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PRESENTATION

Operator

Greetings, and welcome to the Ball Corporation First Quarter 2021 Earnings Conference Call. (Operator Instructions) As a reminder, this conference is being recorded today, Thursday, May 6, 2021. It is now my pleasure to turn the conference over to John Hayes, Chief Executive Officer. Please go ahead, Mr. Hayes.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Great. Thank you, Frans, and good morning, everyone. This is Ball Corporation's conference call regarding the company's first quarter 2021 results. The information provided during this call will contain forward-looking statements. Actual results or outcomes may differ materially from those that may be expressed or implied. Some factors that could cause the results or outcomes to differ are in the company's latest 10-K and in other company SEC filings as well as company news releases. If you don't already have our earnings release, it's available on our website at ball.com. Information regarding the use of non-GAAP financial measures may also be found in the notes section of today's earnings release.

The release also includes a table summarizing business consolidation and other activities as well as a reconciliation of comparable operating earnings and diluted earnings per share calculations.

Now joining me on the call today are Dan Fisher, our President; and Scott Morrison, our Executive Vice President and Chief Financial Officer. I'll provide some introductory remarks, Dan will discuss packaging and aerospace performance and trends, Scott will discuss key financial metrics and then I'll finish up with comments on our outlook for the company.

First, let me begin by thanking our employees. Together, we are working safely and executing at a high level in preparation for even more growth. Thank you for taking care of one another and living the Ball culture day in and day out. I also want to thank our customers, suppliers and their employees. Collectively, we are successfully navigating pandemic-related restrictions in certain regions, post-vaccine reopenings in other regions, supply shortages and disruptions across the entirety of our supply chains and investing in growth brands, sustainable aluminum packaging and scientific discovery. The past 15 months have further showcased the resiliency of our industries as well as our ability to communicate and manage appropriately to serve growing consumer and customer demand.

2021 is off to a strong start with comparable diluted earnings per share up 18%, comparable operating earnings up 12% and global beverage volumes up 8%, despite a couple of disruptions in North and Central America beverage and aerospace that were outside of our control. Momentum continues across our global beverage businesses. Project execution is high, aerospace backlog is solid and hiring continues at a robust pace, all of which will fuel long-term shareholder value creation.

Even though we left a little on the table in the first quarter, nothing has changed about our prospects. In fact, we have an even greater conviction in our ability to significantly grow diluted earnings per share, EVA dollars, cash from operations and return of value to shareholders in 2021 and beyond. Scott will discuss this more later on.

First quarter 2021 highlights include: our global beverage business completing the start-up of 4 new lines and the speed-up of numerous others around the world. Our aluminum aerosol business successfully integrating the Brazil aluminum aerosol plant acquisition. Our cups team executing on national distribution of the Ball Aluminum Cup at 7 out of the 10 largest U.S. food and beverage retailers late in the quarter. Our aerospace team continued to successfully test key instruments and win NASA contracts and study programs, and our businesses hired nearly 1,000 people net in the quarter to support our long-term growth.

We continue to put our shoulders into the areas of sustainability and Real Circularity to ensure that aluminum beverage packaging continues to be the most sustainable package in the world. As many know, and you will hear us speak endlessly about, aluminum beverage cans already contain, on average, more than 70% recycled content, which is multiples above any other beverage package. During the quarter, we launched the first ASI-certified can in EMEA and Ball commissioned Eunomia to produce the first U.S. state-by-state comparable assessment of recycling rates for common containers and packaging materials. Please visit our website at ball.com/realcircularity to view our recently published 50 States Recycling Report.

As state and federal lawmakers consider recycling legislation and infrastructure investment, it's important for everyone to understand what is working and what is not when it comes to recycling in the U.S. And as an industry leader, we believe with good data, smart policies and infrastructure investment, the U.S. can be a leader in the global circular economy. Aluminum packaging is economically advantaged, properly designed and as mentioned, offers the highest recycled content beverage solutions available to our customers today. Increasing U.S. and global recycling rates will only accelerate growth for aluminum packaging versus other substrates and promote a truly circular economy.

So in summary, Ball is operating from a position of strength. Our future is very bright, and our time is now. To everyone listening, best wishes to you and your family for good health and continued safety.

And with that, I'll turn it over to our new President, Dan Fisher. Dan?

Daniel William Fisher - *Ball Corporation - President & Director*

Thanks, John. I echo your thanks to our employees, customers and suppliers. Our global HR, environmental health and safety professionals and our own personal actions continue to keep our teams safe and vigilant.

As John mentioned, it was a very rewarding start to the year. The teams are doing a great job managing accelerated growth, large-scale capacity additions and a few curveballs along the way. We're exiting the first quarter with a lot of momentum and we'll continue to see strong performance throughout 2021.

In addition to global beverage volumes being up 8%, specialty mix increased above 49%, up from 46% at year-end 2020. And ongoing strength in EMEA and South America beverage more than offset the winter storm impact in North America beverage, accelerated marketing investments for our retail cup launch and COVID-induced subcontractor costs in aerospace.

Demand for aluminum beverage cans continues to outstrip supply around the globe, despite Ball exiting 2020 with 7 billion units of additional installed capacity. We continue to be sold out and look forward to bringing more projects online. Our global engineering and operations teams are executing at a high level and we anticipate exiting 2021 with an additional 12 billion units of new installed capacity, all of which underscores our Investor Day commentary: cans are in high demand, contracts are in place and Ball is well on its way to installing at least 25 billion units of global capacity by year-end 2023. That's off of a base of 100 billion in 2019.

Our focus on speed-to-market, talent, training, systems, supply chain and operational readiness is paying off as we continue to ramp up new capacity on time and on budget. To all the teams listening, our time is now and you are making this happen, keep up the great work.

We continue to secure new customer and supply chain contracts as well as properly aligned talent resources for the future. As John mentioned, we have hired an additional 1,000 colleagues year-to-date, with the majority of them located in the United States. Training and development and immersion into the Ball culture is a vital part of our day-to-day work.

Can demand across all beverage categories is strong. Our focus on improving customer experience is bearing fruit. Online tools like The Source, transparent customer communication and even more can availability will continue to aid that trend.

We also continue to make significant progress in operationalizing sustainability. I'm proud to say that in addition to our EMEA segment achieving ASI Certification in 2020, our operations in South America and North America are on track to achieve ASI certification by year-end 2021. In addition, last week, we recognized the 2020 Hoover Sustainability Award Global winners. We commend all of our global colleagues and our global supply chain for their commitment to our sustainability journey.

As we discussed throughout 2020, growth in our global beverage business is accelerating, and our product portfolio continues to support our customers' new brands as well as broaden the addressable market for aluminum cans, bottles and cups. Given market characteristics and our project execution, I'm very positive about our ability to achieve our goals and deliver low double-digit global volume growth and global specialty mix in excess of 50% in 2021.

We continue to see the global industry growing at an annual rate in excess of 6% for the foreseeable future. As a reminder, for those of you newer to the industry, that is 2x the historical CAGR and puts the industry on track to grow at least 100 billion units by 2025. Ball is well positioned to capture at least 45 billion units of that growth given our scale and innovation in the world's largest can markets.

Looking out, contractual terms and conditions are favorable and long-standing pass-through mechanisms for aluminum and other items are in place. These include our list customer terms and conditions that will enable us to ensure full pass-through as inflation begins to ramp up. And as we said on last quarter's earnings, now we execute, execute, execute.

Now a few comments on each region. In North America, beverage first quarter volumes were up 6% and specialty mix improved to 37%. During the quarter, earnings were down slightly due to the combined effect of project start-up costs and lost production from winter storms, more than offsetting the benefit of improved volume and mix. We anticipate both our Glendale and Pittston facilities to exit 2021 with 4 can manufacturing lines installed, and our Bowling Green ends manufacturing plant will pull forward its start-up to the fourth quarter of 2021.

Across the customer base, beverage can demand is strong across all brand categories: alcohol, soft drinks, energy and water. We expect this favorable trend to continue and will support additional EVA-enhancing opportunities to align with long-duration contracts. As we have discussed on prior calls, given 3 plants coming online in North America, full year start-up costs are expected to be in the range of $50 million. The impacts of these costs will be weighted more in the first half.

In EMEA, segment volume for the first quarter was up 5% and specialty mix was 54%. Across Ball's EMEA business, demand trends and positive momentum continues. We foresee European beverage can volumes up mid-single digits throughout 2021 and beyond. Future growth will be driven by new and existing categories utilizing cans and additional regional plant opportunities emerging to fulfill market demand in the biggest can markets across EMEA.

In South America, first quarter volumes were up 14% and specialty mix increased to nearly 68%, despite only 80% to 85% of delivery channels being open during the recent resurgence of the virus. We continue to see more upside in South America and the Frutal, Brazil plant as well as other projects are progressing very well. We are also anticipating further investments both in Brazil and throughout the region. Similar to our prior commentary, we anticipate can growth in the mid-to-high teens and can mix on the shelf returning to even higher levels beyond 2020 once we have more capacity online.

In summary, our global beverage team did an amazing job navigating some uncontrollables during the quarter while also executing at a high level on the things we can control.

Sticking with aluminum packaging. Our aluminum aerosol team did a stellar job managing costs and preparing for reopenings, lifting deodorant and personal care demand. Both earnings and volume increased slightly in the quarter, and the team continues to amplify the sustainability credentials of our extruded aluminum bottles to deliver innovation across multiple brand categories. Our cups team continue to execute and prepare for an exciting 2021. In addition to the retail launch John mentioned, the team recently kicked off "the party starts here" marketing campaign to engage and educate consumers preparing for a summer filled with infinitely recyclable aluminum cups. We will continue to invest marketing dollars behind the cups retail launch in 2021 and expect our cups business to turn a profit starting in 2022.

Turning to aerospace. The team continued to win contracts during the quarter, including building the spacecraft for NASA's heliophysics GLIDE mission, which will study Earth's exosphere, which is where Earth's atmosphere touches space. The GLIDE spacecraft and NOAA's Space Weather Follow On spacecraft, also being built by Ball and will study solar winds and forecast solar weather will launch together in the future. The aerospace business also dealt with transitory costs due to a first quarter subcontractor rate adjustment associated with the national defense contract and inefficiencies brought about by the current COVID environment. This rate adjustment does not impede the near- or long-term growth prospects for the business. I'm happy to address any of those questions during Q&A.

Our team also executed on new infrastructure, completed critical testing on multiple instruments, won new study programs and backlog remains solid. We continue to be very excited about the business and appreciate all of the amazing work being done by the aerospace team.

With that, I'll turn it over to Scott.

Scott C. Morrison - *Ball Corporation - Executive VP & CFO*

Thanks, Dan.

Comparable first quarter 2021 diluted earnings per share were $0.72 versus $0.61 in 2020, an increase of 18%. First quarter comparable diluted earnings per share reflects strong global beverage results, favorable FX, lower interest expense and a lower effective tax rate, offset by previously discussed higher year-over-year corporate, labor and start-up costs to support business growth and marketing costs to drive the aluminum cup launch. Ball's balance sheet is very healthy with ample liquidity and flexibility.

As we sit here today, some additional key metrics to keep in mind for 2021. Our full year effective tax rate on comparable earnings will now be in the range of 18%. Full year interest expense will be in the range of $275 million. And full year corporate undistributed costs recorded in other nonreportable are now expected to be in the range of $90 million. We continue to see a path to doubling our cash from operations by 2025.

Our 2021 cash from operations will grow in line with the earnings trajectory and be aided by a source in working capital. We expect 2021 total CapEx to exceed $1.5 billion and returns on capital beyond our 9% after-tax hurdle rate will follow through as new growth capital products become operational later in the year and in the years to come. Ball continues to be good stewards of our cash and as fellow owners and in alignment with our EVA discipline, we'll prudently balance real-time growth opportunities with consistent return of value to our shareholders via dividends and share repurchases. Given the first quarter's strength and approaching our net leverage target range as we progress through 2021, I see returning that value in a more meaningful way sooner rather than later.

With that, I'll turn it back to you, John.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Great. Thanks, Scott, and thanks, Dan.

In summary, our Drive for 10 vision serves us very well, whether it be broadening our geographic expansion developing new customers, markets and products and doing so with a commitment to being close to our customers and with uncompromising integrity. Following our strong first quarter results and outlook for the remainder of the year, we are even better positioned to exceed our comparable diluted earnings per share long-term goal of 10% to 15% and exceed our EVA dollar growth goals of 4% to 8% per year in 2021 and beyond.

We will work together to do everything possible to work safely, execute on capital investments, drive the circular economy and generate significant earnings, cash, EVA and value for our shareholders.

And with that, Frans, we're ready for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question from the line of Adam Samuelson with Goldman Sachs.

Adam L. Samuelson - *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

I was hoping maybe a little bit more color on some of the capacity additions. I believe in the prepared remarks, you alluded to a 12 billion unit incremental capacity ending '21 versus '20. I'm just trying to make sure we can think about the phasing properly of that in terms of how much actually benefits '21 volume growth versus how much is carryover and incremental growth in '22? And if you help us think about incremental capacity that you're looking at how should we think about exiting '22 into '23 just from the phasing of the incremental projects that you're looking at?

Daniel William Fisher - *Ball Corporation - President & Director*

Sure. Maybe just to restate where we ended 2020, obviously, sold out, and we sold 105 billion cans. We exited 2020 with installing an additional 7 billion referenced in the script today that we plan on exiting 2021 with an additional 12 billion on top of that. So you're getting to, obviously, that 19 billion range on top of the 105 billion. And then we clearly are thinking about additional planned projects into 2022.

It's a little early for me to speculate on the speed and the rate with which we're adding in 2022. There's still an awful lot of challenges, as you can imagine, in South America with COVID and in Central Europe with COVID. We've got line of sight, as I've indicated, to add 25 billion off of the base in 2019. By 2023, we can still execute against that. It's just timing as it relates to what we've already put in place and what we're executing on that I will continue to inform you as we get further along in the year and as we are able to get our engineers transported from location to location.

Adam L. Samuelson - *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

Got it. That's really helpful. And then I have a quick follow-up just on the quarter. Some of the discrete items in terms of start-up costs or winter storm impact or some of the supply chain items in aerospace. Any way to specifically quantify those? And as we think about those not necessarily repeating in '22?

Scott C. Morrison - *Ball Corporation - Executive VP & CFO*

Yes, this is Scott. In the North and Central America business is where we felt most of that. The storm costs were $10 million plus and start-up costs of about $12 million in the quarter. And then we spent an additional incremental probably $4 million over what we were planning to spend in cups as we ramp up that national retail launch. And then the aerospace impact was probably in the range of $7 million in total.

Operator

Our next question is from Kyle White with Deutsche Bank.

Kyle White - *Deutsche Bank AG, Research Division - Research Associate*

After the Glendale and Pittston plants are up and running, do you envision still needing to kind of import cans into the U.S. to meet this kind of elevated demand that we're seeing?

Daniel William Fisher - *Ball Corporation - President & Director*

I do for 2022, it looks like latest forecast, what we're seeing, there will be a modicum of import can still for our customers, if demand profiles continue in line with our expectations, nowhere near the size and the scale that we dealt with here over the last couple of years, but there will still be an oversold element heading into 2022, even with all the capacity that I indicated.

Kyle White - *Deutsche Bank AG, Research Division - Research Associate*

Got it. And then just going to Brazil and South America, you touched on it a little bit. Demand seems healthy there despite only 80% to 85% of the retail channels being open. Are you seeing any impact at all from the rise in COVID cases down there? Any impact on operations or volumes? And then maybe just touch on kind of your capacity situation there, understanding that you have the new plant coming on later this year, but just given the growth profile there? I imagine you'll still be constrained even after that comes up?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. We're running at extraordinarily low inventory levels. Can penetration in the market for Q1 was actually lower than on average what it was all of last year and even the year before, and that's because there's just not enough cans. And so even with the capacity adds that I'm talking about in South America, we're going to be incredibly tight in that region for the foreseeable future. A lot of it is underpinned by returnable glass shifting into cans. So if you reference back to my comments in the script, we're definitely looking into a series of further investments across that region as long as the demand profiles and the contracts look right. We have not had a lot of disruption, and I give our teams a tremendous amount of credit.

This time a year ago, it was challenging in kind of the Amazon region. But since then, we haven't lost much in terms of production and the stories are incredible, as you can imagine, in terms of what's happening with extended families and loved ones. And that has been the mental aspect of our employee base has been probably more challenging in getting people physically to work in a healthy environment. Obviously, these things can change with new variants showing up, but it's been a pretty resilient bunch down there. And we really haven't seen much of an impact and knock on wood, we'll continue to manage this incredibly effective moving forward.

Operator

Our next question is from the line of Anthony Pettinari with Citi.

Anthony James Pettinari - *Citigroup Inc., Research Division - Director & US Paper, Packaging & Building Products Analyst*

In North America, understanding that you're running full and sold out, we saw this massive consumer stockpiling in the U.S. in March, April last year as we went into lockdown. As you anniversaried those comps, did you see any impact or any change in terms of customer behavior or mix? Or offsets from recovery and on-premise. I'm just trying to understand how a summer reopening in the U.S. this year impacts your North American business?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes, there's a lot to unwrap there. A lot of open-ended questions, too, that we're trying to pay attention to if I just take the on-premise, off-premise. One thing that we've seen over the last 15 months is there's been a number of customers that have really leaned into the direct channel, the e-commerce channel, that certainly benefited us. I don't think that's going to suddenly turn off. Folks are going to continue to be dealing with flex schedules. So a couple of days more, a week at home versus in the office, that all benefits cans. So there's room for optimism, at least with our substrate that there's been a shift, a secular shift for the long term. I think that's here, and I think that is here for the long term.

I do think, though, in the month of April, it was kind of interesting because that was the month of year-over-year comparables. And what we saw was overall liquid volume on the alcohol side was down a little bit. Cans were actually up a smidge in that, meaning cans were taking share. And on the soft drink side or the nonalcoholic side, nonalcoholic liquid volume was up and the cans were up as well. So not by huge amounts, but people, I think we're expecting a big decline. And obviously, when you look week-to-week, there's big swings. But if you look over the past month, so to speak, those are the kind of trends we've been seeing.

Anthony James Pettinari - *Citigroup Inc., Research Division - Director & US Paper, Packaging & Building Products Analyst*

Okay. That's very helpful color. And then you talked about COVID protocols hindering aerospace, I think, in 4Q as well. Has aerospace been impacted more by COVID and COVID protocols more than bev and aerosol relative to your expectations? Is that fair to say? And then does that sort of temper growth expectations for aerospace over the next couple of quarters? Or maybe things are easing? Just any additional detail you can give there?

Daniel William Fisher - *Ball Corporation - President & Director*

Sure. I can give you a little color here. I think moving forward, I think we're in a far better place than candidly we've experienced in the last 6 to 9 months. Keep in mind that, historically, and the type of work we do, much of it being classified, folks need to be on site in order to do the work. And so our aerospace business of roughly 5,000 employees today, you would see 80% of those folks would be on site. And if you go back to the end of Q3, beginning of Q4, it was more in the 35% to 40% range. We've begun the transition now. In the last couple of weeks, we've seen north of 60% on site, and that's continuing to build as folks get vaccinated and CDC guidelines are allowing us to bring more folks in-house. So we should see productivity benefits not just for us, but the entire supply chain, which has been disrupted because of this. So we're feeling bullish about this quarter and the back half of the year and returning to some sense of normalcy for that business and increasing productivity and efficiency. So hopefully, that gives you some additional color on kind of what we've been up against.

Anthony James Pettinari - *Citigroup Inc., Research Division - Director & US Paper, Packaging & Building Products Analyst*

No. No, that's very helpful.

Operator

Our next question is from Ghansham Panjabi with Baird.

Ghansham Panjabi - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Maybe, Dan, just following up on the earlier questions. With the Texas weather disruption from February and you're running quite lean on inventories to begin with, just given the nature of the growth in the U.S. over the past few quarters, how do you kind of managed to flex your production as you gear up for the summer season from an inventory standpoint in the U.S.?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. You're hitting on a great point and something that we're going to, candidly, have to figure out and grind through. We're in peak season. We've been oversold for 2 years. We're at historically low inventory levels. We have an incredibly tight supply chain. Our teams are doing things and trying things and trying to be as transparent as we possibly can with customers. The one thing we can do is try to lock in, candidly, a production plan for the balance of the year and try to stick with it as best as we can. That gives our plants the best chance of success.

Any alterations, any changes to that are going to put us in very close to a make-to-order environment, which it will be challenging. I think our teams are up for it. We do have capacity coming online, which I've commented on. Those are coming online right in line with our expectations. That will give us some modicum of relief. But yes, our customers are gearing up for a big peak season. They're taking every can we can possibly get. There's a lot of importation happening right now, and it's just going to be tight for the summer. The first quarter did not set us up for the most optimal scenario heading into the second quarter in North America.

Ghansham Panjabi - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

For sure. And then almost every inflation cycle over the years, the beverage can industry has found some level of weakness in their contracts, whether it's freight pass-through or aluminum premiums or whatever else there was, just given the nature of this particular inflation cycle, just how ferocious things have been in terms of cost increases and maybe even wages at this point, how are your contracts holding up? And is there any risk in terms of incremental margins that we should be thinking about as we progress the next few quarters, specific to the velocity of the inflation curve right now?

Daniel William Fisher - *Ball Corporation - President & Director*

The contracts if you look 3 years ago, we've commented on it several times, you've been following us for a while, they're much better. We're in a much better space. The downside that's always been in our business, and it's the self-induced inefficiencies in our distribution channel. So where the more touch points we have in the supply chain that's not embedded in the cost to serve and the cost to deliver to our customers, those aren't pass-through elements. It's a minimal amount. But as you said, the amount of inflation that we're experiencing, especially on freight, there could be some dollars tied up in there that aren't tied to pass-through.

Operator

Our next question is from the line of Mike Leithead with Barclays.

Michael James Leithead - *Barclays Bank PLC, Research Division - Research Analyst*

First question just on growth investment. I think you moved forward the expected timing of the ends plant in North America this quarter, and it seems like broadly your growth projects are coming at a larger accelerated clip versus maybe what you laid out for us 6 months ago at your Investor Day. So I'm just curious what you'd attribute that to, whether it's greater customer demand, better project win rate, better execution, maybe it's all of the above. But just trying to get a sense of what's driving the real acceleration and growth investment there.

Scott C. Morrison - *Ball Corporation - Executive VP & CFO*

I think all of the above, really. I mean, the customer demand is not waning in any way. In fact, it continues to firm up. I think our execution is getting better. I think you look at North America, the ramp-up of these 2 new facilities has been better than expected. So I think we're getting better at all of that. And the opportunities, frankly, if we can pull them forward and get these things running faster, we'll like it better.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Yes. And just a case in point on that, is talk about the new hires we've had. Over the last 18 months or so, we probably in the beverage can business, I'll put aerospace aside, we probably hired over 3,000 people. That is unprecedented in our business relative to what we have done in the past. We've talked a lot about these "start-up costs." It's really training costs at the end of the day. If you recall 3, 4, 5 years ago, the lessons learned where some of the footfalls we had in terms of our start-ups is we didn't bring people on early enough, and we didn't give them a chance to succeed from day 1. We've been accelerating the hiring and training and development of those people, 6 months prior to what we would have done a couple of years ago. And I think to Scott's point, we've been executing quite well as we're starting up these plants. And I think we're giving them a better shot at success.

Daniel William Fisher - *Ball Corporation - President & Director*

Maybe one additional comment. I did indicate that the end plant in Bowling Green, we were thinking earmarking a Q1 2022 start-up. What we're talking about is 3, 4 weeks earlier that falls into the Q4 2021. Scott hasn't come off, and we haven't come off our start-up costs. There's negligible change for our capital spend for the year. So we've already had those costs and the capital outlays embedded. This is just recognition that the teams are executing. They're executing a little better than we anticipated, moves inside the fiscal year. And hopefully, that means candidly fewer imports on ends, heading into next year.

Michael James Leithead - *Barclays Bank PLC, Research Division - Research Analyst*

Great. That's really helpful color. And then your second question, when you talk about Glendale and the Pittston facilities, I think you've highlighted that they're both going to have 4 operational lines by the end of this year, which is already quite large. But you also note that they are able to add incremental capacity from there. So I guess, could you maybe just touch on how much further you're able to scale these facilities? Is it another 1 line, 2 lines? And just given the way you've structured these facilities, would the incremental line costs be relatively similar or better versus, I don't know, say, a Ball plant 5 years ago where you might have added a second or third line?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. I would look at it in terms of incremental output on kind of a mega line concept. So you would get additional capacity on the existing infrastructure, but we can scale the lines and within the footprint. And so we can do it much faster and much cheaper than had we taken a historical approach to it.

Operator

Our next question is from Arun Viswanathan from RBC Capital Markets.

Arun Shankar Viswanathan - *RBC Capital Markets, Research Division - Senior Equity Analyst*

I was hoping we could maybe put a finer point on the EBITDA progression, or EBIT, however you want to look at it. But a couple of years ago, you had called out $2 billion of EBITDA on an annual basis. You're now at $475 million in Q1. Admittedly, that had some start-up costs in there and some storm impacts. So as you progress forward, could you potentially lay out some mile markers as you have a lot of capacity growth coming. So would you be exiting kind of '21 at a much higher rate than that $475 million. And if so, I guess, would most of the growth be coming in North America and South America? Or how should we think about kind of the EBITDA progression from here?

Scott C. Morrison - *Ball Corporation - Executive VP & CFO*

Yes. I think, well, in the first half of the year, we have more start-up costs than what we had last year, obviously. And then we'll start to get the benefit of that in the third quarter, and we'll exit in the fourth quarter with much more strength. So I think it's more back-end weighted. I think the performance in South America and Europe, in particular, continue to be very strong throughout the rest of the year. I mean they're really surprised to the upside. And I think North America will be in the first half of the year, again, more heavily impacted with start-up costs and then start to accelerate in the back half of the year.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Yes. Let's not forget also, the first quarter is our seasonally slowest quarter, too.

Arun Shankar Viswanathan - *RBC Capital Markets, Research Division - Senior Equity Analyst*

Right. And as a follow-up then for aerospace also, given some COVID impact, I imagine that would also be better as you move through the learning curve with some of those new employees as well. And your projects actually start to come online. So are you still thinking about kind of 15% EBIT growth in aerospace on an annualized basis?

John A. Hayes - *Ball Corporation - Chairman & CEO*

Yes. I think that what we experienced in the first quarter hopefully doesn't repeat as we go forward to Dan's comment about having more people on site, the supply chain getting better, COVID issues reducing. That should accelerate their improvement as we move through the rest of the year.

Daniel William Fisher - *Ball Corporation - President & Director*

And when we initiated the $2 billion EBITDA number, we also weren't contemplating a cups business, which clearly we're forward-investing in right now. So that should give us a whole another revenue stream moving forward.

Operator

Our next question is from the line of George Staphos with the Bank of America.

George Leon Staphos - *BofA Securities, Research Division - MD and Co-Sector Head in Equity Research*

I wanted to dig a little bit into Europe. The volume growth for the quarter was certainly in line with what you had guided to in the fourth quarter, but it was sequentially down from the fourth quarter, which you had said was a stronger-than-expected quarter. Was there anything as you looked under the hood in terms of the European trends in 1Q that were surprising, perhaps a little bit less positive than expected? It doesn't seem like given the margin trend, but just wanted more color on what we saw in 1Q and what it means for the rest of the year relative to 4Q?

Daniel William Fisher - *Ball Corporation - President & Director*

George, it was in line with our expectations, maybe a little better. That is an area where you know we're adding capacity, and we were allocating every single customer. So I wouldn't read too much in the growth rates right now in the year-on-year comparables. I mean we're converting our France steel to aluminum facility. We're continuing to add capacity in multiple locations in Europe and the demand trends, if we had cans and could serve them, we would have exceeded, I think, fairly significantly these growth rates.

George Leon Staphos - *BofA Securities, Research Division - MD and Co-Sector Head in Equity Research*

All right. Second question I had is around innovation. So we've talked a lot about this, all of us on these calls going back a number of years, and it's been great to see the alcoholic category pick up with spiked seltzers over the last couple of years. Can you give us an update on kind of the bleeding edge and the next categories again, to the extent that you can comment on mixed cocktails, things like that? And how sizable, how significant they might or might not be relative to spiked seltzer than some of the other products we've seen really drive your growth the last couple of years?

Daniel William Fisher - *Ball Corporation - President & Director*

That is the million-dollar question. That's a great question, George. I can tell you there are more innovations that are being pent up right now that we, unfortunately, can't help our customers launch. And it would be difficult to prognosticate. I think our customers over the last 3 to 4 years in North America, in particular, have really learned to develop products that the end consumer wants. They're pricing it, they're putting it in cans. What's going to win? I can tell you, it's probably got some alcohol in it. If it doesn't have alcohol in it, it's low calorie. It's different stimulants on waters. And I still think there's still an underpinning for still water. That's just an area where I still am bullish on. It gives the retailers an opportunity to improve their CO2 footprint within their retail shelves and without having cans or allowing folks to step into those cans. That feels like a market that could be sizable in the future.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Yes, George, this is John. Let me just add 2 things and amplify what Dan said. Number one, don't forget, over the last 12 months, innovation has really been on the sidelines, particularly because on the retail side of it, they were just trying to fill up their stores with the basic needs. And so there is a lot of innovation that's pent-up right now. And to Dan's point, we're seeing it. The other thing is it gets to this Real Circularity that we talked about in our prepared remarks. It's real. It's here. There's a number of various anti-plastic laws, at the state level, that are either being enacted or being debated right now at a level that historically, we haven't seen. And so I think that momentum continues.

And I think there is increasingly by the consumers and to a degree, our customers, a recognition that when you have the aluminum beverage can, which is the most sustainable package in the world, that there is an alternative to this. And as people are trying to reach their 2030 CO2 reduction goals and sometimes even 2025, let alone net neutrality by 2040 or 2050, this is going to play an important role. And so this isn't measured quarter-over-quarter, but it is a long-term secular thing that we continue to see playing out that benefits the aluminum beverage can.

Daniel William Fisher - *Ball Corporation - President & Director*

Yes, that's a great point. Just, George, on that, it's like our biggest growth category is plastic. That's our biggest category.

George Leon Staphos - *BofA Securities, Research Division - MD and Co-Sector Head in Equity Research*

Okay. Appreciating that, and I don't want to take up too much time. Is there a way for us to maybe think about the capacity that you're adding this year or through '23? And how much of that you think is going to new categories? And then Scott, it sounds like the value return is perhaps more likely to happen sooner than later versus your prior expectations, given what I heard you say on the call. I mean, I know you're not going to time price a month or whatever, but can you tell us what is actually behind those comments and what opportunity and flexibility you have to do more value return as the year progresses?

Daniel William Fisher - *Ball Corporation - President & Director*

I'll answer the first question. I would say 80% to 90% of what we're putting in place is simply existing categories. We're earmarking some additional capacity, so our customers can step into some of these innovations and trial them. But the fact of the matter is we're just so darn oversold. I think it's just stepping into the existing categories in the space and the shift to cans. So unfortunately, not a lot of room to disrupt ourselves. So that's why we're so bullish on the medium to long term in this area.

Scott C. Morrison - *Ball Corporation - Executive VP & CFO*

And on the return of value to shareholders, George, we performed better in the first quarter than our expectations, and we think that momentum continues to look through the remainder of the year. So as we sit here today, we think we can accelerate, bring forward the return of value to shareholders while still investing $1.5 billion of capital. So I would target kind of buybacks in the $500 million range for the remainder of the year for this year. And then I think it accelerates into next year.

Operator

Our next question is the line of Silke Kueck with JPMorgan.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

I have a question regarding your U.S. American can business. So you said that the business in the quarter grew about 6% in terms of volume and some of your competitors set they thought their volumes in North America grew 12% and another competitor set maybe 8%. And so I was wondering whether you had a view what North American beverage can growth really was for the industry in the first quarter? And if you had a view as to how the beer category grew versus soft drinks.

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. I mean, we're 45% of the U.S. market, so you probably take our growth rate and take the others and divide by two, I'd say it's north of 6%. It's probably in the 8% to 9% range. And keep in mind, for us, it would have been more. We had one significant customer who had a disruption in the quarter, pretty significant from a volume perspective. And so beer was approaching 1% growth. Our beer volume was down 8%. And so if we were more in line with flat to slight growth on our major beer customer, you would have seen double-digit growth in the first quarter. I think there was an anomaly built in there. And I'm excluding the winter storm altogether.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Yes. And even with that, let's not forget, we were short cans for the market. We could be selling more than we have. And so right now, it's capacity constrained, and that's why we're so focused on getting this new capacity up and running.

Scott C. Morrison - *Ball Corporation - Executive VP & CFO*

But I'd be careful of quarter-to-quarter volume growth because it depends on who's bringing on capacity at what particular time. So you can kind of get distorted in a quarter.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

That's helpful. And again, on the North American business, as I look at your capacity, which is at like 50 billion cans or so, plus or minus, what's the normal rate of like debottlenecking or efficiency that you can achieve? Is it like 2%? Can you get like 1 billion cans out of the existing production every year?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes, it's a good question. Combination of how many additional conversions, how many additional label changes, et cetera. Yes, we're trying to earmark something in that kind of 1 to 3% productivity improvements. But when you look at the level of complexity as an end consumer that's showing up, the number of new products, the number of new labels, the number of new can sizes, all of that eats against the productivity. So if you can fundamentally stay flat, you're doing pretty darn good. You just need to be able to make sure you can charge for that.

Operator

Our next question is from Salvator Tiano with Seaport Global.

Salvator Tiano - *Seaport Global Securities LLC, Research Division - Senior Analyst*

So firstly, you just mentioned a major customer that it seems it was a pretty significant impact on your volumes in Q1. And I think what they've said is they expect to pretty much make up the entire production loss in the balance of the year. So how do you think about any tailwinds from recovering these loans in Q2 or later?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. I don't know that there are tailwinds because we're oversold. And even in the first quarter, every single can we could make, we can sell. I was just talking about the categories and the shift relative to that. So the winter storm had an impact. I don't know how you can recover. The only way we could step up volume versus what we've characterized here is have our new facilities and new investments come online faster at more efficient rates than we've seen historically. We've got a pretty impressive start-up curve that's already built in place that's in here, but I wouldn't underestimate our people to do better. But at this point in the year, it's premature to characterize that there's a lot more on the table that we could see recovery in the back half of the year versus what we gave up in the first.

Salvator Tiano - *Seaport Global Securities LLC, Research Division - Senior Analyst*

Okay. Great. And a little bit on, I guess, the operating leverage in Europe and South America. Your earnings growth was pretty good, especially in Europe relative to the volume expansion, you saw 5%. So did you see any other specific tailwinds that helped boost your incremental margins? And how should we think about your incremental margins absent start-up costs goes going forward?

Daniel William Fisher - *Ball Corporation - President & Director*

We've historically said whatever we grow on the top line, we should double that in terms of a percentage growth on the operating earnings line. Exclude start-up costs and some of the inefficiencies with the storm, I think we're more or less there across the board globally. The things that can impact and influence it are, hopefully, what we're continuing to see is strengthening of the contracts, supply-demand tightness allows you to improve your terms and conditions. That gives us a better chance for success in our plants. And there's just a more predictable nature to that flow-through moving forward, I believe, as we get capacity put online.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Yes. And also, mix plays an important part of that as well.

Salvator Tiano - *Seaport Global Securities LLC, Research Division - Senior Analyst*

Okay. Perfect. So I guess there is an opportunity for some quarters or even a couple of years to be above that normalized 2x earnings growth over top line growth?

Daniel William Fisher - *Ball Corporation - President & Director*

There's an opportunity. Nothing is linear, as you indicated. It is a preface there.

Operator

Our next question is from the line of Mark Wilde with Bank of Montreal.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

I wondered, Dan, can you just give us some sense about the impact of these kind of global freight and logistics issues on both the flow of can sheet, but also just how it's affecting your ability to ship cans around market to market this year?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes, the challenge is we're extraordinarily tight. So we haven't seen much of what you're describing, but there is always the potential. As we continue to grow, as we have tightness in these domestic markets, as these supply chains in every industry are getting extended, the challenge will be, if we had to dip into non-domestic aluminum, if we had to dip into China, where the overwhelming majority of excess metal is in the world, we know those freight costs are much higher than they were a year ago, 18 months ago, 2 years ago. And the real risk, though, is probably more our ability to potentially pass-through that cost of just getting it hung up in the ports right now. So I would see the risk being more on being able to fill demand profiles if we had to go that route than not being able to potentially pass-through the inflationary pressures on the delivered metal. But that's the area that we're paying attention to.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

Got it. Okay. And just in terms of your own shipping around of cans this year and bringing them into North America, in particular?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. It's got more to do with the consistency of the delivery and the predictability of when we can get those LTL carriers. Our team has done a really nice job of managing it. But anything that we have to do that's spot price-related, that doesn't fall within the bounds of contracts that we previously negotiated. Those are accelerated, and those at times can be a challenge for us to pass those through.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

Okay. And, Dan, just for my follow-on, you mentioned contracts and terms in your commentary. And I wonder, particularly with regard to Europe, if you can just perhaps put a little more color around that.

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. I think we indicated this briefly in our Q1 comments. Europe if you look back over the last 3 years, North America and South America have felt the supply constraints and the tightness faster and with much more conviction, if you will. And so that has enabled a very different seat at the table, if you will, of negotiations.

The first quarter and the tail end of Q4 in Europe have shown up in a very similar way. And so I would say moving forward, Europe, if you look at our gross profit, our contribution margin, it's as good as anywhere in the world. So I wouldn't indicate there's a whole lot to be gained there. But in terms of terms and conditions, maybe longer-term contractual opportunities, those things, I could see those moving in a different way than what we've experienced historically and stepping into this moving forward if the market continues to be as tight as it is.

Operator

Our next question is from the line of Gabe Hajde had with Wells Fargo.

Gabrial Shane Hajde - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Two maybe quick ones. Dan, you mentioned importing ends into the U.S. until this end module's up in Kentucky. And I'm kind of piggybacking off the sales question in terms of contribution down in South America. I mean by my calculations, the 14% volume growth gets you 12 million to 15 million of incremental contribution. So I'm curious if it was the ends that you're producing down there and maybe bringing them into the U.S. that helped aid that? I guess that's question number one. And then when that goes away, perhaps the profitability stays down there as you ramp up this capacity there and you sell the ends locally as opposed to into the U.S.?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes, that's a good question. There's a bit of that happening. Yes, we're shipping some ends. It's not going to be material to those results. It was just a damn good quarter in South America, good mix, good volume. There was a modicum of shipments up from South America into North America on ends, and we're doing a little bit out of Europe. And to your point, as that will require less capital investment in the aggregate package moving forward as we free up that capacity back into those regions, so it should be, as you indicated, a win-win-win for multiple regions as it relates to standing up Bowling Green.

Gabrial Shane Hajde - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Okay. And I think in the press release, you guys mentioned favorable price/mix down in South America. I thought the specialty mix as a proportion of cans was pretty high already. So I'm kind of interpreting that as maybe a little on price comment. And I expect that would persist through the balance of the year. I guess can you confirm that?

And then kind of a secondary question. I read an interesting article talking about Canadian craft brewers importing cans from places like South Korea and even China. It strikes me, number one, kind of interesting from a logistics standpoint. And number two, how do you guys strike a balance from a commercial standpoint with not enticing on wanting capacity or investment versus obviously getting paid and from what you guys have talked about in terms of complexity and stuff like that?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. I think the first part of your question, I think about it more in terms of favorable customer mix. We talk about price and customer mix almost simultaneously. We can add a bunch of accountants to segment that stuff out, but the reality is you got, on average, higher price for the same product family, and it can be driven simply by customer mix.

John A. Hayes - *Ball Corporation - Chairman & CEO*

And the second question was about the kind of small Canadian brewers. This is a very delicate balance because, as Dan has said repeatedly, we're oversold, number one. Number two, we have long-term contractual commitments to the larger customers. And so some of this innovation that typically comes from these smaller, I don't want to call them start-ups but smaller regional customers, typically, they are the more of the list price type of customer that Dan was referring to in the prepared remarks.

And when you don't have capacity, they're looking somewhere to get them. And so you're right, the supply chain complexity of bringing cans in from across the world is intense, not only from a cost perspective, but just a complexity of the supply chain perspective. This is why, again, we're trying to get our capacity ramped up as quickly as we can because I think it's going to open the door in terms of incremental innovation by not only the large customers, but the small customers as well. And there's a number of small customers that were in contact with that they put new can lines in, but they didn't really order ahead in terms of cans. And so we're trying to help them out as best we can, given the constraints when we have in our system right now.

Operator

Our next question is from the line of Jake Bleicher with Carson Wealth.

Jake Bleicher - *Carson Wealth Management Group - Equity Analyst*

I was wondering, on the previous call, you talked about some of the innovation that we've seen over the last couple of years in North America starting to spread to Europe. And I was wondering if you could give us any update on that as far as the innovation you're seeing over there. And also, is any of that spreading to South America? Or is that still a conversion from glass to aluminum phenomenon?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes, good question. I think we were talking specifically about the seltzer movement or countless questions on that. Well, we see that in other parts of the world. By everything we're seeing and hearing, it will show up in Europe, in Western Europe first. I know capacity is being added. I'll go back to my comments that everyone's on allocation over there were oversold. So I think it will be a longer supply chain or a longer pipeline for those to show up in a meaningful way. But they're out. They're in the market, specifically in the U.K.

In South America, we are seeing innovation. I don't think you can underestimate within the beer category, there's been a huge shift into different ingredients, craft beer, hops from Europe, all of that has been transitory in the last 3 to 4 years, and it's now changed the landscape altogether. Those disruptors in the marketplace that started there, all came out in cans, and that was really the tipping point for the incumbents that had returnable glass to kind of wake up to the fact that we probably need to match what's happening because we're losing share.

And so your comment's right, it is returnable glass, but the returnable glass shift, I could probably characterize that it came as a result of innovation and innovation in the cans. And we see that there's still plenty of room for that to grow as I think I indicated in my prepared remarks. Only 51% can penetration in the first quarter, and that's down from north of 60% in the third quarter last year, and that's just a function of tight supply from cans in the marketplace.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Frans, we're past the top of the hour. We'll take one more question, if there is one.

Operator

Our last question then will be from the line of Phil Ng with Jefferies.

Philip H. Ng - *Jefferies LLC, Research Division - Senior Research Analyst & Equity Analyst*

The last 2 quarters, you've seen really strong performance out of Europe, and that's during period when you're seasonally slower, so what's driving the strong results? And can you build on this in the coming quarters when you kind of factor in seasonality?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. It's been overwhelming. It's been beer. I think some of the customers have had success. There isn't underpinning. That's a heavy on-premise market. There may be some underpinnings that there's been a shift and a little further and moving to cans. But even as things start to open up over in Europe, we're still seeing that continued strength. We have got a heavy presence, as you know, in Russia. Russia continues to bear fruit. We have a heavy presence in the energy category, and that's doing well. And the U.K. has just been on fire.

And it's a combination of the anti-plastic sentiment there and additional fillers coming into the U.K. and so a number of those are factoring in, but we still believe in Europe, it's got the lowest can penetration of any major region in the world. It's really underserved. I think the folks that have been so heavily weighted to on-premise are starting to wake up to the fact that we need to divest our supply chain. And I think cans are going to do really well there for the foreseeable future.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Yes. And I'll just finish up from a longer view. Since we acquired that business in 2016, our folks have done an amazing job on the cost side of the business. And so from a financial results perspective, I think in addition to all the mix and other growth opportunities Dan was just talking about from a cost perspective, I think we're in such a better spot today than we were 3, 4, 5 years ago in that business.

Philip H. Ng - *Jefferies LLC, Research Division - Senior Research Analyst & Equity Analyst*

Got it. That's really helpful. And I guess, a competitor of yours called out higher inflation that could impact your margins, I think, particularly in North America, and they called out coatings. Is that something we should be mindful of and having more of an impact on your profitability in the coming quarters?

Daniel William Fisher - *Ball Corporation - President & Director*

Yes. I mean, inflation is absolutely something that we're keeping our eye on. It's happening in every industry. Specific to that particular area, we have pass-through mechanisms in place. We've got long-standing contracts. Based on what we're seeing and what we're hearing from our supply base right now, it's not overly concerning. I think we can manage that. Scott, if you have anything to add.

Scott C. Morrison - *Ball Corporation - Executive VP & CFO*

Yes. So just one thing on the margins, just be careful on margin percentage because if you look at metal costs year-over-year, there's going to be huge variations. There was a 24% difference in the first quarter this year versus last year, higher. It will be even more dramatic than that in the second quarter. So you're going to see weird things from a margin percentage standpoint. But to Dan's point, I think we have good pass-through mechanism, but it shouldn't impact earnings dollars.

Philip H. Ng - *Jefferies LLC, Research Division - Senior Research Analyst & Equity Analyst*

Got it. So just outside of the aluminum impact, it sounds like you're managing inflation pretty well. That's great.

John A. Hayes - *Ball Corporation - Chairman & CEO*

Okay. Well, thank you all. Frans, thanks for your guidance on the call, and appreciate everyone's input and we'll be speaking to you soon. Be well.

Operator

You're very welcome, sir. That does conclude the conference call for today. We thank you all for your participation and kindly ask that you please disconnect your lines. Have a great day.

Forward-Looking Statements

This release contains "forward-looking" statements concerning future events and financial performance. Words such as "expects," "anticipates," "estimates," "believes," 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 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 capacity, supply, and demand constraints and fluctuations and changes in consumption patterns; availability/cost of raw materials, equipment, and logistics; competitive packaging, pricing and substitution; changes in climate and weather; footprint adjustments and other manufacturing changes, including the startup of new facilities and lines; failure to achieve synergies, productivity improvements or cost reductions; unfavorable mandatory deposit or packaging laws; customer and supplier consolidation; power and supply chain interruptions; changes in major customer or supplier contracts or loss of a major customer or supplier; political instability and sanctions; currency controls; changes in foreign exchange or tax rates; and tariffs, trade actions, or other governmental actions, including business restrictions and shelter-in-place orders in any country or jurisdiction affecting goods produced by us or in our supply chain, including imported raw materials; 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 above plus: the extent to which sustainability-related opportunities arise and can be capitalized upon; changes in senior management, succession, and the ability to attract and retain skilled labor; 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; the ability to manage cyber threats; litigation; strikes; disease; pandemic; 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 policies, orders, and actions related to COVID-19; reduced cash flow; interest rates affecting our debt; and successful or unsuccessful joint ventures, acquisitions and divestitures, and their effects on our operating results and business generally.