THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

BLL - Ball Corp Management Briefing at Investor Field Trip

EVENT DATE/TIME: DECEMBER 13, 2016 / 06:00PM GMT

Document includes important disclaimers at the conclusion of the transcribed comments – slides used during this presentation are available at www.ball.com/investors under the “presentations” tab.

THOMSON REUTERS

CORPORATE PARTICIPANTS

John Hayes *Ball Corporation - Chairman, President, CEO*

Scott Morrison *Ball Corporation - SVP, CFO*

Rob Strain *Ball Corporation - SVP, President of Ball Aerospace*

Jim Peterson *Ball Corporation - SVP, COO of Food and Aerosol Packaging*

Dan Fisher *Ball Corporation - SVP, COO of Global Beverage Packaging*

Ann Scott *Ball Corporation - VP IR*

Tony Barnett *Ball Corporation - President of Beverage Packaging AMEA*

Gihan Atapattu *Ball Corporation - President of Beverage Packaging Asia Pacific*

Carlos Medeiros *Ball Corporation - President of Beverage Packaging South Americas*

Colin Gillis *Ball Corporation - President of Beverage Packaging Europe*

PRESENTATION

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Good afternoon, everyone. Thank you all for coming, first and foremost, and thank you all for participating last night for those of you who were here.

Before we begin, a special shout out to the folks who helped organize this, Ann Scott with Chris Barkley, Kathleen Pitre and Renee Robinson and many others at Ball Corporation, these types of things, and herding all of us into a room at once in December is not the easiest thing. So we certainly appreciate Ann’s and the rest of the team's help, so thanks.

Before I get started, if I can get started, here we go, the proverbial forward-looking statement. This investor presentation will include forward-looking statements, and actual results may differ materially from what is described. Additional information on factors that could cause the statements to differ are set out in this slide and in Ball's public filings.

What I'd like to do is real quickly, before I get into my remarks, just introduce the management team joining me today. To my immediate left here is Dan Fisher, who just last night, as you all know, we announced is our new Senior Vice President and Chief Operating Officer of Global Beverage Packaging. We are delighted to have Dan here. He's had a record of achievement in everything he has done here at Ball Corporation. He knows our business, he bleeds Ball blue. He is passionate about the can. We are very excited to have him here.

To his left is Rob Strain, who runs our Aerospace business. He too is a real seasoned pro and he's been doing great things. I'm not going to steal his thunder, but he will be able to talk about, as we look forward, the great opportunity, the tremendous opportunity that we have in front of us.

And then to his left is Jim Peterson, who has been in his responsibility for a little over a year now. Jim has been at Ball since 2006 I believe, and he too bleeds Ball blue and has been doing some really interesting things, and he too is going to talk about the opportunities we have in front of us.

And then last but not least is Scott Morrison, who you all know is our Chief Financial Officer. He's going to follow me and give, from a financial perspective, some of the things we are thinking about strategic and looking forward.

Those gentlemen are going to go through presentations. We are going to take a break then and then we are going to have our regional presidents who are sitting in the back right now come up and do a panel, and then we will take Q&A for the rest of the folks. So we are very excited about everything that we have to talk about.

And let me just, without further ado, let me jump right into that. And I just mentioned this, but I said this last night and I'll say it again. We have, at Ball, a once-in-a-lifetime opportunity, a once-in-a-generation opportunity in each and every one of our businesses.

And, I know there's a number of questions out there. That's why I think the timing of this investor day is very apropos.

And, we are fired up about our ability to achieve. A lot of people have said are you going to be able to execute on what we've said? And last night, at the opening, if you recall, I said watch what we do, not what we say.

We have a proven record, we recognize that success is not a straight linear line from the lower left to the upper right. Things in life get in the way.

But what I thought I would do is just start by talking about a couple of three different things that we've done. And what I've done here in each of these main beverage can acquisitions back in 1998 when we did Reynolds, in 2002 when we did Schmalbach, and then in 2009 when we did Metal Container, we looked at the three years afterwards and what we delivered. And what you see is nothing is a straight line, but we have a proven track record on delivering on exactly what we've said.

If you recall, at the end of the second quarter, we put out financial targets. I know Scott is going to talk about that. It was somewhat unusual, but we thought it was very important because we had spent the last 18 months or so unable to really, because of UK takeover law, unable to talk about the vision we saw and the value we saw. So, Scott is going to reiterate those things today.

But today is -- what I want to do is frame this, and it's all about looking forward. And it's quite an exciting time, and we've got a variety of people here that are going to help execute on that. And I think it's real important for you all not to necessarily hear it from me, but to hear it from them.

I want to ground everyone, and what you're going to hear hopefully is a quiet resolve and a quiet determination. And it really starts with when we embarked on this Drive for 10, we had a number of goals. Scott, from a financial point of view, is going to talk about some of those including but not limited to where we are relative to doubling the amount of EVA dollars, which is one of our financial goals over the ten-year period beginning in 2011.

Drive for 10 was as much about a mindset with a greater sense of urgency about what we are trying to do, and I think the activities we've undergone over the last three years at our Company are proof points to that. It starts about who we are. Most of you, if not all of you know, about Ball Corporation and its 136-year history. You don't get to be 136 years young without having a set of value systems that everyone buys into and believes in and helps drive. That is really about what we call who we are.

I won't go into all of them, but the one I do want to point out is behaving as true owners of our business. Ball has always been -- had that philosophy. It was started and owned for the first 100 years by a family, the Ball family. We have an incentive system that's been in place and been very consistent since early 1990s, and it's not going away because it's completely aligned with what we are trying to do and what you are trying to do, which is generate EVA dollars. And in turn, when you generate EVA dollars, you generate increasing stock price return.

It also talks about where we are going. And again, I won't spend too much time on this, but, when you think about the various levers we've talked about our Rexam transaction, they hit each and every one of those, whether it's maximizing the value of what we do. Think about cost synergies, talking about new geographies. It talks about new markets, it talks about new customers and it talks about leveraging technology. All those things you're going to hear from our folks later on today about that's what we are acutely focused on making sure we do.

And then on the pure execution side, we talked about what's important, which gets to the people side, the culture side of our business. It talks about the customer side of our business. It talks about the pen business that we are in and the manufacturing and operational excellence that we do.

When we rolled this out in 2011, we had ambitious goals for us. We have faced some headwinds which I'll talk about in a minute here, but we are on track and, in fact, we are probably a little bit ahead of the curve relative to doubling the amount of EVA dollars over the period that we laid out.

Let me talk for a minute about what's going on outside of our walls, because we have had some headwinds here. The first is, you know, when you think about over the last -- through this Drive for 10 period over the last five years, and just think about not Ball Corporation, not the packaging industry, but business writ large, we've been facing a number of headwinds. And the first one is anemic economic growth.

When you think about three years ago, if you would have asked virtually anyone in the four main geographies in which Ball operates, how do you force rank them relative to growth opportunities, we would have probably said China, Brazil, Europe and the US, in that order, in terms of just pure economic growth. I think, if you look at it today, you would probably flip that and say the US, Europe, Brazil and then China. And my only point in saying that is things change and things evolve and things move and you have to be adaptive and you have to be recognizing that things don't always go as you plan and you need to be able to adjust accordingly.

The second one is the intense competition and transparency you are seeing throughout the world. With the drive of big data and other things like that, it seems like there's no secrets left in the world. And whether it's in our business where our customers have a pretty good sense of what our cost structure is, you all have a pretty good sense of what our cost structure is, you need to figure out ways to combat that. Doing the same thing but harder is not the best approach. Sometimes, you've got to find leverage points, which I'll talk about in a few minutes here, leverage points in terms of your scale, your size, your innovation, your capabilities, because, if you can do some things that other people can't, it doesn't matter if they have transparency into what you're doing and what you are not doing, if you can do it better, faster, smarter, and more comprehensive than the next competitor, you usually win. So that's been a big focus of ours.

Consumers have been changing whether it's the less soft drinks that we've been facing, more good for you, think about the younger generation, sustainability, I'll talk about that in a few minutes as well. I do think overall consumer preferences have been changing in a meaningful way and you have to have your head up, looking around and trying to anticipate and understand what's going on with that.

The government, whether it's sugar taxes, whether it's the economic policies that are changing 4X and the translation and transaction affects that may have on businesses, that's been happening.

And then this whole -- last but not least, this whole economic realignment. I don't want to get on a soapbox. We can talk about Brexit. We can talk about what's happened here in the US. We can talk about more recently Italy, what's happening in France, what's happening in Germany, even what's happening over in China. I think there is a wholesale economic realignment here. And the question with all that is what are you going to do about it?

From an inside-our-wall perspective over that same time, as I said, we've had a variety of headwinds. I know Scott is going to spend a little bit more detail into it, but just to give you all context, these have cost of us over $300 million worth of EBIT. That's over $1.25 per share of earnings. And some of it has been in our control. I know Jim is going to talk a little bit about the manufacturing inefficiencies and what we've done about that in the food and aerosol business, but a lot of it's been outside of our control. And despite that, we've been able to either maintain or improve both our margins and our profitability, and we are quite proud of that.

So, as I started off, I really do think that our Company has a once-in-a-lifetime opportunity. On the beverage can side, we have the opportunity to leverage our size, leverage our scale, leverage our footprint, our innovation, our market leadership, to make the beverage can the most sustainable package in the beverage supply chain. In our food and aerosol business, yes, the food business is not the sexiest business in the world but it is a cash generative business. And we have the opportunity to generate that cash in the food can business to further grow and expand in the aerosol business and truly become a one-stop shop, much like we've done in the beverage can business and the impact extruded aerosol business for our global customers.

And then last but not least, in the aerospace side, we have a wonderful opportunity to capitalize on the capabilities that we have spent decades building. And moving up the supply chain where, 10 years ago, we were a secondary supplier to many of the parts that went on systems, now we are the systems provider and we are competing with some of the larger people.

You all know that our backlog has gone from $600 plus million to $1.4 billion over a six-month period. That's not hundreds of small, little programs. Yes, it includes those, but it also includes a couple of big programs. And I think it's a great proof point to the great work that Rob and his team have been doing in really positioning us in a world where governments have less to spend and probably have greater capability needs than they've had in the past because of the geopolitical situation that's going on outside, and it fits right in the sweet spot of what we do.

So, on the packaging side, let me just say a couple of more words. I mentioned about this scale matters in our business, and I think, both on the beverage can side as well as the aerosol side of the business. Through this consolidation, it allows us many advantages. I talked about scale, I talked about footprint, I talked about innovation, all allowing us to become a one-stop shop. And so our aspirations, whether you're with Coca-Cola or Heineken or Pepsi or ABI or Molson Coors or Unilever or Procter & Gamble, when they're going to be rolling out a new product on a global basis, we want to be the partner that they pick up the phone call and call us. That requires certain skill sets in terms of innovation, in terms of footprint, in terms of your ability to react quickly. And that's really what we've been positioning ourselves to do. And I think it's important because, when you think about this and you think about one of those big customers, the world just keeps getting bigger. And I do think consolidation is occurring up and down our supply chains, and size does indeed matter.

You look at this list of various customers that over the years have consolidated, let me just give you a couple of data points that are quite interesting. Since we announced Rexam, we've had Coke acquire 19% of Monster. They consolidated their European bottlers. ABI acquired SAB. Molson Coors in turn acquired MillerCoors. Wise Metals, one of the largest mills here in North America, was acquired by a French company, Constellium. Sherwin-Williams is acquiring Valspar. And then in addition to the number of things I show on top of this, I could go on and on. But the point is scale increasingly matters in this business and you've got to find leverage points that you can mutually win and succeed with your customers. And that's what we very much have been trying to do.

On the beverage can side, as an industry leader, we do have this once-in-a-lifetime opportunity. You think about the different size and shapes, and I'm going to talk about that just in a minute here and get to the whole commercial side, but really what I want to focus on here is the whole sustainability side. We believe, at Ball, that we are really on the front edge of a change going on in the consumer around what their sustainable needs are as we go forward.

I don't know if you all have been watching, but there's been, over the last month or two, a tremendous amount of rhetoric about the use of plastics in our environment. I know, just last week, CNN had a big half-hour section on it.

Just a couple of tidbits for you, there's 5 trillion pieces of plastic floating in the Pacific, and it's called the Great Pacific Garbage Patch. It's twice the size of Texas. There's more plastic -- there is expected to be more plastic in the ocean than fish by the year 2050. And I say all of this because, as a consumer of products, the beverage can is the most sustainable package today in the supply chain. It's the most economic from a recycling point of view because it's the only thing that really has scrap value. I think, from a social view, it -- because 75% of all aluminum ever extracted from the earth is currently being recycled, and so we don't have this plastic issue going on. And I think, as the younger generation seems to increasingly understand that it should be no wonder to us that the can actually has been winning, particular in the beer side, in every major market in the world where it's been taking share from glass and plastic. Is it perfect? No.

One of the things we are trying to do as we look forward three years from now, five years from now, is to make sure that every one of our customers understands the economic value, the recycling value, and the innovation value. And the best way to show that to them is to show them that we can actually use the metal packaging to improve their profitability at a rate greater than they can with any other package. So, I mention that because, if you look at this slide and you think about our business and what we've been -- the journey we've been going under over the last 10 years, it's been wholesale, and I don't think a lot of people realize it.

Ten years ago, we used to make billions of the same type of container, the same labeled container. We put it on the inventory floor, we do that in the winter months, and then we'd sell it in the summer months. And I'm over-generalizing, but that's effectively what our business was.

You move forward to today, and you think about all the in and out labels that we have, all the in and out packaging that you have, and it's a fundamentally different business today. In North America, we make 27 different sizes today. That, to us, is a great opportunity. Others view it as a great complexity. To us, it's a great opportunity, and I'll explain why in a second here.

In other parts of the world, we have equal opportunity to create equal amounts of complexity, which helps our customers make money. We make 16 different sizes in Europe, yet we only make seven sizes in South America and Russia, eight sizes in AMEA, and six sizes in Asia. That is an opportunity. And if you look at the bottom portion of this slide, I'll explain exactly why.

On the left, you see 12-ounce cans. Typically, you can get them on deal, on special at a grocery store here in North America for $2.50 for 12 of them. That works out to about $0.21 a container. The next one, the 16-ounce container, as you go into any convenience store here in New England, for example, and you can -- typically they are printed on the can that they sell for $0.99. Not often you see a can with a price printed on it. But they are printed for $0.99. You go in that 7.5-ounce container, and typically you go into the store, you can eight of them for $3.69. That works out for about $0.45, $0.46 a can. And then the last one, the contour bottle that you go and you buy them for $1.59. I say that because, when you really take a step back and think of the cost of goods sold for each of those containers, there's not an appreciable difference.

So, all of a sudden, because you went from a standard 12-ounce container that our customers are showing for $0.21 or $0.22 a can and you margin up their business, you help them margin up their business to $1.59, and the cost of good is relatively the same. That's why complexity is good, because it allows our customers to make more money. And when you can do that at a rate faster, better, and cheaper on a footprint that's larger than any one of your competition, that's the opportunity for us. And that's what we've been focusing in the past three years, and the Rexam acquisition gives us a once-in-a-lifetime opportunity to accelerate that, because the world is changing, customer needs are changing, consumer behaviors are changing, and we've got a footprint that we can truly lever better than anyone else.

Now, I also know from getting back over the very near term what we are going to be focused on. There's a lot of questions about our ability to achieve the $300 million in synergies. I want to remind everyone that, when we've talked about synergies, it included four and four buckets only, include G&A, which includes the closure of Millbank, which we expect to be out of by the end of this week. It includes the closure of the Charlotte facility that we can expect to be out by mid-2017.

The second bucket was sourcing, which we've told everyone that the day after closing we had a global RFP out. We are not completely finalized with all of that, so it's premature to say, but we are right on target with what our expectations are about that, and that is a multi-year plan. It's about freight logistics and warehousing, where I do think that some of the things that we are doing and optimizing where we make, where we ship and all those other things, it's a little bit longer because it takes months, from a planning perspective, to make sure you get qualifications, etc., but we are right on target with that.

And last but not least, best practice sharing, and there's a tremendous amount of opportunity. And it's fun to see here, at Ball, the various people that are excited and you're going to be able to hear from some of the regional practices about the ability to share. Overall, we are on track with that, and I'm going to remind everyone that it excludes the two yellow boxes to the right, which is the commercial, which I just talked about, which is a longer-term plan to try and get value for the products and what we do. And it's not just talking about price increases on a 12-ounce container. Yes, that could be part of it, but that's not what we are talking about. We're talking about the whole plethora of being able to help our customers' margin up their business and, by doing it, create a stickiness where they need to do business with us. That's what we are trying to do.

And then on the footprint side, which the announcement last night of, unfortunately, the closure of Reidsville, we take this very seriously because it affects people's lives, but it's something that we have to do to look out for the 18,000 plus people at Ball Corporation and to make our cost and our package the most sustainable package from an economic point of view.

So, I'll just finish up. We are very much looking forward in terms of the opportunity across all of our businesses. We are on our toes. We have a sense of humility about us going after it, but at the same time, we have a sense of resolution that we are going to do this. I started off with that first slide talking about the experience we have in doing this. We have a very dated and experienced management team that have been through this before several different times, and we've executed on every time. So, for those of you who doubt our ability to do it, I respect that. Watch what we do, not what we say.

Scott?

Scott Morrison *- Ball Corporation - SVP, CFO*

Thanks John, appreciate it. So, I'm going to put in financial context some of the things we've been talking about. This -- so, the good and the bad. The good is not a heck of a lot is different, and we are not going to do anything that's different. So the bad is that means there's not really a lot of news.

This slide has been the same for a long time at Ball. And I think that focus and patience and dedication have allowed us to have the track record we've had. We are fortunate to have very cash generative businesses. All of our businesses flow good amounts of cash.

And capital allocation, what you do with that cash is real important. I was talking to somebody this morning. We think of that, over a long period of time, how we've executed on M&A, how we've grown our businesses, various green shoots in our businesses, where we've allocated capital, how we've bought back our stock, paying dividends, all of those things, being disciplined in doing that and being patient pays. And we believe that we have generated a tremendous amount of value over the years by being patient and allocating capital in a very smart, prudent way. And I'll get to why I think that is in a second.

And then you have to have businesses that grow EBIT over time. And you'll hear from all of the businesses today where we have opportunities, no matter where in the world, to continue to improve and grow our businesses, both organically and through other means. And I think that foundation, the filter that we run everything through, is EVA. It makes decisions less emotional and strictly financial. You look at your business through a financial lens that aligns with what shareholders are looking for. And we've done this for a long time, since 1992, since before I was there, and I think that consistency, again, the consistency and the patience of being an EVA company and having that be the primary financial filter that you use, whatever you're doing, whether you're making growth investments, making acquisitions, making divestitures, buying back our stock, that consistency and that patience pays and has led to the results that we've had for the last decade plus.

Since embarking on our Drive for 10 journey, we are on the path to double our free cash flow over that period of time. Over the next decade that's depicted here on this slide, we expect to generate in excess of $6 billion of free cash flow. Again, this is cash flow after CapEx for growth and for maintenance. So, a lot of free cash flow. We think, by the end of the next few years, as we ramp up the synergies and the value capture, ramp up the earnings opportunities that we have from the growth investments that we've made, that we will be in a position to be flowing just a tremendous amount of cash going forward. And we see that, again, the value that we can generate. We're going to pay down debt for a little bit here, and get our leverage down, and then a lot of that flows back to the shareholders in the forms of either stock buybacks or dividends or both.

We think, over that same period of time, we are able to grow our [comparable] EBITDA to around $2 billion. You can see, over the last few years, from 2010 to 2014, John touched upon this a little bit, we had significant headwinds where there was the loss of price in China, our $100 million in FX translation, the food volume loss that Jim can touch upon, but we've kind of talked about that for a long time, some of the startup costs we've had in the last few years as we've ramped up projects, and then some of the manufacturing efficiencies. Despite these headwinds, we've been able to keep the earnings relatively flat. And now we are at an inflection point with the investments that we've made in the last few years and obviously with this transaction, and what we are able to do with this transaction, we feel great about the ability to continue to grow the EBITDA in pretty significant chunks, especially over the next few years, as we integrate Rexam, achieve all of the synergies and achieve the returns on our growth capital.

Also, part of the Drive for 10 goal was to double EVA dollars. And for those of you that aren't as familiar with EVA, to be clear, we think about generating a return greater than a targeted cost of capital, which is 9% after-tax. So in this transaction, we put roughly $6 billion at work, and we think, over the next few years, by the end of 2019, that we are able to get those kinds of returns from what we've bought and what we've put together with our existing business. Just to be clear, we are not going to look at our beverage business and this acquisition separately because it's going to be completely integrated together. But on the combined business, that's the returns we expect to get. And we know that, if we do this, that, over a period of time -- we've been tracking this since 1972 -- there's a 90-plus% correlation between the EVA dollars that we generate and our stock price. And this is, just to be clear, this is EVA over that 9% return. We know that, when we earn EVA dollars returns greater than our cost of capital, the shareholders are going to get the benefit of that in the form of share price, but this is how management gets paid in that target above 9%.

So, I talked about being disciplined capital allocators. Let me talk in a little bit more detail about what that means.

So, starting from the left, balance sheet optimization, I think we have a big opportunity here. Being an EVA company for a long period of time, we focus every day on -- and our operations focus every day on things like the amount of coils that are on the floor or the amount of finished goods or the SKUs that we are doing or improving the planning of our sizes. But it also comes to everything financial as you are managing the balance sheet, extending trade payable terms, supply-chain finance, factoring, all of those kinds of things. And we've worked very well, kind of a combination of operations, finance, treasury, legal. I mean it takes everybody to focus on these things to institute different kinds of programs where we are focused on improving and optimizing the balance sheet every day. It's not just once a year or twice a year when a company reports their numbers. It's every day of taking that capital off the balance sheet. And we think bringing that level of discipline to the new, bigger balance sheet that we have, there will be great opportunity over time to do that.

Turning -- on the top -- in the middle, value creating acquisitions, we have a pretty good track record. John showed you this slide earlier on a few of the acquisitions that we had done in years past of being, again, prudent and patient, and then executing, once we close on a deal, executing and driving to generate the appropriate value. And obviously, Rexam is a once-in-a-lifetime opportunity to do that on a larger-scale with, we think, even larger results.

And then over to the top right, supply-demand balance. That's about making sure that our footprint is in line with demand, and that we are investing appropriately in growth and pruning where we need to. We announced the Reidsville closure yesterday. That really just has to do with reacting to what our customers are making product and filling product and making sure that our supply-demand balance is right.

And then to the bottom left, new products. I'm sure Dan will talk about this later and John touched upon it in his remarks. But innovation has been a great thing to create more stickiness with our customers, to help our customers find new profit pools and to help them grow. Even in markets that everybody thinks in this country everybody is so focused on soft drinks declines, but if you look at on your tables, and I see people with the mini-cans or the Dasani water, differentiation and different sizes have been a great thing for our customers, as John talked about, to grow their profit pools, and we want to continue to participate in that.

And then, in new geographies, that's about Myanmar, Vietnam, or, in the food and aerosol side, our new plant in India. It's about taking our way of doing business and our way of interacting with customers to new markets. It's not necessarily about just planting flags in different places. It's finding the right opportunity where we can put capital to work and earn our target returns over time and continue to grow EBIT across our businesses.

Let's talk a little bit more about the cash savings and the balance sheet side of things. I'm going to talk a little bit on the left -- more on the left side [of the slide]. I've touched upon some of these. I know Dan is going to talk, when he gets up, on a bunch of different buckets on the cost synergies and savings side.

And it's really about -- when John showed those slides in the beginning of the Drive for 10, to me, one of the most important aspects that we try to instill -- I know the Ball people feel this and I've seen already from our new colleagues that have joined us from Rexam -- the idea of acting like an owner. To me, that is the most powerful thing. If you can get all 18,000 people to buy into acting like an owner and treating what we do, no matter where you're at in the organization, like it's our money, great things can happen. People come up with all kinds of ideas to improve what we are doing, to be more prudent, to take out costs, to improve efficiencies. And if you can do that and then coordinate people in the right way -- you look at what we've been able to do on the working capital side over the last number of years, we've taken out hundreds of millions of dollars of working capital. And that has to do with a focus throughout the organization of every day trying to figure out what do we need to do to be able to drive that, and then everybody working in concert together, because they are acting like they have ownership in that process. It's not one person making those decisions. And if you can push that across your organization and get more people engaged, it is an incredibly powerful tool. And I think we've been fortunate to have people that buy into that, that learn that, and then own it. And it's been incredibly powerful and a big key to our success.

On the cost savings and synergy side, everybody wants to know what are the buckets? How much is in each bucket and all that? Which I'm not going to tell you. But I will say we are five months into this deal and, as I stand here, I feel better about the things we are going after. We've made a lot of good progress. As John said, not everything; we still have more things to go, but where we are at in the process of many different negotiations, I feel good about where we are going and the direction and what will show up over the next few years. And I think we talked about the Millbank closure here in a week, Charlotte [closure in mid-2017]. The Reidsville closure is part of that that we'll get a benefit in the year following. But all the things we are doing, and we will do going forward -- there is still more to do. And we'll inform you at the appropriate time when we do those things, but we feel really good about the roadmap that we have over the next couple of years to execute on this, and feel confident in our ability to achieve these things.

And I'm going to stay away from the commercial footprint, as Dan can talk about those things.

Taking a look at our CapEx over the last few years, you can see, in the last couple of years, we've spent a little bit more money on a number of growth projects that we really will start to get the benefit. We've got a little bit of benefit, maybe a very small amount, this year, but really those will start to kick in and mature as we move into next year. Monterrey, Mexico was a big facility for us. It's a world-class facility. I expect that to contribute really well next year. The Velim, Czech Republic, that new line coming up or that has come up. Next year, we will be spending time on the Madrid, the new plant in Spain, which will come up sometime in late 2017, early 2018. And then Rob Strain will talk about the aerospace expansion that we will do. All of these projects again run through the same kind of EVA filter that we use across our Company. You don't get a free pass for when things don't go as planned. You get the benefit if things go better than planned and you kind of pay the price in your incentives when they don't go as planned. But we think all of these projects have sound foundations, contracts with customers, and we feel really good about how they will add to the profitability of our business as we look forward.

The key financial metrics, to save you time when you compare this to what we've laid out before, all the numbers are the same. We laid these out after the closure of the transaction. We still believe in them. Again, when I talked about the synergies, I feel even better about it.

We think, in 2017, we will generate EBITDA in the $1.75 billion to $1.85 billion range, comparable earnings from $1.3 billion to $1.4 billion, somewhere in that range.

Interest expense, $280 million. A number of people have asked about interest. $5 billion of our debt is fixed, so we have no exposure. The rest of the debt, about $2.5 billion of that debt, about 40% of it is in euros, which they still have negative interest rates. So rates have to move up quite a bit before we can start paying any more interest. And then part of the US dollar interest expense is hedged through a good chunk of next year, but our exposure to interest rate movements is really pretty modest.

The same thing on the currency front. Some people have asked about euro currency. Because of the way -- actually Jeff Knobel, our Treasurer, is sitting in the back, he did just a fantastic job of structuring our debt, and I'll get to that in a minute. But the way we have our debt structured, we really -- because we've got a lot of debt in Europe and a lot of earnings in Europe, they will move kind of up-and-down together as the euro changes. So it really doesn't have as much of an impact as we used to have, frankly, from a translation standpoint.

So, again, free cash flow next year of $750 million to $850 million, and getting our net debt down to $6.2 billion to $6.3 billion. And if you do the math, you can see that we hit -- get into that leverage target where we're going to start buying back stock again.

So, from a leverage and debt standpoint, I mentioned that, right now, we are at north of four times, and we are focused near-term on paying down the debt, and we've already started to do some of that. We don't have really any significant maturities, so plenty of flexibility in our structure. Jeff has really done a great job of setting our portfolio up to take advantage of a lot of prepayable debt here in the next few years to move our leverage down, and then a lot of fixed rate debt long-term that's at very attractive prices. So, we are in pretty good shape from that standpoint.

Just to be clear, we talked about that we are not precluded from buying back our stock. And a couple of weeks ago, there was a lot of volatility in the market and our stock pulled back a little bit. And we took that as an opportunity to opportunistically buy some shares when it was particularly soft. It's not something that we have a regular program to do, and we won't do huge pieces of it. But clearly, when there's opportunity, value opportunities, we will do that and we will take advantage of it.

So, where are we going by 2019 we laid out these goals too in June and they are still the same. We think we can produce roughly $12 billion in revenue on a metal neutral basis, generate approximately $2 billion of comparable EBITDA, roughly $255 million of EVA dollars, which is more than double where we sat a year or so ago, and in excess of $1 billion in free cash flow. And including the impact of share repurchase programs, as we get our leverage down and start buying back our stock, we think, over the next few years, we can generate 20% to 30% diluted earnings per share growth in each of these few years.

So, we have, as you will learn when you hear from the businesses, we have great plans to execute on that we are really excited about, plans to achieve our cost savings goals, generate cash, reduce debt, fund profitable growth and ultimately reward our shareholders. And the next couple of years we will be an exciting and we believe a rewarding time to be an investor in Ball.

And so, with that, I'd like to turn it over to my good friend, Rob Strain, who is going to talk about the aerospace world.

Rob Strain - ***Ball Corporation - SVP, President of Ball Aerospace***

Thank you, Scott, and good afternoon to you all. I am particularly pleased to be able to talk to you today about some of the exciting things going on in Aerospace and why we think our future is particularly bright as we go forward. Let's see here. Okay.

So, at Ball Aerospace, we pioneer discoveries and focus on helping our customers perform beyond expectation. We do that for a whole host of customers, NOAA, NASA, US GS, the DOD, Navy, Air Force, and we also do a great amount of work right now for the intel community. So, we try to participate in important missions, high-profile missions that have long legs, long tracks, and have follow-on opportunities with them. This last year, as you've seen some of our backlog grow, we've received new contracts in all of our business areas and are very tickled about that.

So, when it comes to excitement in our business, the Washington election process offered plenty, and continues to offer plenty. I am, however, happy. A number of you grabbed me last evening and at lunch today asking sort of how we feel about this new administration as it pertains to our business.

We feel very bullish about our opportunities in this new administration. I think we -- our business is very well positioned. We provide to our customers very affordable, configurable space hardware that addresses resiliency and survivability. We also have some very unique data analytics capabilities that we make available to all of our customers, but also to all of our different product lines.

The global events, the defense threats, the cyber-attacks that we've all heard so much about lately really take full advantage of the products we provide.

Just like you will hear in the packaging part of our businesses, our market right now is very competitive, it will continue to stay very competitive, but we have the team in place that's executing and we'll continue to build on our business.

If you look at this chart, the very bottom row, if you will, is sort of our historic business area and how we hope to, over the next 10 years, evolve into, as John mentioned, larger value-added offerings to our customers, whether it's taking our science portfolio and moving it more into exploration, making our data analytics capability available to our whole customer set, including commercial. With cyber, I need to tell none of you how important that is going to be as we go forward. We have a larger role -- with bringing all those together to offer entire mission capabilities, of which we this year have won a couple of very important programs that take our full capability to bear.

We are very happy, over the last six months, to have grown our business tremendously, particularly with respect to building this backlog, and we are going to continue, as we go forward, to leverage our team and our technologies to grow the portfolio even larger.

This is a chart that shows going back 10 years where our backlog has been, and the green line shows what our earnings have tracked over that same period of time. I think, if you take a peek at this, we have really broken through this year into both in our offerings and on our ability to take on some of the larger competitors in our field.

We are rapidly enhancing our staff as we speak. We've hired some 300 people over the last six months, and we will continue to grow our business year-over-year, quarter-over-quarter, particularly through all of 2017. This business has been growing in really all of our business areas. If you get into our segments, you'll see that they all are on a growth path.

A number of you indicated some interest in sort of the makeup of some of our customers. And our contracts are typically either cost plus or fixed price. Over the last couple of years, we have had a slightly larger portion of our business in the cost plus regime. For us, that's a little bit lower risk. It provides stable, steady margins, and is something that we are quite comfortable with. And we take on fixed-price contracts where there is defined common understanding of what we need to do and it allows us to make increased margins on that in time.

In the customer mix, this has evolved over the last five years as well. 65% of our business right now is done for the DOD or the intel community. That's against 35% in civil, which would be NOAA, NASA, US GS. We play prime roles in increasing -- a number of times we are actually the prime or the direct customer to our government. We also do a lot of work as subs to others. We will, at the same time, both compete with the larger folks that you maybe know -- Lockheed, Boeing, Raytheon, Northrop Grumman and on the same day on another program, we will team with them where they would sub to us or we sub to them. So it's a very complex set of relationships that we manage.

And then lastly, as we go into this next year, it is all about execution. As John has mentioned, we have a wonderful opportunity. We have tons of backlog. We are hiring folks. But we have to execute. We have had -- we have a terrific team that has had a long track record of executing well on programs, and we have the opportunity to augment our team with some really fresh eyes. We are very excited about some of the people we've brought on.

We align very closely with the EVA discipline, earning good returns, growing earnings and cash flow over time. We right now are really, really positive about our opportunities with this new backlog. While we have all of this backlog, what excites me even more is the opportunity to build on even that. Our opportunity space is greater today than it was even a year ago, and that's something we are very, very excited about.

We are on our way to $1 billion of revenue and $100 million worth of operating profit, and our team is very focused on that and very excited. This is a very exciting time to be part of the aerospace industry, particularly at Ball.

So, with that, I'd like to introduce my colleague, Jim Peterson, who runs our food and aerosol business.

Jim Peterson *- Ball Corporation - SVP, COO of Food and Aerosol Packaging*

Good afternoon everybody. As Rob said, I'm Jim Peterson. I had the pleasure of taking over for Mike Feldser about a year ago, and I lead our food and aerosol business. I joined Ball back in 2006 as part of the US Can, tinplate, aerosol acquisition. And during my time at Ball, I've been in the beverage business and in corporate in a couple of different roles, but when I got the opportunity to jump back in aerosol, I jumped in with both feet.

Today, we're going to talk a little bit about our strategic vision in food and aerosol, highlighting our group's multiple platforms to create and capture value and how our team will increase EVA as we restore our earnings growth more to our historical levels.

Our vision is to accelerate profitable aerosol growth and maximize value in our food and general line business. Candidly, the last couple of years have been a little struggle in our food and aerosol business. Our payouts have not been as much fun, and that's on the heels of a really nice three, four, five year run that we've had historically. So we are buttoned up and ready to get back after this. We are managing with a greater sense of urgency, with a relentless attention to detail in our tinplate business. We are getting after reducing our G&A costs, our manufacturing costs, as well as realigning and pruning assets where we have the opportunity to do so.

We also are dedicated to being very close to our customers by driving innovative value-added products like our G3 two-piece aerosol can in Chestnut Hill, Tennessee, as well as our ReAl slug that is award-winning in our European business. That's a true game changer in the aluminum aerosol industry.

And lastly, nothing drives EVA like our full aerosol product line. Ball is the only company in the world that offers a one, two, and three piece aerosol can and is in four different continents. We make -- we're the largest aerosol producer in the world. We make roughly one out of every six aerosol cans you use at about a 15% market share.

But our business is a little different. We always listen to the analyst call and hear people ask how our food business is doing, and we are here to tell you that we are a food and aerosol business.

This is an interesting slide that's really been evolving the last couple of years. If you look, at from a volume standpoint, we still are just a little bit bigger in terms of volume on the food business, but roughly 50-50. But more importantly, when you look at the earnings and the share of profit, that's significantly more now in the aerosol segment than it was just a few years ago.

We have 20 plants after our Weirton plant closes in early first quarter [2017]. We are in eight different countries, and we have 3,000, roughly, hard-working employees in our division.

Keep in mind that our highly cash generative tinplate assets are comingled manufacturing facilities -- again, something very unique in our industry in North America. So each one of our three piece tinplate can plants make both food and aerosol, something that we feel generates a significant amount of value to Ball as we work at maximizing value in our overall tinplate business.

And what's really fun is the cash we generate in our tinplate business is used by my peers in terms of growing aerospace, growing beverage, and of course helping us grow our aerosol business overall.

To maximize value in our tinplate operations and further improve profitability and customer service, we are now -- we are nearing the finish line on a significant project to upgrade our metal coating and lithography assets in the Midwestern US. Our Weirton operations, Weirton, West Virginia operations, will close at the end of the first quarter of 2017 with the vast majority of that business and operations being relocated to our Canton and Columbus, Ohio facilities. The project is expected to help generate approximately $15 million of year-over-year improvements in 2017, and, most importantly, it positions us up nicely for the future.

I can't encourage you guys enough, if you get a chance to come visit us in Canton, Ohio, we'll to be the best tour of a plant you've seen in quite a long time. It's not only the best litho and coating workforce in the industry. We are using the newest technology that's game-changing in terms of litho, printing and coating flat sheet. It's an impressive sight.

But, at Ball, we are an EVA company, and we are no different than my good friend Dan and our beverage folks on how we go after attacking the supply chain. Be it warehousing, slow-moving inventory, everything we are able to do is to try to squeeze out value. But we've gotten the benefit also of the Rexam acquisition by riding on the coattails that we've seen from this procurement supply chain. We use coatings and we use metal on our side of the business too, and we are looking forward to having the ability to leverage the bigger supply and bigger ability that we'll have as a larger beverage company.

Finally, for what seems like for years, there have been questions about the industry's use of epoxy coatings in food cans. I'm proud to say, in 2016, and as we roll into 2017, near 100% of our food cans will now be BPA NI. That's something -- we took an important opportunity as we are moving our coating facilities out of Weirton into our existing footprint to make sure that we address that issue that our customers have asked us to do.

And really another very important differentiation for our team on the aluminum aerosol business is we are vertically integrated. We are the largest and best slug manufacturer in the world. That is the key material ingredient to produce aluminum aerosol containers. So, this allows us, this integration allows us to attack the supply chain in our aluminum aerosol business, both up and outside our plants.

In food and aerosol, everyday blocking and tackling, that's what we are focused on. But the flipside of maximizing value in our business is to accelerate profitable aerosol growth.

Let me explain the slide you are seeing. This global map shows the aerosol container growth rate, by region. So in North America, still roughly 2% to 4% annual growth, a nice market that we've been able to capture. We've got a great footprint, and we are the largest supplier of aerosol [containers] in North America.

You look at South America, something that has been seeing almost double-digit growth, certainly over 5%, we are perfectly situated in Argentina, which a lot of people don't realize is the fourth-largest aerosol using country in the world. We've been there quite some time. And we are aligned with great customers like SC Johnson, and Reckitt Benckiser.

Then you look at Europe, where the growth rates might appear to be a little low from 1% to 2%, but that is the largest aerosol market in the world and still growing. We are the largest aluminum aerosol provider in that market, and we've got a fantastic customer base to build on.

And then lastly, in India, and the Middle East, again, high growth rate, double-digit growth rate, we've been experiencing the last few years. Our new plant in India, which I'll talk about in a minute on the capital projects, is perfectly situated to make sure that we are able to provide value for our customers.

But as you look at this map, we are in every major region, so when a customer, for instance like Unilever or SC Johnson, want to launch a product, we can service their needs in either steel or aluminum, one, two or three piece, in every region of the market.

Let's look and talk a little bit about some of the capital projects that Scott and John referenced. As I speak, our team and the Czech Republic is just starting up the equipment for line number 9 in our recently expanded facility. That expanded facility has additional room to grow beyond that as the market demands. This state-of-the-art facility is manufacturing the highest quality and highest recycled content containers, servicing large consumer product companies in the world. In 2017, this expansion will allow us to sell an incremental 50 million units of higher margin aluminum aerosol containers in Europe, supporting our expectations that we'll realize once again single-digit growth in our global aerosol business in 2017.

India has been a lot of fun. Late last year, we opened the plant almost a little over a year ago. Our European team really led that integration and implementation. And as you remember from the prior map, we are able to use India as a base of operations to ship into the Middle East, specifically the UAE, because of some tax arrangements and duty arrangements. We are dealing with all of the local brands in India to start, but we are very bullish and excited to provide a platform for our global multinational brands as they expand further in India and the Middle East. We announced earlier this year that India is poised to start second line late in 2017, and we are excited to keep driving our value in that part of the world.

Really, a lot of good work is being done to improve our results. We are making progress and we know we have more work to do. We continue to aggressively manage our portfolio and, by year-end, we will have reduced invested capital to a little over $1 billion. That's approximately a $300 million improvement from the peak in 2011 [2013].

With a combination of proper investment and capital, aggressive cost-out programs in our tinplate business, and capturing our share of the aerosol growth, comparable operating earnings are expected to improve nicely with a goal to get back to our historical performance with significantly lower invested capital. As an EVA driven organization, that's a total home run for us because we will be able to do that off of a lower invested capital base.

Looking into 2017 and beyond, we recognize we face two very different end markets, a robust global aerosol growing business and declining food can business in the US that has meaningful overcapacity in it. To drive value for our stakeholders, we will maximize value in our tinplate business. Think cash generation, invested capital reduction, aggressive cost-out programs like we talked about in Canton, Ohio, and Columbus, Ohio. We will continue to grow our global aerosol business through organic growth and by aligning with the best customer portfolio in the industry. We will spend below depreciation in the coming years, and we are committed to restoring our operating earnings growth.

Thank you. And with that, I'm going to turn it over to my new good friend, Dan Fisher. Okay, you've been a good friend for a while.

Dan Fisher *- Ball Corporation - SVP, COO of Global Beverage Packaging*

Thanks. Good afternoon everyone. And for those of you that don't know, Jim and I actually office right down from one another, about two doors down, and I think, the past year, it has been a steady stream of increased enthusiasm and excitement in that business. I think those slides indicate and reflect a really bright future.

For those of you who I haven't met already or have met recently in Chicago and/or Boston, I joined Ball [in 2010], right at the outset of I think John and Scott moving into their new roles and Drive for 10, the inception of Drive for 10. It was a really exciting time. I think I've been the beneficiary of working with some incredible people in North and Central America, most recently as the President of North and Central America. We've had great success there, and that's been equaled, if not matched and beaten, by the overall success of Ball Corporation. So, it's been a really incredible team effort, and I'm excited to stand up here in this new capacity today to share with you kind of my thoughts on global beverage and how we're going to capitalize in this, as has been indicated, this once-in-a-lifetime opportunity that we have in front of us.

I'm also going to be joined a little later by a number of our global packaging presidents. I think many of you that were here yesterday evening met some of them, if not all of them. Colin Gillis, who runs our European operations, Colin also, for many of you that of come here in the past, a long time Ball employee who has run Brazil and also Asia for us at various times in his career. Tony Barnett, who was running our Brazil operations up until most recently, taking over our AMEA region. Gihan Atapattu, who has been with us for about six years now at Ball as well, and runs our China and Southeast Asia operations. And Carlos Medeiros, who is new to the team, has been with -- came over with the Rexam acquisition, is running our South American business. I also have been working with Carlos. We are both on the board of our recently acquired JV in Guatemala and Panama, and he does a wonderful job in that capacity as well.

John referenced a Q&A session following my comments. We will be able to do deep dives with some of the regional presidents on their -- what's going on from a supply-demand perspective in their regions, also how they see the prospects of winning in their marketplaces and driving outsized EVA as a result.

My comments will be largely focused on the global beverage group, and twofold: how do we continue to keep up with serving increased complexity in a market that's growing, in a substrate that's growing, and at the same time delivering on some pretty lofty goals from a value capture standpoint.

I think a lot of you have -- either you have this map in front of you for those of you that are here in the room, and for those of you that are joining via WebEx, I believe there is a downloadable map that you all can look at and reference as well. And we can tee up some questions for later. We won't go into a lot of detail here, but this is just an indication to help level-set everyone, kind of post-deal, where we are at, the markets that we are participating in, what we've seen from a growth standpoint over the last three years, in totality 3% in aggregate growth on an industry of about 320 billion units. Post-deal, we make up, as Ball, about roughly 30% of that global marketplace.

Again, the two key takeaways here for me relative to this map are per capita can consumption is growing. The can continues to do well against other substrates, and we believe, based on historical trends, we are optimistic about the future relative to those dynamics.

From a share perspective, you've heard us say many times that our focus is value over volume, but, from a sheer market perspective, when you look around the regions, and I believe, I think, Ann or John, the last time we were able to give you an indication of this was the tail end of 2013 in terms of share participation due to the Rexam deal. But in North America in particular, we are at 43%, up from 37% in 2013. These numbers as well -- excuse me, sorry, or 2015. So it's a 2013 to 2015 comparison as we haven't closed out 2016 yet obviously. And then in South America, 60% share participation, up from 23%. In Europe, 38%, up from 30%. And that includes -- I think we've got a subset of a new region that we didn't participate in, 65% share participation in Russia, a really exciting new geography that I know Colin is already looking at and frothing at the mouth, if you will, for everything we can do in that region.

19% of how we define share participation, of how we define AMEA, which is Egypt, India, Turkey, and Saudi Arabia, also a new market for us at Ball. And then, in China, we are at 18%, down slightly from 22% a few years ago.

As mentioned in I think both John and Scott's comments and repeated by me a couple of times already, this is -- it's not about -- scale is important. You have to leverage that from a footprint standpoint. Freight lanes do matter, energy costs do matter, but scale in and of itself is not the real value I think that we are poised to benefit from in this transaction. This is about, from a share perspective, scale is nice, but it's about being the most profitable, the largest cash flow deliverer and being EVA accretive in the profit pools where we participate. That's really the focus; that's our goal. We've demonstrated that I think in the last handful of years, specifically in some of the regions that Ball owned, and that is certainly the goal, both in the short, medium and long-term, moving forward.

Our near-term strategy is pretty straightforward. It's obviously to capitalize on the value capture targets that we've set out for ourselves, especially related to the acquisition. And then where we are able to lower costs and improve margins, where we find outsized returns to reinvest for profitable growth, we are going to do that.

It's consistent to what Scott said, kind of boring to some extent. We're going to continue to do the things through the prism of EVA that we've done really well historically.

From a value capture prioritization, integrating the acquisition obviously is first and foremost, and we are really close. We will be getting an awful lot of TSAs, our first TSAs here in the next 60 days. I think the biggest and heaviest brick, if you will, is to get on common systems and common platforms, and I think we are almost there in terms of the IT integration. I think the last major hurdle is getting on common systems from an ERP standpoint in North America here the tail end of January, the first part of February, and then we will be able to really start talking to one another in a common nomenclature and sharing data in a consistent format.

Leveraging our scale, and I would suggest that we've had a lot of conversations here over the last really 24 hours, leveraging scale is just as much about understanding the fact that we are now in virtually every major can region in the world. We participate with a large number of customers in a number of different channels. The things that John commented on relative to the number of can sizes that we participate, all of that gives us tremendous advantage relative to insights into the marketplace so that you can have a much more meaningful conversation with customers. I think that scale is underappreciated, and we are going to, I think, be able to really take that out for a test ride here throughout 2017 and beyond with this new deal.

Managing the footprint -- again, last night, that's demonstration of what we do and what we have done.

One thing of note, and I know we've had these conversations here over the last couple of months, we acquired, in North America, the overwhelming majority of the excess capacity. And that's something that we are thinking through. We are being deliberate our thought process. We are going to ensure that, whatever we do in terms of either recapitalizing those assets or figuring out the future viability from an EVA generation standpoint, that we are doing it for the short, medium and the long-term. And so that's a methodical, thoughtful process that we are always looking at but, in this instance, I think it requires a little bit more attention and a little bit more thought, given the size and scale of that North America system.

Sharing best practices, we've done this a number of times. We've been the beneficiaries of a lot of -- importing a lot of best practices through a number of consolidations in the last decade or so. So we've seen this historically. We are seeing it already in a lot of the plant visits we've been on, and expect to see some nice benefits there.

And then obviously continuing the value over volume. From a commercial strategy standpoint, how are we going to address the simple things like, I think we talked about this last night, this particular package. You can go down the grocery aisle in the US today and you can pick that up in an eight-pack for $3.99, or you can walk 20 more feet and buy it for $1.00 apiece. And so serving that particular volumetric and flavor profile, disparate engagement from an end consumer, that requires more or less work on Ball's behalf in the supply chain. So are we able to articulate that? Are we able to help our customers understand and see that? And having that type of a conversation I think is something that we'll benefit from even more so post-deal than we probably have historically.

Other initiatives that we are going to focus on in and around growth -- we'll continue to be winning in the can industry. John referenced a lot around sustainability. I think the sky is the limit with what we can do with that message with the Millennials and other folks that are looking to live in a world that's void of waste.

Building new categories in sparkling water, which I just referenced, wine and teas. We've done this in the craft beer space. We've done this in other areas around the world. We've demonstrated we know how to be market leaders from that perspective and expand the market. And I think, whether it's sparkling water or wine, we are really excited about. These are areas where you will continue to see Ball taking a leadership position and pushing the market forward.

Innovation that helps grow our customers' profit pools and produces EVA is essentially the value proposition, not only for us, for our shareholders, but also for our customers.

I think we've covered a lot of the value capture initiatives, but very quickly, from a G&A perspective, savings have been led largely by our corporate folks. I guess I am one of them now to some extent. But the global business services team that we've launched, Lisa Pauley, who introduced herself to a lot of you as the HR person here, she's far more than that, she was essentially our Chief Integration Officer here over the last 18 months, and she is done yeoman's work relative to helping us get off to a good start on some of those discussions from an overhead standpoint.

I think Scott has indicated numerous times we've got a number of sourcing RFPs that went out within 24 or 48 hours post-deal in and around, obviously, the big ticket items of metal and ODMs, and those are well underway.

Operationally, again, capitalizing on best practices in and around light weighting. I would not underestimate the impacts in the future of automation and the opportunity set that that will present to us. We've always done a nice job from a best practice standpoint on efficiency and unit cost reduction. We will continue to see that and get after the low-hanging fruit here sooner rather than later.

And then referencing again this new muscle memory or mindset around the commercial policy and how we deal with our customers, it's not just about volume. Historically, it's always been about volume. Our contracts represented that. We benefit when they grow; we are penalized when they don't.

What we need to recognize and I think what we are recognizing, our customers are, is if we can help them grow revenue in maybe some of the more mature markets which require a much more nimble supply chain, and ability to deal with complexity and flexibility in a way that we haven't had to deal -- neither have our customers -- demonstrating that is -- and getting that into some mutually beneficial contract language is going to be something that is a real focus for ours and has been most recently.

I think, lastly, I think Scott and John said the footprint in commercial are the -- are really the multi-year activities that represent the plus sign in the $300 million of synergies.

From the concept of embracing complexity, I'll move through this relatively quickly, but I think everyone gets the -- gets, as an end consumer, we want what we want when we want it, and the price point we want, the flavor profile we want, can size we want, the channel we want. The reality is that creates a lot of complexity in plants that, in many instances, in the US in particular, were built 30 and 40 years ago with assets that were not contemplating that type of an end consumer experience. And our people in our plants -- don't underestimate the fact that the people in the plants and the mindset in and around embracing complexity, doing 3X and 4X label changes on lines over the course of the last four or five years, running four and five different sizes on a can line for folks that for decades have been doing running the Coke Red ad nauseam for long shifts, that's not the world that we operate in, that's not the world we live in. If the folks in the plants are doing that and aren't embracing that, folks aren't going to get product on the shelves. And I think that's a mindset that we've been the great beneficiary of within Ball.

I think, when we talk about bleeding Ball blue in the culture, I seen it for the last six years -- enabling folks to see that, and then having the compensation structure be aligned to everyone up here on the table. We are not asking you to do something different. We are asking you to do the thing that we believe we can win at. And when the IC checks show up, it makes it a hell of a lot easier to do this again and asking for more going forward.

So, lastly, I would just say that I think the big question in and around are we getting paid for all of that complexity is the important one. And I would suggest that, unless you are measuring the total cost to serve, unless you have a system in place where you can identify that, which we've made significant investments in and around that, that question becomes a heck of a lot more challenging to answer. But we have invested it, we do measure it, and we are confident, based on the results that we are seeing, that we are benefiting from that and our customers are benefiting from it.

And then lastly, creating these new product categories and innovation. I think the package on the left -- I've had a lot of questions from folks like explain to me this aerospace connection with packaging. And I'll be honest, there were years in my previous job I was wondering what that was, but this particular package [holding up a shaped recloseable aluminum bottle] is one of the more challenging from a metallurgy standpoint. And there were times when we really struggled, where actually I reached out to Rob and little did I know that, just across the street, we had some of the foremost metallurgical experts in the world. So they came over and went down to Conroe, Texas, where we have the line, and helped us think through some of the shaping dynamics, and actually had some significant breakthroughs in a short amount of time. That, along with a lot of data analytics, we have a great team that's able to digest big data in a way intermittent information, so we are looking at that from a supply chain solve and point-of-sale data that's now readily accessible at our fingertips. Those are the types of things that then allow our business development group to go out and to articulate positions. And when we're trying to develop the coffee products or when we're trying to develop wine and cans, now we have some outsized data that we believe that we are the beneficiary of from some of these unique partnerships that we have at our disposal. And we are able to leverage that I think in a way that, not only today but in the future, that's going to give us an advantage.

With that, those are my comments relative to global packaging. I think at this point, Ann, correct me if I'm wrong, but we've got a 15-minute break. That will give some of the other regional presidents an opportunity to come up on stage to field questions. And for those of you on the phone, this is probably a good time to take a step away, and we will be back in 15 minutes.

Ann, did you have anything further?

Ann Scott - ***Ball Corporation - VP IR***

I was just going to say, ladies and gentlemen, please take a break for our guests that are here in person. Please step back, grab a snack, grab a drink, and we'll try to be back with you in 15, 20 minutes. Thank you very much.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

[Q&A session begins]. Okay, why don't we get started. I'll emcee this a little bit. So let me just make quick introductions for those of you in the room here. All the way to your left, I guess, the tables right, is Carlos Medeiros, who heads up our South American beverage can operation. Next to him is Colin Gillis, who heads up our European operations. Dan Fisher you met. Tony Barnett who heads up our AMEA operations as well as Gihan Atapattu, who runs our Asian operations.

I think what we're going to (technical difficulty) doing is opening it up to Q&A for not only the beverage can gentleman over here but as well as Jim Peterson (technical difficulty) Scott Morrison and myself. For those of you on the webcast, if you have any questions, feel free to email Ann Scott at ascott@ball.com and Chris Barkley at cbarkley@ball.com.

So, with that, why don't we just jump in and take the first question. George?

QUESTION AND ANSWER

George Staphos - ***BofA Merrill Lynch - Analyst***

Good afternoon everybody. Thank you for all of the details, as always. My question is kind of a bigger picture one. The Company has talked not just now but over the years about value over volume. And when we look at your long-term financial performance, certainly the proof is in the numbers. At the same time, you're now the largest beverage can producer in the world, and with that, like it or not, comes responsibility to promote the can, to grow the can, perhaps to add capacity, which then gets back to risks around value versus volume. So knowing that the end results are going to be EVA, how do you guard against trying to promote the can in support of your customer (technical difficulty) position without impairing the returns in the business where they are right now? Thank you.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Why don't I quickly take that and you all can chime in. Your question is a good one, George, and really, at the end of the day, this -- we talked earlier in the conversation about scale. And scale gets real important in this because -- and let me just go through each of the various geographies. You think about North America, we have 24 different facilities that make 27 different can sizes.

If you want to talk all about the answer is completely different than if you want to talk 7.5-ounce or 5.8-ounce or 32-ounce. It's all very different. I could go through the same analogy throughout each and every one of the regions.

You're right. You listen astutely. We are very focused on driving cans as opposed to single package. We are focused on driving demand that only by utilizing that but in new categories, as Dan talked about.

But as you think about adding new capacity, we've been very disciplined about that. When you have a network of 24 different facilities, and you have a new customer that wants to try wine at 50 million units, you don't have to think about adding capacity because, oh, by the way, we've got facilities in two different locations on the West Coast that solve that that right there right now. When you have that scale of 24 different facilities, or the multiple facilities in each of the regions that we have -- South America is another good one where we used to have three, now we've got 14 -- you can really leverage it that much more and it creates that option value. But you only have six, seven, 10 different plants in one different region, your scale is different and your options are a little bit more limited. And so that's how we're going to be managing it.

Candidly, George, I would not expect, in those mature markets where the 12-ounce is relatively flat/declining, we are not going to be investing for new capacity in that unless it makes economic sense. We have had some growth here in North America. Europe continues to grow. All the various regions continue to grow. But we are going to be very disciplined around that because we have that scale of the network. So I don't know if anyone wants to add anything else.

Dan Fisher - ***Ball Corporation - SVP, COO of Global Beverage Packaging***

I would just add to John's comments that -- and hopefully you all can pick up on this -- the thematics in and around close to the customer that is so near and dear to kind of the Drive for 10 philosophy, we are spending a lot more time really understanding markets, what markets are going to grow.

I think the proof is in our track record. The real question is can we keep doing this? Can we keep winning outsized? And can we anticipate the Hispanic Millennial growth? Can we secure contracts like we have with Constellation? Can we drive craft beer at the same rate that we have historically? Wine in cans presents an opportunity. If we are not out at the forefront developing the markets keep in mind those are not high-volume increments. So we better be getting the value but I think the stewardship that we need to take as the market leader to drive the can I think plays into that uniquely and I think we are adopting.

And then the other thing is we've got -- we really do have to carry the mantle in terms of the economic proposition of the sustainability of the package. I think those two things, if I heard your question right, are going to be us being the leader, marketing the can, and then substantively picking up the EVA along with those new market entrant opportunities? And we've got to go where the money is. You are paying a lot of money for a 12 pack of craft beer. You're not paying a lot of money for a 12 pack of Bud Light. That's the bottom line.

George Staphos - ***BofA Merrill Lynch - Analyst***

Just a quick follow on. Do you think is there a way that you can either demonstrate or know internally whether your analytics, your ability to communicate to a customer about the value proposition relative to the volume is different than what your peers kind of offer, or relative to what they might have heard in the past? And if you can, talk about that. Thank you very much.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

I'll start off, because that's exactly what Dan was talking about, the use of big data. I talked in my big picture, I talked about the transparency of the world today. You can go out and find literally weekly reader scans of what's going on. You can cover 90-plus% of the marketplace out there. That's not enough these days. By being able to use our own -- actually, using the aerospace predictive capabilities and taking it to the volume trends by label, by size, in our business, we have -- sometimes we can have more predictive capability about what's going to be required over the next several months than even our customers can. It's using that data. That's exactly, exactly what Dan Fisher was talking about in his prepared remarks, about the use of big data to leverage the insights and have more predictability. When you think about it from a pure financial point of view, you think about the working capital carry and the reductions of working capital carry because you have better predictive information, it all drives to the EVA dollars that Dan was talking about.

Anthony Pettinari, Citi

John, understanding it's very early days, have you had conversations with large customers that suggest that they appreciate this value proposition and are prepared to kind of reward you with the appropriate value?

And then just on the flipside of that, when you talk about global scale, Rexam management, in the last few years, as a company, they talked about global procurement as a potential risk for them. And I'm just wondering. Are you seeing those global procurement trends play out as a potential headwind, kind of the flipside to the global scale question?

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Yes, we've seen our customers, large and small, use the procurement groups to try and extract as much value. We have, we’ve seen it over the last 40 years actually. This is nothing new. Much like we try and do with our supply base, that is done to us. At the end of the day, it needs -- you need to be able to have a proposition, be able to offer something that's of value to them.

If -- for example, in China, we have had our struggles because we and 19 other competitors are selling 12-ounce containers. There's not a lot of differentiation there. You need something else to bring to the table, and that's where we've been able to do that quite successfully. All of these folks here, in South America, in Europe, in North America, that's the mindset that we have been having.

And so the discussions with customers, number one, I'll preface it by saying we never talk – we keep our talks with our customers private because that's the way we do business. But I will tell you there's not just one customer. It's the full spectrum. There are some customers that are as much focused about supply shift security as anything else, and there are other people that are more focused on the last dollar. There's a whole spectrum in between.

Where we typically succeed well is people that think a little bit longer term, and we can actually show them how to grow the profitability of their business because, when our customers are growing the profitability of their business, that's the true definition of adding value. And through the example I used in terms of the 12-ounce versus 16-ounce versus 7.5-ounce, versus the 8.5-ounce bottle, that's a good example, the proof point of the types of discussions we are having and/or, candidly, trying to have as well.

Mehul Dahlia, R. W. Baird

Thank you for all the details. This question is for Dan. Can you give us some more details on the plant closure that you guys recently announced? How much capacity are you taking out and how much in fixed costs can we expect that you're going to be saving? And just more broadly on your comment on North American excess capacity, how much more is left after this plant closure? Thanks.

Dan Fisher - ***Ball Corporation - SVP, COO of Global Beverage Packaging***

I'll comment on -- this is something that, for those of you that don't know, this plant was built largely in and around the Eden brewery for MillerCoors. And I think, as most of you know, that was a closure in and around a year, a little bit more, ago.

So, this is something that -- I think one of the things that I really value about Ball is we take a pretty methodical approach, especially when we are dealing with people that care a lot about Ball and that we care a lot about, to see if there's something more in the marketplace that could be done. There are a lot of breweries, craft breweries, that are being built in the mid-Atlantic. We wanted to make sure that we weren't vacating that before those customers had an opportunity to see the marketplace and see what was going to happen.

But long story short, we continue to drive efficiency in operations all throughout our system. That creates additional capacity, candidly, through productivity gains and benefits throughout the system. We could absorb the volume that was there. MillerCoors decided to push some of that volume into other locations, their Shenandoah brewery, their Fort Worth brewery, I believe their Albany brewery as well. And so we are going to still keep some of that volume, all of the MillerCoors volume, obviously, but we were able to pick up the other volume in other locations, and it was an opportunity really for us to have a much more streamlined and efficient supply chain in and around the freight differentiation from that brewery closure to the other locations, we could park some of that volume.

And so, yes, we made the announcement yesterday, a three-line can facility, so you could think in terms of 600 million to 800 million units per line roughly in terms of capacity. That does a little bit -- takes a little bit in terms of out of the excess capacity, but keep in mind my comment was the overwhelming majority of the excess capacity in North America was acquired.

So, to your point, we are thinking through our footprint. We are pretty deliberate. I'm fairly certain that John and Scott have made similar comments about don't expect any one-time big bang announcement on any of this stuff. Contracts come up every year, every quarter. We are really bullish about some of the opportunity set that's in front of us in terms of growing the can.

So, if we can make a good EVA return even -- or increase EVA, don't forget, if we can increase revenue streams on some of those assets that might be underutilized, maybe not fully capacitized at some point, that's okay. We're going to generate more EVA dollars. We like that going forward. But again, we are looking at it. We've demonstrated historically, at least in the six years I've been in North America and before that, supply-demand balance is very important to us. As the market leader, we take that job seriously. And so we will continue to inform you as things progress relative to the evaluation of the footprint.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

One of the things I might add is we, historically, from a cost perspective, plant by plant, we never disclose that. Typically, we say it's approximately $25 million of fixed cost that comes out, plus or minus, depending on the size of the plant. This one was slightly larger, so you can infer from that a little bit. But that's typically what -- rule of thumb that we like to use.

The other thing I'll point out is, from a demand point of view, let's not forget the US market is up actually 1% this year. And on a base of 100 billion, that's 1 billion cans right there. Because -- and I think, in large part, we can talk about the 12-ounce soft drink but there's a lot of other growth areas. And whether it is the sparkling water, whether it is the smaller sizes for the soft drink, whether it's craft, whether it's just mainstream beer as well, that continues to go well. So, that factors into our long-term thinking as well because it's one thing if the market is going to continually decline 2% to 3% a year in perpetuity. It's another thing -- nothing ever goes, as I said before, linearly. So we are seeing a rebound here. How long and how far can we extend that out is the key and what we are focused on right now.

Chip Dillon - ***Vertical Research Partners - Analyst***

Good afternoon. Thanks for this great information. Chip Dillon from Vertical Research. A question really dealing with the emerging markets and what you acquired. I know you all I don't believe had been in India before. You're in India. I think they have a relatively new venture in Saudi Arabia, I think UAC. And then so tell us what you've learned from those, what your plans are.

And then thinking about the plant you just announced, Reidsville, I guess it had three lines. That's a lot of equipment. Would you be able to reuse that to grow your emerging markets in the future?

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Tony, do want to take the first part of that question?

Tony Barnett - ***Ball Corporation - President of Beverage Packaging AMEA***

So, yes, these are new territories for us. Let me deal with the UAC joint venture to start with. And that's a really unique opportunity because not only does it come with an established customer base, but the JV partners are also the customers. And some of those JV partners have got very strong beverage businesses within their region. So, we've got a great opportunity to leverage that as they are looking to grow their brands.

And coming back to what John and Dan touched on before about really looking at where the value is, if we take the value out of that.

Secondly, from an operational efficiencies point of view, that facility, for many years, was run as a self-manufacturing facility. So, when you bring our experience, is now a benchmark too, we have an opportunity to take significant amounts of cost out of that and make the facility more efficient. So we've got a couple of leverage points that come with that one.

Then you look at India, can making has been in India, two-piece can making has been in India I think about 2006. And the market hasn't really done a great deal for a long period of time. Over the past two or three years, you're starting to see that changed significantly with the uplift in the volumes. And what you're seeing is our customers are not starting to make investments in filling equipment and additional brewing capacity. So, the demand for the beverage cans are increasing, and we are ideally positioned to capture that.

And you look at a country that's got 1.25 billion people. And there's a diverse range of beverages that are already consumed. What we have is a great substitution opportunity where we can look to bring our containers and packages to the various channels that are there so that the customers can generate more value and then we share in that value.

Dan Fisher - ***Ball Corporation - SVP, COO of Global Beverage Packaging***

I guess the second part of the question, in terms of repurposing assets, yes, we always evaluate that. I think we do actually have some assets earmarked actually for redistribution even within the North America system, but there's -- I think we make three different can sizes there. So if a certain marketplace is in need of a certain can size, it gives us a really good opportunity to introduce or to sell up into maybe a different can size where there's under-penetration. So, we will certainly evaluate that. And we do do that on a global basis. We have great engineers and technicians that can do rebuilds on this equipment and return it to like new, and where it makes sense and where folks need it around the globe, we can repurpose that equipment.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

You know, Gihan, I might ask you to talk. That's exactly what we did in Myanmar. Our new plant in Myanmar is actually our old Qingdao line. So, Gihan, do you want to talk a minute about that?

Gihan Atapattu - ***Ball Corporation - President of Beverage Packaging Asia Pacific***

Yes. Exactly. Our line one in Vietnam is the old Torrance line which we took from North America and put into a new market for us. Qingdao we were forced to move from a location because the government needed the property to build a train station. We took that as an opportunity to build a bigger plant for Qingdao beer. And we took the small line, refurbished it completely, and started in Myanmar. In the emerging market, we wanted to be there first. But we knew, with all of the opportunities, there are some risks, so let's go in with a lower capital footprint. It's a great opportunity to take our use line, refurbish it. And along with it came about 15 employees from the Qingdao facility who knew how to run that line as well. So, they are happy and it's making cans for us and doing very well.

Chris Manuel *- Wells Fargo Securities, LLC - Analyst*

Chris Manuel. Two questions for you. First, several times last night, today, and even over the last few months as you've been speaking, we've heard about looking to get the appropriate value out of what you produce and making sure you're getting that from your customers in return. As you look across your business, are there opportunities you feel you've had within legacy Ball operations? Are these opportunities you feel you're finding in specific geographies, perhaps maybe from new assets you've acquired? How would we -- how would you have us think about how you get that opportunity? Is it, again, stuff that you are already producing? Is it conversion to specialty shapes, sizes, configurations where you need to get that from? How do you get at that?

Dan Fisher *- Ball Corporation - SVP, COO of Global Beverage Packaging*

I would say it's a good question. I think we learned a lot as -- I think we're going to transition some learnings from Ball to Rexam potentially, or the Rexam acquired facilities, in regions in the context of -- I think we did a decent job as a market leader in North America. Post the MCC acquisition, we learned a lot running our business as a system, capitalizing on the network, really focusing even more so on the supply chain than maybe we talk about, can sizes and differentiates us on graphics with this grade. And it's eye-popping. It can win based on that in some channels.

But don't underestimate the impact of the data and intel that we have from the breadth of the customers that we deal with and the breadth of the channels that we deal with, number one, and number two, the size and scale of the footprint and the nimbleness that that provides.

And so where there's more mature markets like the US and like Western Europe, we did it in BPE as well, we are able to extract more value by understanding the value proposition that we are selling. And I keep referencing, it's like this makes a significant different value -- there's a significant value proposition difference between in the Coke system, whether they are selling it single-serve or they are selling it in a multi-pack environment. If we don't understand that and understand the cost to deliver a multi-pack versus the cost to deliver 14 flavor profiles and have that dialogue, both sides of the equation are going to lose out. Coke is not going to be able to grow their revenue, which is their intention, in Western Europe and the US. And we are not going to be able to provide them that differentiated position unless we are having dialogues. And those dialogues don't happen in the context of a tender process. That happens with the ability to be a partner in a longer-term relationship where, when we make capital investments, we've got a longer threshold to get those returns that we've signed up for. And I think all of that discipline in terms of capturing that value is what we are talking about. It's not within the four walls of a plant. It's not just in the commercial agreement. It's how we manage our entire infrastructure and, more importantly, how we manage the distribution system in the channel with our partners, not our customers but our partners.

John Hayes *- Ball Corporation - Chairman, President, CEO*

Let me give one last -- and then, Colin, I'll turn it over to you -- another example, a proof point around this type of thing. Ten years ago, we used to make, in any given facility, two-thirds of the production would be one label. And we'd throw it into stock in the winter because you make more in the winter than you sell, and then you sell it off in the summertime.

You fast-forward to today, and just look around as you go to the stores that you go to near your homes. You see so many more in and out packages that have literally promotions on the container that probably have a one-month shelf-life. We are still dealing with contracts that have -- that were built under 10 years ago. And if you can look at order fencing, or you can look at predictive capability of the forecasting, and reward and/or create incentives for your customers to be accurate on the forecasting, that's -- I'm not sure what you call that, but we bucket it as commercial. That's just one example.

If you go through the different sizes that we've talked about, the different labels, even what Dan was just talking about in leveraging the use of some of the technology we have in terms of making different labels on the same printer, and you can create that flexibility for the customer, there is a value to that, but there's also a complexity cost to that. And we are not going to be doing it unless we are getting the value because we are not going to get more complexity with less value.

Chris Manuel *- Wells Fargo Securities, LLC - Analyst*

Okay. I have one follow-up if I could. Kind of address each region, if you can. When you're talking about this, it's difficult for us sometimes to understand where utilization rates are across the system, because exactly what you're talking about, you're doing more changeovers so they are not running maybe as quickly as they were, even if you're getting the right value for it. Could you maybe, as you are thinking through the different regions, give us a sense of where you feel your utilization rates or industry utilization rates are as well? That would be helpful. Thank you.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Should we just start with Carlos and go down this way?

Carlos Medeiros - ***Ball Corporation - President of Beverage Packaging South Americas***

Okay. So, in Brazil, I would say that the industry utilization rate is around mid-80s%, and ours is a bit higher than the average. And also in countries like the other countries where we operate in South America, utilization is even higher than that.

So, in answer to the other part of your questions regarding how we deal with complexity, again, I think it's no different what my colleagues have commented. We use extensively all the econometric tools to predict demand and take our actions based on that, plus the commercial inputs to build what we call a consensus forecast. And this is the way we found to minimize any deviations to the actual demand, and therefore minimize any disruptions to our plants or inefficiencies that could be created in the supply chain.

Colin Gillis - ***Ball Corporation - President of Beverage Packaging Europe***

I think it's been pretty well documented in Europe by the industry that over the last few years it's been really tight, especially during the summer season. So, I would say capacity utilization has been in the mid to high 90s%. And I think that's pretty well our experience as well as I would guess across the industry.

Prior to change of control, we dealt with a complex business. And post-change of control, it's different, but the complexity really hasn't changed.

There's been a couple things we've done. We focused first on short-term planning and execution, and that's being able to analyze what our customer patterns are and be able to go back and have that conversation with them so they understand how they are operating. And that may sound a little reverse, but, on the other hand, sometimes, if we can give them information on how they run their business from our perspective, it's helpful to them. And so I think we did that in our legacy business and we are in the process of doing that in our current business. And that's been very helpful.

When you get the short-term out of the way, it gives you a much larger window to start looking at your future planning. And through our integration business planning, using data, as Dan and Carlos have suggested, it helps us to be a lot more agile and sort of predict some of the things that our customers are going to need, whether it's size proliferation or just what are the capacity needs to be at the right time so that, when market conditions change, we can use our network to be more responsive, more agile, and ultimately get them to win in the market.

Dan Fisher - ***Ball Corporation - SVP, COO of Global Beverage Packaging***

I would say, in the US, probably closer to 92%, 93% for the industry. We are probably in the 88%, 89%.

I think the one nuance -- if you include our Monterrey facility, we are probably closer to 90%. Just keep in mind almost most of that Hispanic Millennial end consumer consumption with Corona, Modelo brands, so that's all coming back in the US, and that's a sold-out facility. So if it's just the US infrastructure, for end consumption in the US, I would say 92%, 93% for the industry, and 88%, 89% for us.

Tony Barnett - ***Ball Corporation - President of Beverage Packaging AMEA***

It's not a straightforward question to answer in emerging markets, because, very frequently, you've got new plants and new lines coming on stream, and they're not fully loaded. So, generally, for the facilities that are there, for the lines they are running and established, then you've got the typical utilization rate you were talking about, which is plus 80%. Then all of a sudden you've got a new line coming on, like we've got a new competitor that's coming into Egypt that brings a lot of capacity on in a big burst, and then that takes time for that to get absorbed. So, your average utilization rate in that period for the total capacity in the system would drop. So, you've got to look at that against the growth because, in these markets, you've typically got high single-digit, double-digit teen growth in those markets.

So, if I look to for all of our markets in AMEA, if I look to Turkey, the supply and demand is well matched -- is being well matched and that's probably plus 80% utilization figures. If you look at somewhere like Saudi Arabia, for instance, who has capacities that came in and around that territory, then it would go down. And it's not a straightforward, easy one to answer.

I think what's more important from our point of view is there's a lot of growth that's going on in those markets, and it's about positioning and capturing it, and being very disciplined in terms of how we have capacity, and then also in positioning ourselves with the customer, the opportunities that are there, that we match the utilization to drive in that value.

So, I'm not trying to be elusive with it, but it is quite a fascinating dynamic with new capacities that come on.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

One thing I might add, too, is I would caution everyone about a conventional use because, when I hear a word like that, it's one size. And when you have so many different sizes, you've got to have usable capacity. And I think the more -- in the AMEA region, and certainly down in South America, because the seasonality is that much greater, you've got to think about the usable, the usable. So if you bring a North American mindset or a Western European that says mid-90s%, that may be tight there but mid-80s% may be tight somewhere else. So you've got to be very careful about how you utilize that.

Gihan Atapattu - ***Ball Corporation - President of Beverage Packaging Asia Pacific***

That's a great point. The lines in China that are running typically one size, we are at 88% to mid-90s%, as John said. The ones that have swing lines, then we are at the bottom end of 80% due to their efficiencies that are lost. And I would say, in total China, given the overcapacity, it's probably the industry is in the low 70s%, in terms of utilization, to mid 70s%, something like that.

Dan Fisher - ***Ball Corporation - SVP, COO of Global Beverage Packaging***

I think there was another question there that was relative to label proliferation or conversions and change and how should we be thinking about that relative the inefficiency loss. I think we've done a pretty incredible job all across the world, but I'll give you one specific example. I think you heard this (technical difficulty) a month ago. In Golden, we have a 12-ounce line that's seen in the last three years I think 2X the active labels, 2X the active labels and 2X the label changes therein, but our label change time has gone from 33 minutes down to 16 minutes. And so we have been able to offset all of that from an efficiency standpoint. So you're going to see kind of stabilized efficiency. We have also got -- I think when we acquired our Rome facility down in Georgia as part of the MCC acquisition, it's the fastest can lines in the world, they have quadrupled their label changes over the last five years. I think they've gone from 1,500 label changes in that plant to 8,000, and their efficiencies have remained the same. It's a real testament to kind of the lean practices. This is basically SMED adoption and training all throughout the system and best practice sharing. It's one of those things that it's hard to believe it on paper, given the magnitude of kind of the exponential increase, but you see the people actually physically do it. You can sit there and watch them do a label change and it's half the time. And it's pretty remarkable. So whether that can continue at the pace and the rate that we are seeing without looking at things differently and using data or using automation, those are the things that I think we've got to really look at and capitalize on here in the short term and in the long term to continue that efficiency and asset utilization profile that we've all seen historically.

Scott Gaffner, Barclays

Thanks. Two questions. One is kind of a follow-up to the conversation we were just having really around the complexity from a customer perspective and SKU proliferation. I think -- John, I don't know if it was you or somebody else mentioned -- I thought I heard 27 SKUs in the US and other regions down to like seven or eight. But can you talk about SKU proliferation in mostly the other regions, just how is that going from a customer perspective? Are we seeing that continue?

And then the second question is really on the sourcing synergies, the 40% expected to come from sourcing. I'm just trying to understand conceptually, if metal is more of a pass-through, how you get the savings there, how that's passed through from a contractual basis to the customer. And I know, in some regions, I think the customers actually go out and source some of their own material. So maybe you could just- - maybe it varies by region, or just kind of walk us through how that might work.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Why don't we just go down the line and talk about the size, what you see in terms of it, because, I think, when you talk about SKUs, SKUs is much more. It's labels as well. But I think what you're talking about from a size proliferation and development perspective, why don't you all each and then perhaps, Scott, you can talk about the sourcing side just from a global perspective.

Carlos Medeiros *- Ball Corporation - President of Beverage Packaging South Americas*

Okay. In terms of SKUs, what we see in South America, first, there is expectations from final consumers to see more different sizes being offered. So, we follow -- South America follows exactly the same trend observed in Europe or North America in this sense. So it is a market that so far is being supplied with seven -- 6 or 7 sizes, and we see that this will grow.

Now, in terms of labels, also, promotional labels happen everywhere or every time there. So Christmas, Carnival, St. John's, any major sport event, Rockin' Rio, all these work as a way to create new labels and new ways to communicate with final consumers. And our customers exploit these opportunities to the extreme and we are ready there always to offer creative solutions in how to deliver the message they want through very close work with their marketing departments. So yes. And the way we see it is that complexity at the end of the day is our friend as we are technically prepared to deal with that through a number of operational tools in terms of lean and orders, to say, to mention only one, like (inaudible), and we believe that we can deliver a unique proposition to our customers.

Colin Gillis *- Ball Corporation - President of Beverage Packaging Europe*

In Europe and Russia, we make 16 different sizes in Europe, seven different sizes in Russia. If you think about it, we go from 150 ml very tiny cans all the way to 1 liter. So we cover the spectrum. And in that, there are various diameters. We have what would you call slim and sleek, but we also have super-sleek. We do some very specialty containers for customers like Red Bull.

We just introduced a brand-new container. It's a super-sleek container in Russia for beer. It's going away from the standard 500 ml can. Well, it's 44.9 centiliters. And so what it offers the customers is a very -- it's a different can. It's a little more sleek looking. It's a little taller, and it also gives them a price point where they can sell a little less beer for a little more money. So it actually creates value for our customers.

And there are more sizes in the pipeline. At the end of the day, we are trying to create opportunity for our customers to differentiate. It is about differentiation. And our label changes have gone up as much as Dan and Carlos said. It's exponential the amount we do.

It's a relatively cheap exercise for a client to create a new label. We have a design studio in our Capability Green [UK] office, I call it like the Apple Store, and customers can come in and work with us on different labels.

And I think there's a lot of opportunity in printing technology. There's more we can continue to do to differentiate for our customers. We do a lot of variable printing, names, sports figures. Again, it's creating occasions for customers to be intrigued by what's on the shelf in front of them.

If you think last night, at the bar was a variety of cans in front. And I saw people, geez, look at all of these choices we have. Think of that multiplied by different substrates when you go into a convenience store. It's dazzling how much is available. And the question is can we differentiate with cans for that moment of truth when people are reaching for something, if they are going to reach for something different that's in a can. And if we can create that customer experience, we help our customers win and we help ourselves win.

Dan Fisher *- Ball Corporation - SVP, COO of Global Beverage Packaging*

Yes, I think it's going to continue to increase SKU proliferation, even in the US, probably not at the rate that the other regions are going to experience, but if our customers can find a way to create -- if they believe they have something that's iconic from a brand recognition standpoint like the contour shape of the bottle, I think metal is going to present a lot of size and shaping conventions that can create that iconic representation for a brand.

And then the other thing that we are seeing in a lot of parts of the world is what are excise taxes and what are soda taxes going to do? I think a lot of that is going to create some interesting value proposition for us. I think the can does really well in smaller sizes in terms of shelf-life against PET. I know I've shared that with a lot of you. But I think there's a whole host of reasons why the shapes and the sizes will continue to grow in terms of the number. I think what we need to be focused on operationally is how we can do that and do it quickly and efficiently, capitalize on automation and do it in a way that others can't provide with the time from a timing perspective. And so I think we are focused on all of those.

And your question getting to the ends, which is probably more from this side of the table, there's a lot of different end configuration sizes that change that 12-ounce can with the 204 end to a 12-ounce can with a 200 end. That's a different can for us. That's a different package for our customers.

Tony Barnett - ***Ball Corporation - President of Beverage Packaging AMEA***

And in the AMEA region, it's already some 70% of the containers that we make are specialty containers. And we are seeing this. It is exactly the same trend. And customers are looking to explore new can formats as they look to create, capture more value in different channels. We are seeing lots of interest in the smaller size containers. And we don't see that, that's not going to stop. And also we are looking -- they want a greater proliferation of those can formats in each of the markets that we operate in. So, today, we do eight different can formats. And so we are getting that eight are going to go spread across the footprint, but also we are going to increase the number of them.

Gihan Atapattu - ***Ball Corporation - President of Beverage Packaging Asia Pacific***

And in the emerging markets like Myanmar, the consumer is just leapfrogging right into the most modern and newest packaging because they've seen it coming over the borders from Thailand or Singapore, etc. So, we started the plan immediately with sleek, not just with a standard can. So you have to come in with something new in some of these emerging markets because the Millennials in those markets expect it.

And in all the other markets, our customers are always talking about how do we get to have a new recruitment pack. So how do we make the can a little bit smaller to hit a certain price point, that we can send the can out to rural areas where people have never tasted Coke before? How do we get them liking fizzy drinks? So then we have to design a certain size for that.

In China, it's about occasions. Nightlife is huge. So how do we make a pack that really attract consumers or people going out for nightlife, bars, entertainment, etc., with a new pack, that sleek for beer, etc.? So multiple ways to try and find profit pools means that we have to find ways to help our customers brand and have a packaging for the right occasion, right recruitment, or right price point.

Scott Morrison - ***Ball Corporation - SVP, CFO***

On the sourcing side, our sourcing organization, it's a global organization run by a guy that works for me by the name of Rob Lauterbach. But there are teams in each of these regions, so each of these gentlemen at the table have sourcing folks.

And what we do is try to leverage our global size and scale and then our regional advantages that we might have. And so it's really different by each region. The opportunities are different by each region, how we are executing them is different by each region, but it's really -- so the opportunities could be bigger in one place than versus another. And so I think it's done a great job. I'm happy with where we are at, the things that have been concluded and the things that are close to conclusion in terms of what they will yield over the next few years. But it's really done on a global basis, coordinated regionally.

In terms of some of the customers buying their own inputs, that's really a US phenomenon and we don't really see that much for the rest of the world.

Debbie Jones - ***Deutsche Bank - Analyst***

I'll just start by saying you've done a nice job of taking costs out in China. My question there is, one, do you think that you have hit a bottom in terms of the profitability struggles for the industry?

And then, two, there's been some interesting partnerships, some assets changing hands. There's maybe an idea that there could be some accelerated consolidation in that region. Does Ball need to participate in this, considering you are aiming to be the global supplier and that's where a lot of outsized growth is?

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Gihan, why don't you take the first part and I'll take the second part?

Gihan Atapattu - ***Ball Corporation - President of Beverage Packaging Asia Pacific***

Okay. The bottom of profit, so this is just data points. I can't say when we hit the bottom. But I think what we are seeing as an industry is players falling out because they can't sustain anymore and then selling their businesses. We're starting to see that. Probably the industry is at kind of a cash profit level instead of an earnings level (technical difficulty) so EBITDA. So I think we are nearing the end of the situation. And I think customers, if they see any other players fall out, then it's an opportunity for us to potentially have price increases. So, I can't say where it is, but we think that we are probably getting close to the end right now.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

We've taken a lot of pain, as you know, in China. We are still cash flow positive there, and I think that's what Gihan is alluding to. But we are seeing -- who knows where it is, but we are actually a little more constructive than we were at certainly a year ago on this topic.

But to answer your greater question, let me just put it in context for everyone. Ball has been in China since the 1980s. And typically, what we've seen over -- since that time is you go through these cycles, these longer cycles. The upsides usually last a little bit longer than the downside, meaning the upside is usually five to seven years and then you go through a three- to five-year period. We are right in the midst of that three- to five-year period right now.

Our business, as it stands right now, as I said, is well-positioned. We are flowing cash. The question is at what level do we want to be a participant in the ultimate consolidation thereof?

I don't think Ball is looking at making big cash, meaning capital investments, into China, but we are not getting out of China either. And the question is how -- what does that mean? Could you see some structures where we own less than 100% of something and amalgamate with another party or a couple of other parties? Yes, we could see something like that.

But Gihan and his team have done a wonderful job in terms of ripping costs out to try and keep up with this pricing. We think pricing is largely over, but probably not completely over, and we still have even more cost out.

And the question is just because we haven't done anything, don't assume we haven't been looking real hard. Often, you don't get credit for the things you don't do. That might be one of those situations right now. But we are at a point right now where I think that we have various options that we are exploring, but we don't feel like there is a gun to our head in terms of doing it. So if we can find something that makes us better than where we are right now, we will certainly do it, but time will tell on that because it takes multiple parties to tango.

Phil Ng, Jefferies

Hey guys. A question on Europe on the margin front. If I compare legacy Ball versus the assets you acquired via Rexam, there's a pretty big spread. Is a big part of that just the complexity pricing? Can you talk about the delta there, how quickly you're going to be able to create change and embrace complexity? That's number one.

Question number two, for Scott, you talked about how Rexam perhaps didn't really care about the balance sheet, didn't focus on working capital and cash flow like a Ball Corp. Can you talk about the working capital opportunity savings in the next few years? You did kind of call out 2017, but maybe 2018, 2019, that would be helpful. Thanks.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Colin, do you want to take the first one?

Colin Gillis - ***Ball Corporation - President of Beverage Packaging Europe***

Sure. Well, if you think about it, post change of control, our customer mix is well consolidated. We are probably more heavier laden to non-beer than we were prior to change of control. So, it is what it is.

I think there's a great opportunity going forward. I think we have to look at the customer mix we have. We have a value pricing initiative where we're going to market. And I think John and Scott have alluded quite eloquently how we need to get value out of the services and the products that we provide.

I feel real good about the business we have. I think our cost base is in reasonably good shape. We have a little bit of structural work to do there, and I think our go-to-market strategy will change a little bit. And some of that will occur as customer contracts come up for renewal over the next three to five years.

Scott Morrison - ***Ball Corporation - SVP, CFO***

On the working capital side, Rexam being a UK public company, they reported results twice a year, and so they would do some things seasonally twice a year for their balance sheet. Being an EVA company, we think about our balance sheet and our invested capital every day. So we look at every month and we do average invested capital through the year. So, how we get paid is really a function of in part how that balance sheet looks throughout the year. So, we get people to focus on it all the time, every day, and I think that's where the opportunity comes, because they didn't necessarily drive their business that way. It was just different.

In terms of the size of that, we will have to see. But I think we have acquired big businesses. If you think about it, our European business is very different than it used to be and the South American business is very different and larger. So, I think, over the next few years, we're going to see nice opportunities in working capital. How much? I don't know. We've said kind of what the benefit we expect in 2017, but beyond that, it's too early to tell.

Arun Viswanathan, RBC

Just a similar question here. It looks like you're guiding to about $150 million synergies in 2017, and then $200 million growth in EBITDA between 2017 and 2019. Can you help us bridge what went into that kind of math? Is it pricing? Is it volume? Maybe some bigger buckets if you can help us with that.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

I guess we spent a lot of time today hopefully providing more color about the synergy side of it. We stand by what we said. We said at least $300 million. We told the world back at the end of the second quarter that we expect $150 million of it to show up in 2017. Obviously, there's a spectrum. And when you're going after synergies in the front end of the spectrum is that's completely your control and the back end is whether you have to negotiate or do some other things with other parties.

If you think about the very near term and what's been in our control, the close of Millbank has been in our control. The close of Charlotte has been in our control. We said a decent chunk of that G&A -- excuse me, of those synergies would come from G&A, and we are getting after that ASAP. I know, by the end of this week, the Millbank office will be closed. As we go into the early part of 2017, first half, the Charlotte office will be closed. That's here and now, and you can put your hand on it.

Some of the other things that we've already initiated is the things that Scott talked about on the sourcing side. He talks about the best practices that Dan talked about. And then kind of longer-term is some of the more commercial and other things we've talked about. So you layer all that in and you have the footprint that we talked about in terms of what we've done in Reidsville and in every -- Dan in his slide showed that, in every different region, we are evaluating different things. That's where the spread is, comes in, and we feel confident that, in 2017, we are going to get at least $150 million, and we still remain confident that the back half of getting those synergies usually take a little longer because it's less in your control. And so that we said over the next two years after that, we should get the other $250 million [$150 million plus]. So that's the -- how we have sourced, resourced and are executing on those synergies.

George Staphos, BAML

Thank you John. Two for Scott. Scott, there's been some discussion in recent months about the Ball's -- Ball's factoring program in terms of addressing working capital. We think we understand it. If you can talk to how that helps the business, how you manage that, and how it might be managed as rates go up? That's question number one.

Question number two is I look at your CapEx target the next couple of years. It would appear to me, given what we think about what your maintenance capital would be, that there are probably some other projects in there that you haven't yet necessarily disclosed. Would that be a fair assessment? And if it is, can you talk at all in terms of what the return profile might be if you can't specifically say what those projects are? Thank you very much.

Scott Morrison - ***Ball Corporation - SVP, CFO***

Sure. The factoring program, it's not that complex. We have a variety of financing sources, both committed and uncommitted, some one-year, some multi-year, so we kind of spread the risk around. If rates went up about 100 basis points, you would see about a $5 million cost to that for the factoring program. So that's kind of the economic benefit or cost that it would be. And that shows up in cost of sales. It doesn't show up in interest.

On the CapEx side, we really just -- we knew when we pegged that $500 million for next year, we knew the Spain opportunity was coming, some of the things, the growth that we are having an aerospace and some of the things we have to build out there. And then, frankly, beyond that is a placeholder for different opportunities. You've heard from all of these guys that there's opportunities in each of the markets. And the return profile for any capital that we are spending has got to hit that hurdle rate within a specified time. So, those will all be additive to -- from an EVA perspective, that's still the financial filter that we use to decide to do any kind of capital projects going forward.

John Tumazos ***Analyst***

John Tumazos. Could you explain, in your specialty businesses, what fraction you possess a unique machine or know-how or technology as opposed to what fraction you just have the best relationship with the customer, as opposed to what fraction is different than 12 ounces but is in effect a commodity? Like a 500 ml can is probably a different shape. It's somewhat less differentiated than the Coke bottle.

John Hayes ***- Ball Corporation - Chairman, President, CEO***

That's a very complicated question, so I'll try and answer it as best as possible. It depends. How's that?

On the contour bottle, completely proprietary. We are the only ones that can do it. When you look at a different size can, it's not so much about that you have special equipment, but we talked about this earlier. It gets to this effective utilization question. Historically, it used to take three days to change a diameter and/or a size. Just because the equipment wasn't set up, it was set up for 12-ounce, it was set out for long run and you would literally run that and you had to stop that, you had to go all the way down a line that's the size of a football field and tinker with all of the conveying, tinker with all of the various steps in the process.

We've been able, to Dan's point, been able to automate all of that. And so the really -- the secret sauce is how quickly you can minimize the downtime. So it used to be three days, and now you can do it in three hours, that's 2.5 days worth of productive capacity. So when you're talking about the efficiencies we are talking about and you have 2.5 more days of production than you did a few years ago, that's where we are able to leverage our fixed costs and, without walking away from any revenue, have a lower fixed cost base. So, everything in that whole spectrum, it becomes.

And so the way I would think about it is there are some products that are proprietary, that we have patent protection or other things like that, that no one else can do. There some that others can do but we've been doing it for longer, and we actually have built into our systems already.

And if you go back, and this is interesting, you go back in North America and you see, from 2005 to 2008, our North American business didn't perform all that well. Now, there's a variety of reasons. We were recapitalizing our ends, for those of you who remember, but also we are going through this journey that Dan talked about with changing the mindsets from running 12-ounce to becoming specialty. And trust us, it's not easy, and you have to have a willingness because it's just blocking and tackling. And when you can do that and you can -- when you're going in and out of sizes once a month and all of a sudden it went from three days of downtime to a couple hours of downtime, those are all free cans, and that allows you to get your costs out quicker from a fixed cost perspective. And so that -- I would describe that as know-how. That's how we talk about it in-house. Our competitors can probably do it, but some plants are just restricted where, because of the type of equipment, they can't make certain sizes. They can't make tall sizes, for example, because they don't have long stroke body makers. You really have to go into the devil is in the detail.

But I would say probably -- and this is a rough guess, probably, of the specialty side, probably a third of it is proprietary, quasi-proprietary, a third of it is related to we think we do it better, and a third of it is many of our customers have 5 million runs, 10 million runs. We are already making a can size on behalf, so we can bundle and amalgamate all of those can sizes, so we can have a 100 million can run with 18 different customers where, if you're another someone else and you only have two customers, it makes it that much more difficult.

Dan, is that fair --?

Dan Fisher ***- Ball Corporation - SVP, COO of Global Beverage Packaging***

I'll just share this story. It's exactly -- it's really about the people more than anything. And this change management is quite remarkable. One of the first facilities I toured when I just joined Ball was our Fairfield facility. That was a three line can point that only made 12-ounce cans. It was built, it's right down the road from the

Fairfield Anheuser-Busch brewery. That's why it was built 40 years ago, turned 40 years I think a month ago. They only made 12-ounce cans. They had their first layoff in 30-something years at that time. It was a pretty demoralized group. Shortly thereafter, I think we picked up some specialty business and we recapitalized a line there. A couple years later, we recapitalized another line there. Today, they make seven different sizes in that plant. It's one of our better plants. They have four or five sizes on one line. And the rule of thumb five years ago, and George is smiling at me, the rule of thumb, if you talk to any operator in the can industry, it's like -- the rule of thumb is the rule of two. You can't have any more than two can sizes on a line. You can't do it. You can't make it cost effective. You can't make any money doing it. And so here's a plant that basically dusted themselves off, saw a very difficult prospect, a future prospect, for that particular plant, didn't look all that good, they embraced it. They are literally the poster child of it throughout our organization and our footprint. And I think there are similar stories probably in the Ball facilities. And Carlos is probably seeing it now down in Brazil.

But that's -- if you embrace complexity and you can figure that out, you give your sales force something to go out and sell that's differentiated. You give ability to deliver, which is something that people can make different can sizes but if they can't make it when a customer wants at the price point they need it at, and the profile they need it at and get it delivered and on the shelves, that I think is an innate power. I'm not saying that others can't attempt to do that, but we figured out how to do it pretty well over the last handful of years.

Mark Wilde - ***BMO Capital Markets - Analyst***

It's Mark Wilde from BMO. I'm just curious. When we look at Dan Fisher's slides there with the per capita, particularly in some of the developing markets, there's a huge variation, and it doesn't seem to be tied to just things like per capita income levels. So, I wondered if you could tell us, are there two or three kind of key determinants you look at just trying to think about whether a market is going to be an adopter of the beverage can, and also whether there are any things that you can do as a market leader to try to promote adoption of the can in some of these less-developed markets?

John Hayes - ***Ball Corporation - Chairman, President, CEO***

It's a good question, and there's not a 100% answer to either one of that. But the one thing we do know, we do know, is the middle class is real important to our product. The middle class is real important to fast-moving consumer product goods companies who ultimately are our customers. And the greater the size of the middle class, typically the greater penetration that is. And it's because, at the end of the day, those are the ones that are consuming it. When you have a rising middle class, you usually have a more robust environment. When you have a declining middle class, it is usually more tightening. I say that because I think of South America right now and Brazil. Over the last couple of years, the middle class has been declining because the economy is there. The can has been doing well as a share of the package mix, but overall consumption of liquids has actually been going down. So, the can has held its own despite that softness there. That's why you are not seeing 15% growth, 10% growth that we saw three, four, five, six years ago, and it's relatively flat. It's not because the can isn’t doing well -- the can is doing well but relative to overall consumption. You go in North America, and I said the can is up. The middle class is actually doing okay in this environment right now.

You think of Europe, Europe is still growing because the can is doing well, but the middle class has been a little squeezed over the last couple of years, and that's what we see as a more muted environment.

So if you're just looking at one thing, I would focus on what's going on with the middle class, and what's going on with disposable incomes, the rise and fall of disposable income, because that seems to be a pretty good predictor.

Dan Fisher - ***Ball Corporation - SVP, COO of Global Beverage Packaging***

I don't think you can underestimate simple things like weather. We are down in Panama now, Guatemala, Central America. You're seeing it in Vietnam, some of these tropical climates where, once the middle class kicks in, you already know there's pent-up demand from a per capita consumption pattern. So we are pretty focused on looking at those dynamics and seeing stability of the economy helps, political leadership, all of that stuff helps. We are excited about some countries right now that we've got our eye on that we just -- they either need to open up, they need to become more stable, but a lot of those have to do with like weather climate and patterns like that, and there's already (technical difficulty) those areas.

Mark Wilde - ***BMO Capital Markets - Analyst***

Just in terms of what you can do to kind of promote the can in some of these markets where it's less-developed, what can you do?

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Let's focus on recycling rates, because it kind of plays to what I said before. The more emerging markets, the greater the recycling rate. You go into China, you go into Brazil, you go into many of these -- the recycling rates are so high because you don't see cans laying on the side of the road. You contrast that with here in the United States, where when I was growing up, at least it was still -- it was $0.01 a can. And honestly, even today, you can go and collect cans, you can get $0.01 a can. That's the scrap value, rough order of magnitude, of a can.

The problem is, with minimum wage of $15, you've got to collect 1,500 cans an hour just to keep up with the Joneses in that. That's why you see the recycling rates here in the United States lower than most places in the world. But when you're going into other places where the economies are not as robust, you see recycling. I say that because recycling is real important. And what I talked about in terms of our opportunity relative to other substrates, I think that is a great differentiator because the can has the most value, economic value, in a recycling stream. Number one.

And then number two, Dan alluded to this as well, the smaller the size, the more cans perform well relative from a cost and from a performance perspective because glass bottles, it gets real expensive and PET can't hold the carbonation at that, particularly in hotter climates. And that's why you see the can doing very well in the Middle East, because it's largely a soft drink market, largely a smaller soft drink market, and the PET just doesn't have the barrier properties in a standalone supply-chain environment.

Unidentified Audience Member

My question has to do with the aerospace business, sort of a long-term strategic goal with the aerospace business. Dan, I know you talked about this can and the cross-pollination you get from that. And we saw that slide on the backlog of the aerospace business. But what do you view long-term is the best way to kind of unlock that value in aggregate with your business? Does it make sense to pursue a spin out or something like that, or --?

John Hayes - ***Ball Corporation - Chairman, President, CEO***

It's a good question. I'll answer the first part, and then I'll let Rob get to the back part. The reality is it's a great business. We probably wouldn't, if we weren't in it, we wouldn't be looking to get into it because the price you would have to pay at entry wouldn't make economic sense. But we are in this terrific business that has a very low capital base. I say that for two reasons.

Number one, it's a great EVA business. Believe it or not, it's our best EVA business on a per capital invested in this just because the capital, the output ratio, is very different than a packaging business.

The other thing I'll point out -- has very low tax basis. So for those of you out there saying why don't you look at the whole spectrum, we look at every one of our businesses with the whole spectrum. We've been in 46 different businesses. I think with great surety I can say we are relatively agnostic about the economic proposition of each of those. It makes zero sense to sell. It's got such a low tax basis. You can do the math. You can pay an eye-popping multiple. You pay off the taxes after a very low basis. You take 100% of that. You buy back your stock and it's a wash. So then you ask yourself you just took away option value for what?

We look at could we spin it off? Well, maybe at some point in time. I would argue right now it doesn't have several things. Number one, it's not big enough. We are bidding on very large programs, let me put it that way, and it has the ability to use the credit worthiness of the parent to help backstop some of those things. If it was on its own, it wouldn't be able to do that.

I think, when you look at it from a trading environment right now, I think, on a relative basis, where we trade versus where many of the aerospace peers trade, it doesn't make economic sense. People ask can you do everything from a Reverse Morris Trust. Yes, but you have to have a business, a real business, purpose, not just form over substance. You need to have real substance behind it.

The one thing I do know, this is a great business, and this is where I'll turn it over to Rob. It is a great business. We are on the front edge of some really cool things. We are getting leverage ability out of it. And I just wish we had more people because we have more opportunities in that business right now than I've ever seen in my 17 years at Ball Corporation.

Rob Strain - ***Ball Corporation - SVP, President of Ball Aerospace***

What John said. We actually are -- I've been in aerospace 40 years. We are at a really unique spot. And I think, with this new administration, I think the interest in improving the top lines of DOD and the risk we have worldwide, and the fact they don't have all the money they need really plays well to someone like Ball, who has a very different price point. We can do 95% of anything the very large companies can do, but we do it at a very different price point. We've been winning market share, as you've seen in our run-up of our backlog, and I think our future is really, really bright to continue to grow in a very positive EVA manner. So, if they're going to keep us, we are going to do terrific.

John Hayes - ***Ball Corporation - Chairman, President, CEO***

That'd be yes.

Ann Scott - ***Ball Corporation - VP IR***

Any other questions from the audience?

Mark Wilde, BMO

I'm just curious. Following up on that, is there much incremental capital that will have to go into the aerospace business to support some of this growth that you've already announced, and some that we are hinting at?

John Hayes - ***Ball Corporation - Chairman, President, CEO***

A little bit, but we are not saying the totality of Ball Corporation, nothing appreciable. We need to build out -- I mean, at the end of the day, really what we do, we have to build out some of our manufacturing facilities, including adding chambers and adding engineering space and adding some literally long-run production space. If you recall, five, six years ago, we did that in what we call our Fisher satellite manufacturing facility. In over a five-year period, I think we invested approximately $50 million total. So, it's on that order of magnitude that we are kind of talking about. But the good news is we are at that cycle where we are at the next step change in terms of looking at those types of things, and it's because of the business we won.

John Godyn, Clearfield Capital

Hey, thanks for taking my question. Sometimes I hear sort of a skeptical argument that, if we give the Company credit for the synergies and even there may be upside based on some footprint, consolidation that the team has mentioned, the margins that kind of spit out of that model years down the line are very sporty by historical standards. I'm curious what your reaction to that is. Is Ball a company that can generate margins in the future that it's never seen before, and that may compare very favorably to other packaging companies? How do you think about that?

John Hayes - ***Ball Corporation - Chairman, President, CEO***

I think about it in several different ways. Scott, in his numbers, put out, by the end of 2019, we expect $12 billion in revenue and $2 billion of EBITDA. I don't think those are outsized margins, number one.

Number two, we are in a fixed cost business. Scale does matter. And so we've put more -- we just put more heft into our business where we can leverage our G&A in a way that we weren't able to do on our own. We are able to leverage our footprint, and yesterday's announcement was a good example of that. I think those are the types of opportunity where scale does matter and provides that. So I think you combine those two and I don't think, what we are talking about is anything outsized at all, it's a function of scale and I do think those margins -- when you look at $2 billion of EBITDA on a base on $12 billion, I wouldn't say that's outsized.

Ann Scott - ***Ball Corporation - VP IR***

Any other questions from the audience? John, do you want to add some closing comments?

John Hayes - ***Ball Corporation - Chairman, President, CEO***

Yes. I just want to thank you all. Hopefully, you had a sense that we have a lot of excitement going on in our Company. We have a lot of opportunity. We have a lot of work ahead of us. That's not lost on us. We've got the right team to do it. Hopefully, we've got the right mindset to do it. As I said, not everything is going to be perfect, but you have a commitment from our company that we're going to driving this real hard. We are not -- as the old saying goes, if a flag is going to be thrown at all, it's going to be for offsides, not delay of game. We are going to be after this. And we look forward to engaging on you as we go forward. So thank you all for coming.

IMPORTANT DISCLAIMERS

Forward-Looking Statements

This presentation contains "forward-looking" statements concerning future events and financial performance. Words such as "expects," "anticipates," "estimates," “believes,” “targets,” “likely” and similar expressions typically identify forward-looking statements, which are generally any statements other than statements of historical fact. Such statements are based on current expectations or views of the future and are subject to risks and uncertainties, which could cause actual results or events to differ materially from those expressed or implied. You should therefore not place undue reliance upon any forward-looking statements and any of such statements should be read in conjunction with, and, qualified in their entirety by, the cautionary statements referenced below. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Key factors, risks and uncertainties that could cause actual outcomes and results to be different are summarized in filings with the Securities and Exchange Commission, including Exhibit 99 in our Form 10-K, which are available on our website and at www.sec.gov. Additional factors that might affect: a) our packaging segments include product demand fluctuations; availability/cost of raw materials; competitive packaging, pricing and substitution; changes in climate and weather; competitive activity; failure to achieve synergies, productivity improvements or cost reductions; mandatory deposit or other restrictive packaging laws; customer and supplier consolidation, power and supply chain influence; changes in major customer or supplier contracts or a loss of a major customer or supplier; political instability and sanctions; currency controls; and changes in foreign exchange or tax rates; b) our aerospace segment include funding, authorization, availability and returns of government and commercial contracts; and delays, extensions and technical uncertainties affecting segment contracts; c) the company as a whole include those listed plus: changes in senior management; regulatory action or issues including tax, environmental, health and workplace safety, including U.S. FDA and other actions or public concerns affecting products filled in our containers, or chemicals or substances used in raw materials or in the manufacturing process; technological developments and innovations; litigation; strikes; labor cost changes; rates of return on assets of the company's defined benefit retirement plans; pension changes; uncertainties surrounding geopolitical events and governmental policies both in the U.S. and in other countries, including the U.S. government elections, budget, sequestration and debt limit; reduced cash flow; ability to achieve cost-out initiatives and synergies; interest rates affecting our debt; and successful or unsuccessful acquisitions and divestitures, including with respect to the Rexam PLC acquisition and its integration, or the associated divestiture; the effect of the acquisition or the divestiture on our business relationships, operating results and business generally.