kind of drive social media through that arena. And obviously, beginning in March with COVID, we've altered a bit where we're investing our time. And the retail channel, we decided to accelerate the stand-up of that business [retail], which is not insignificant, where you're talking about ERP systems and the conduits into the transaction flows and the KPIs required by the retail entities. But we, as I mentioned in my prepared comments, we'll stand that up, and the second quarter [of 2021] will be our first retail shipments. We're continuing to ship into foodservice environments, and hopefully, once COVID subsides, we'll get back in and start fulfilling many more of those opportunities that we've garnered throughout the last 18 months.

So long story short, I think to answer the volume question and the speed to which we're going to deploy additional lines, we really need to see actual real-life velocity and turnover in the retail channels. We've got some early indications, as I mentioned, with Amazon and e-commerce. But until you're standing it up in big retail outlets, you really don't know. And the velocity and the turnover as it relates to the retail channels is what's going to drive volume, and that's going to drive investment.

Now having said that, just last week, we had our first 3-year plan, which updated the shift in terms of commercial channels for that business. And we do have plans and multiple plans for lines of investment. I could easily see us investing in a second line and announcing that this time next year, potentially investigating further another part of the world, most likely Europe, it's very similar in a lot of its dynamics to the U.S. But if I was to sit here and tell you what that was going to look like and how fast and the timing of that, I think it would be a bit premature. But rest assured, we're going to know a hell of a lot more this time next year because we're going to be in these channels, we're going to see the velocity turnover, and we're going to be able to calibrate how fast we need to invest.

We're very excited about this business, the last question, how big this could be. I mean I would be disappointed if we're not talking about this in 5, 6 years, and it is a sizable fourth leg to our portfolio here at Ball.

John Hayes, chairman, president & CEO: And don't forget the existing facility we've built, we can scale that out. We can add multiple lines in that. So I think we're ready. I think we're ready. But what you heard from Dan is we are ready to go, and now let's see the data pour in on exactly where, how and when.

Neel Kumar, Morgan Stanley: Great. That's all very helpful. And then in South America, you indicated that the beverage can volume growth target of 5% to 8% will likely not be high enough if the shelf can mix remains 70%. So what does your base case assume in terms of mix going forward? And then how much upside is there to the volume growth targets if it stays at that 70% level?

Dan Fisher, COO, global beverage packaging: Yes. I think the can penetration, and I may have to confirm this Ann, if we need to adjust it, we can. But I want to say it's somewhere between the mid-50% and 60% range.

John Hayes, chairman, president & CEO: And that's obviously an annualized number. And as you think about going to 70%, you can clearly see it. And I do know, maybe, Pires, as you're on the phone, you want to talk about, there have been a couple of months during this COVID that it did reach 70%.

Carlos Pires, president, beverage packaging South America: Yes. Before all this COVID thing, it was the first time in our life that the can share moved higher than 50%, achieving 51% in the beginning of the year [2020]. And after COVID, there was a big change from the consumption, from on-premise to off-premise, where the supermarket sales is the winner in the entire region in South America. And we see a spectacular growth moving higher than 70% in a few months. But right now, there is a big constraint to continue to grow because there is really a maximum capacity being used in the region. And we expect that after COVID, there will be some retraction in this number that will probably land in the level of 60%.

John Hayes, chairman, president & CEO: Carlos, any other questions?

Operator: We have one more follow-up from George Staphos.

George Staphos, BofA Merrill Lynch: I'll try to be quick. Kathleen, a question for you. I appreciate that you talked about BPA and the continued move away from that. Can you talk about in a quantified way, what percentage of your coatings will be fully BPA-free or what percent of your volume will be, over what period of time? And is the coating issue a potential threat that you see to the business longer-term or just something that you're highlighting and not something that you're terribly concerned by?

And then kind of a last question for me. Certainly, COVID has done a lot to the business, and for that matter, Ball investors have changed a lot over the years in terms of the growth outlook. It certainly increased demand, but it's also changed consumer behavior. Aside from just the sheer numbers of capacity that you're putting into the business over the next number of years, what do you think the biggest thing is as we, once again, toward Ball can plants, that we'll see at the plant floor, that will allow you to most efficiently leverage this growth? Is it going to be redundant capacity, digital printing, palletizing? What is going to allow you to take advantage of this growth most effectively given what's happening to the consumer and the change of behavior that we're seeing there?

John Hayes, chairman, president & CEO: Kathleen, do you want to take the first question?

Kathleen Pitre, chief commercial and sustainability officer: Yes.

John Hayes, chairman, president & CEO: About BPA.

Kathleen Pitre, chief commercial and sustainability officer: Yes. So as I mentioned in our remarks, we are transitioning away from BPA in totality. We expect to have that done in the next 12 to 18 months or thereabout. It is a partnership with our customers. And there's lots of work that goes into that. And I would say that we don't really view BPA as a threat per se. I think what you see from us is a very positive agenda, that's looking at how do we connect with consumers on the things that they care about. And material health is something that they care about.

And so rather than viewing BPA as a threat, I think we view moving to new coatings with these cradle to cradle certifications as more of an opportunity, and it takes something off the table that's a concern. If you think about how we engage with our customers, they don't want to trade one problem for another. And as many of these things that we can solve for them, it gives them much more confidence about continuing to invest in shifts into cans. And so for us, it's more about opportunity.

George Staphos, BofA Merrill Lynch: Sustainability has become your commercial strategy, as you said.

John Hayes, chairman, president & CEO: Yes. Bingo. Bingo. And then maybe I'll start on your last one, the increased demand and changed consumer behavior, what does that mean from a plant floor perspective. I'll start, and then maybe, Dan.

I think the single greatest thing, as I look back, is the size and scale of our facilities. And George, you've been around a long time. We have our own preconceived notion of what a one-line output is. It's totally changing in today's world because I don't know what our line is. We’ve got double front ends. We get double back ends. We're building facilities that have capability of making 8 billion cans. That's unprecedented. And so I think that's one of the things. But the reason why we're able to do that has as much to do with technology. And I give Dan and all the people on the engineering side working with and for Dan, and even Colin and Ron and Pires on the phone here, they live it every day.

But the use of automation and the use of data for everything from changeovers of labels to predictive maintenance and everything in between, we've done a great job. And you know, George, that if you can get 20 cans a minute [extra] out per line, those are low-hanging fruit. And so this continued 2% to 3% productivity improvements year-over-year on the stuff we've been doing for a while, combined with size and scale, I think that's a big differentiator. Dan, anything else from your side?

Dan Fisher, COO, global beverage packaging: Yes. George, the only thing I would add is you can't underestimate where a lot of this growth is coming from and will come from. And a lot of it needs to be stood up. One of the slides that we had in were new filling investments. If you're betting on the right categories with the right customers and winning with the winners, we can set up our supply chain in a way that it's talking to one another.

From the aluminum rolling mills to our customers, to the retailers, what do we need, when do we need it? And I think that agility and that transparency just eliminates an awful lot of waste in our system. And so I'm hopeful that the plants that we're designing in the supply chain and the categories that we're designing them are going to be huge beneficiaries of more efficiency, better productivity and a smarter workforce, a much more trained workforce. All of that is going to contribute and be able to align itself with the technology advancements that John indicated.

George Staphos, BofA Merrill Lynch: Dan, thanks for that. The point that Mark was alluding to is one of the suppliers and one of your customers talking about this new environmental or more sustainable beer can. Does that reflect, not that your growth starved from your presentation here, but does that reflect an opportunity that you also can leverage? Or has that reflected an opportunity that you missed on? Sorry to ask that quick question, but it came to me. Sorry to ask that quick question but it came to me. Again thanks very much and good luck the rest of the quarter and thanks for the presentation.

John Hayes, chairman, president & CEO: No. We've got, believe it or not, George, we've got a variety of different things going on with a variety of different customers, even working with how to incorporate even more scrap, not only from beverage containers, but from other industries that use aluminum. And so that is one of the things that I think everyone is trying to do.

The reality is that it's important as an industry to recognize that what we're trying to do is focus on the can having the most recycled content. I think for brand owners to think that they can differentiate within a can, because someone has 78% versus 73%, I don't think that is the goal of what we're trying to achieve at least. And so we're trying to, as an industry, make sure that we're doing that, and we're working with many, if not all, of our aluminum suppliers. I don't know. Kathleen, anything else did you want to add?

Kathleen Pitre, chief commercial and sustainability officer: No. You've got it covered.

John Hayes, chairman, president & CEO: All right. Thanks, George. I appreciate it. I recognize we're about 7 minutes past the top of the hour that we were going to end, but I just wanted to say thank you. This Virtual Investor Field Day was not our first choice. We would much rather see everyone in person, and hopefully, with time, we'll be able to do so.

I want to give a shout out to Ann Scott and Brandon Potthoff for putting this together. And if there's any other follow-up questions, feel free to reach out to those two and we'll make sure we can answer them as efficiently as we can. Again, I want to remind you, our third quarter conference call is November 5, so in about a month's time or so. In the meantime, you all be well, be healthy, and thank you for participating.

Operator: That concludes today's call. We thank you for your participation and ask you to please disconnect your lines.