Kenan–Flagler Business School
ALPHA CHALLENGE
The University of North Carolina

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Team Number: 6

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Investment Summary

Proposal

Investment Recommendation	➢ BUY BALL 5 ½ 09/15/33 (BB+ / Ba1) trading at 101.193 with 5.506% yield and ~140.3 bps OAS (as of Nov 21, 2025). ➢ Ball's industrial moat, secular tailwinds and new leadership support reasonable credit tightening. ➢ Target OAS: ~130 bps, Base-case est. total return: ~6.15% p.a.

Rationale

Secular demand tailwinds for aluminum cans	➢ Demand and regulation for aluminum products increased to eliminate any plastic products. ➢ Growth in ready to drink beverages, with 75% of new launches being packaged in aluminum.
Durable competitive positioning in a concentrated industry	➢ Global aluminum beverage packaging is highly concentrated, with Ball having around 40% market share. ➢ Ball maintains #1 market position across all operating regions. ➢ High customer retention driven by long-term supply contracts.
Refocused portfolio strengthens balance sheet and operational focus	➢ Aerospace division sale enabled balance sheet reset and focus efforts. ➢ Selective Divestitures in Non-core products. ➢ Capital provided to acquire opportunistic acquisitions and support in margins and scale.

1. Company Overview

Ball is a global leader in aluminum beverage packaging

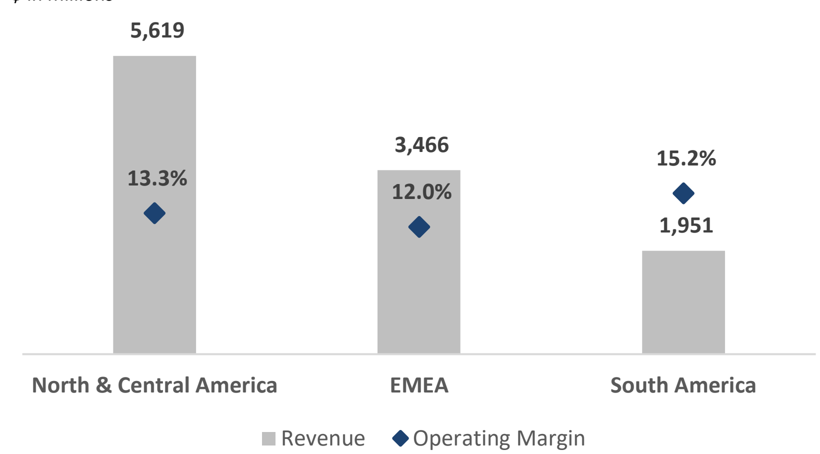
- The Company was founded in 1880 and is headquartered in Westminster, CO.
- Ball's new CEO previously led Global Supply Chain & Manufacturing, bringing deep operational expertise.
- The company is focusing on operational efficiency, modernization, and margin expansion, after selling the aerospace division.
- Diversified customer base from some of the world's largest beverage manufacturers with long-term contracts.
- 52 manufacturing facilities across North America, South America and EMEA.
- FY2024 revenue was $11.8B and EBITDA margin 16.4%.
- Leading market share in North America and Europe.
- Ba1 (Stable) / BB+ (Stable).

Notable Customers

ABInBev
Red Bull
Coca-Cola
Monster Energy
PEPSICO

2024 Revenue and Operating Margin by Segment

$ in millions



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Ball maintains a conservative capital structure with limited secured debt and manageable maturities

- We view the 2033 notes as an attractive place in the capital structure given a healthy yield.
- The company engages in deleveraging and is committed to retiring debt.
- The leverage is controlled within a reasonable level.

Security Description	Currency	Maturity	Out Amt ($MM)	Coupon	Price	Yield	OAS	S&P/Moody's	Leverage (As Multiple of Adj. EBITDA)	LTV
Secured Loans			711						**0.39x**	**3.69%**
USD/Multi-currency revolver due June 2027	USD	6/2027	--	SOFR/SONIR/EURIBOR + 125bps or Base Rate + 25bps						
Term loan A due June 2027	USD	6/2027	625		100.38	5.06				
Short-term credit facilities	USD	On Demand	86							
Senior Unsecured Bonds			5,542						**3.57x**	**28.81%**
BALL 5.5% 9/15/2033	USD	9/15/2033	750	5.500	101.19	5.31	140.30	BB+/Ba1		
BALL 4.25% 7/1/2032	EUR	7/1/2032	997	4.250	102.62	3.82	116.05	BB+/Ba1		
BALL 3.125% 9/15/2031	USD	9/15/2031	850	3.125	91.40	4.84	111.68	BB+/Ba1		
BALL 2.875% 8/15/2030	USD	8/15/2030	1,300	2.875	91.61	4.89	127.23	BB+/Ba1		
BALL 6% 6/15/2029	USD	6/15/2029	1,000	6.000	102.80	4.79	96.59	BB+/Ba1		
BALL 1.50% 3/15/2027	EUR	3/15/2027	645	1.500	98.74	2.51	49.11	BB+/Ba1		
Finance lease obligations	USD		8							
Other (including debt issuance costs)	USD		(59)							
Total Debt	**USD**		**6,202**						**3.93x**	**32.24%**
Cash and cash equivalents	USD		(568)							
Net Debt	USD		**5,634**						**3.62x**	**29.28%**
Market Cap	USD		13,598							
Minority Interest	USD		6							
Enterprise Value	**USD**		**19,238**						**11.05x**	**100.00%**

Data Source: Company 10-Q, Bloomberg, as of September 30, 2025; Market data as of November 21, 2025.

2. Investment Thesis

Thesis 1: Secular demand tailwinds for aluminum cans

Aluminum can demand expected to rise by ~100B units by 2025, with Ball positioned to capture ~45B units of incremental volume. Global market is expected to grow at ~3% CAGR through 2030.

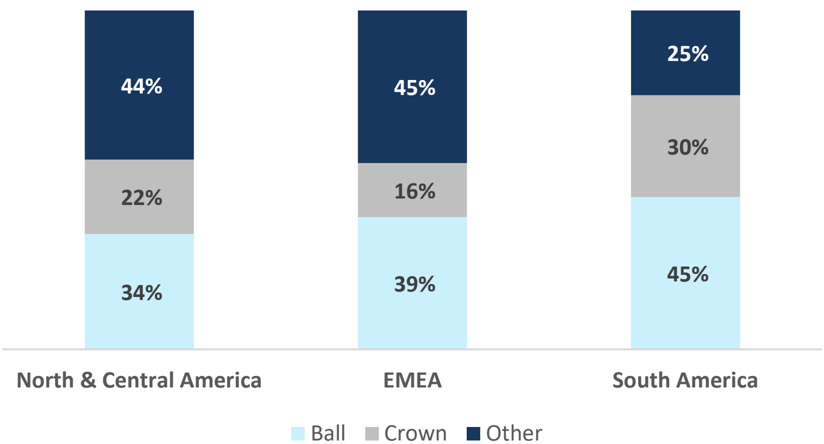
Sustainability and Regulation	➢ ESG and regulation is accelerating substitution from PET / glass to aluminum due to much higher recyclability. ➢ CPGs are inserting minimum recycled content clauses into supply contracts.
Growth of Ready-to-Drink Beverages	➢ Fastest-growing beverage segments (energy, sports, RTD cocktails and coffee) expanding at high-single to low-double-digit rates. ➢ Growth in these categories offsets underperformance of beer sales.
New Beverage Preferences	➢ ~75% of new beverage launches are packaged in aluminum due to fast chilling, portability and attractive graphics. ➢ National retailers report aluminum lift premium shelf pricing ~6-8%.
Infrastructure Conversion	➢ Beverage producers converting filling lines to aluminum creating multi-year reliance on scaled can suppliers. ➢ Equipment upgrades with IoT sensors improving manufacturing costs.

Stable, contracted volumes and margin durability provide downside protection for 2033 Notes.

Thesis 2: Durable competitive positioning in a concentrated industry

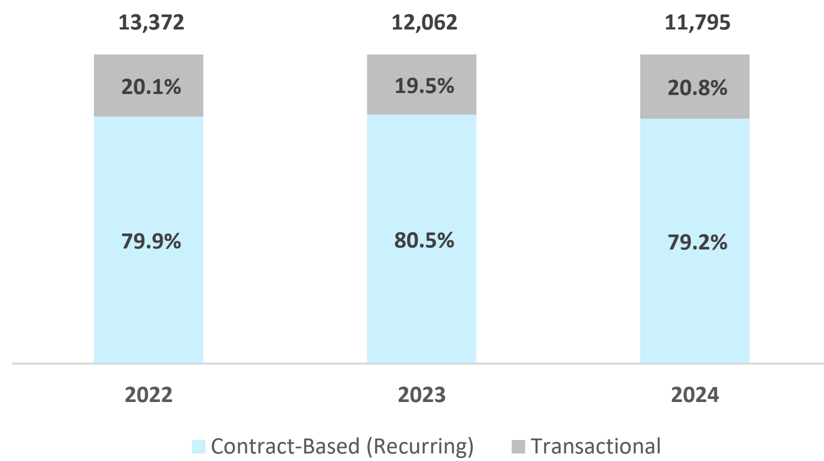
- Global aluminum beverage packaging is highly concentrated, with Ball and Crown controlling ~60-65% of the market.
- Ball maintains #1 market position across all operating regions, with ~34% share in North America, ~39% in EMEA and ~45% in South America.
- High customer retention driven by long-term supply contracts with leading global beverage manufacturers and high switching costs.
- Capital-intensity and continuous-production requirements create high barriers to entry and require scale to operate profitably.

Aluminum Beverage Shipments 2024



Revenue Mix by Recognition Method

$ in millions



Thesis 3: Refocused portfolio strengthens balance sheet and operational focus

Aerospace Sale Enabled Balance Sheet Reset

- Sale of Aerospace business provided $5.6B in proceeds, of which ~$2.0B were allocated towards debt repayment.
- Net Debt / EBITDA as of 3Q25 down to ~3.3x from ~3.7x pre-transaction.
- Exit of high-multiple Aerospace segment provides strategic focus on core beverage packaging.

Selective Divestitures in Non-Core Products

- March 2025: Ball sold majority stake in aluminum cups business to Anya.AI LLC.
- August 2025: sold 41% of its 51% stake in Ball United Arab Can Manufacturing Company (JV with Saudi Arabia).
- Ball retains strategic minority interest in both ventures while freeing capital and management bandwidth.

Opportunistic Acquisitions Support Margin and Scale

- November 2024: acquired Alucan to expand its aerosol & bottle capabilities in personal / home care segment and facilities in Europe.
- February 2025: acquired Florida Can Manufacturing for $160M to reinforce U.S. supply network.
- Targeted M&A strategy supports scale advantages and margin durability.

Portfolio optimization reduces leverage and concentrates capital on core packaging operations.

Risks & Mitigants

Risks	Mitigants
Commodity Prices Fluctuation	➢ Most contracts include automatic cost pass-through on aluminum. ➢ Ball uses hedging programs to smooth short-term volatility. ➢ Customers (Coke, Pepsi, AB InBev) are large, stable buyers who can absorb pricing swings.
Customer Concentration	➢ Ball has long-term supply agreements (multi-year with embedded pricing terms). ➢ Diversification into energy drinks, canned cocktails, canned water, and new markets reduces reliance on traditional soda. ➢ High switching costs for customers: can-filling lines are specialized.
New Leadership Restructuring	➢ Long tenure at Ball ensures continuity and strong institutional knowledge. ➢ Operational expertise aligns well with Ball's next phase (efficiency, modernization, margin recapture). ➢ Strong commercial & finance teams remain in place to balance the CEO's background. ➢ Clear capital allocation framework set by the board limits strategic drift.

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3. Valuation

Our base case valuation calls for ~130 bps target spread within one year, for a total annualized return of 6.15%

Bear	Base	Bull
Widens to 145 bps for ~5.38% total return p.a.	**Tightens** to 130 bps for ~6.15% total return p.a.	**Tightens** to 120 bps for ~6.68% return p.a.

Trigger	Moody's	S&P	Bear	Base	Bull
Rating/ Outlook Upgrade	➢ Adjusted Debt/EBITDA below 3.0x. ➢ EBITDA Interest Coverage above 7.0x. ➢ Retained Cash Flow / Net Debt above 20%. ➢ Less aggressive financial policies and migration to unsecured capital structure.	➢ Limited commitment to maintaining ➢ More conservative financial policy ➢ Funds From Operations / Debt above 20% ➢ Adjusted Debt / EBITDA sustained below 4.0x throughout a business cycle.	Moody's: Not Met; S&P: Not Met.	Moody's: Partially Met; S&P: Partially Met.	Moody's: Met; S&P: Met.
Rating/ Outlook Downgrade	➢ Adjusted Debt/EBITDA above 3.5x. ➢ EBITDA Interest Coverage below 6.0x. ➢ Retained Cash Flow / Net Debt below 17.5%. ➢ Deterioration in Company's business profile, credit metrics and liquidity.	➢ Adjusted Debt / EBITDA sustained above 5.0x ➢ Continued aggressive financial policy	Moody's: Not Met; S&P: Not Met.	Moody's: Not Met; S&P: Not Met.	Moody's: Not Met; S&P: Not Met.

BALL FIXED INCOME COMPARABLES

Issuer	Bond	Amt Out ($)	OAS Spread	Coupon	Maturity Date	Yield	Price	Net Debt / EBITDA *	S&P	Moody's	Fitch
Ball Corp	BALL 5 1/2 09/15/33	750,000,000	141 bps	5.500%	9/15/2033	5.370%	100.798	3.3x	BB+	Ba1	N/A
Packaging Comparables											
Crown Americas LLC	CCK 5 7/8 06/01/33	700,000,000	129 bps	5.875%	6/1/2033	5.452%	101.677	2.8x	BB+	Ba2	N/A
Ardagh Metal Packaging	AMPBEV 3 1/4 09/01/28	600,000,000	163 bps	3.250%	9/1/2028	5.196%	95.025	5.2x	B+	B2	BB-
Trivium Packaging Fin	TRIVIU 8 1/4 07/15/30	600,000,000	300 bps	8.250%	7/15/2030	6.798%	104.603	6.1x	B	B2	N/A
Canpack SA/Canpack US	CANPCK 3 7/8 11/15/29	800,000,000	158 bps	3.875%	11/15/2029	5.253%	95.100	N/A	BB	N/A	BB
Silgan Holdings Inc	SLGN 1.4 04/01/26	500,000,000	117 bps	1.400%	4/1/2026	4.979%	98.724	5.0x	BBB-	N/A	BBB-
Ardagh Group SA	ARGID 9 1/2 12/01/30	1,560,000,000	429 bps	9.500%	12/1/2030	7.996%	105.363	9.5x	B	N/A	N/A
Fixed Income Indices											
Bloomberg U.S. Corporate High Yield			306 bps	6.570%	4.77 Years	6.991%					
Bloomberg High Yield Packaging			697 bps	6.840%	3.85 Years	10.840%					

Source: Bloomberg, Capital IQ, Moody's Investor Service, S&P Global Ratings, as of Nov 21, 2025. *Net Debt/EBITDA Data as of Q3, 2025.

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Healthy Leverage and Business Growth

Key Assumptions

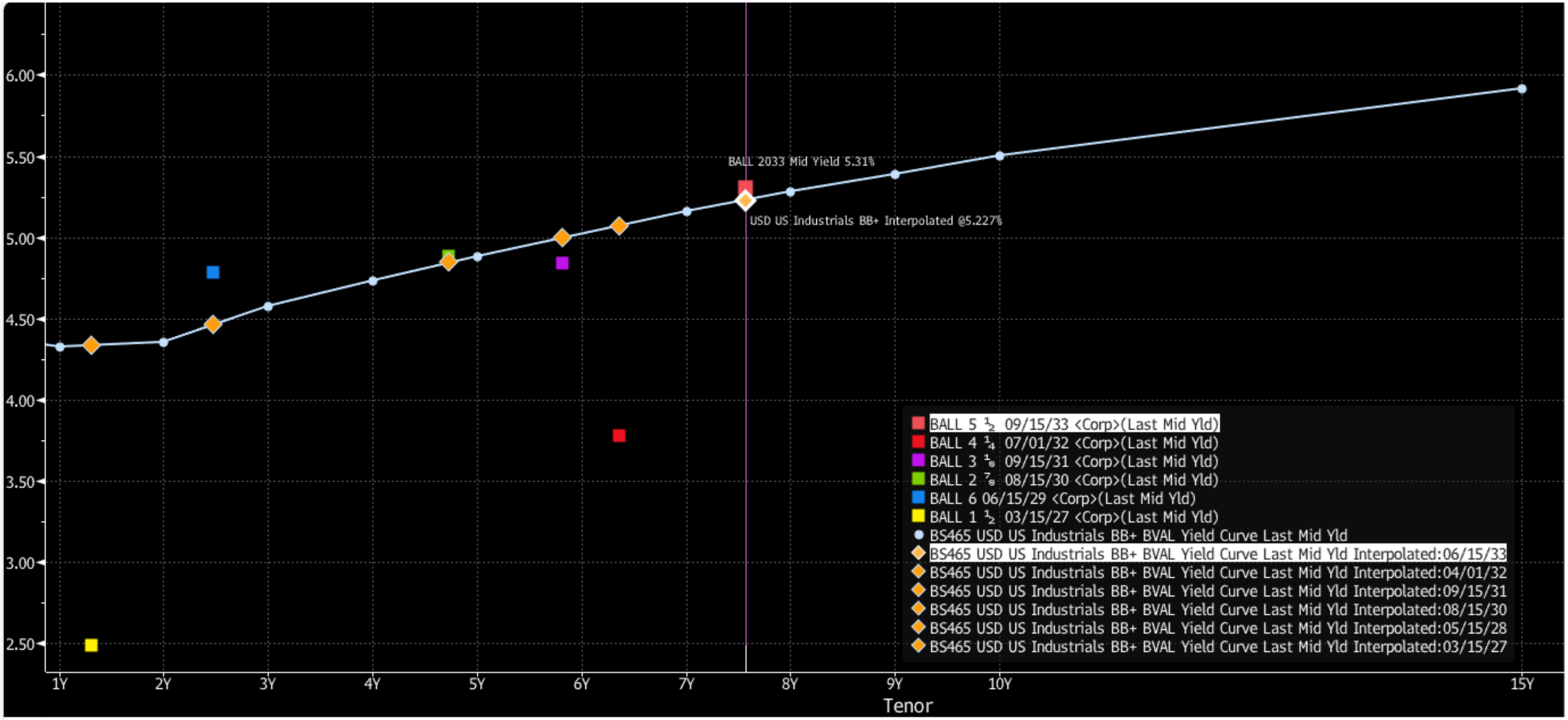
Base	Bear	Bull
➢ Growth: NCA 3-5%; EMEA 5-7%; South America: 5-7%; ➢ Aluminum price +14% in 2026; ➢ Gross margin is consistently maintained ~19.5%; ➢ Moderate share repurchase: $800M p.a. with a deleveraging financial policy.	➢ Growth: NCA 1-3%; EMEA 4-5%; South America: 4-6%; ➢ Aluminum price +16% in 2026; ➢ Gross margin decreases from 19.5% to 16.2%; ➢ Aggressive share repurchase: $1B p.a. with considerable increase of total debt.	➢ Growth: NCA 4-6%; EMEA 5-7%; South America: 5-7%; ➢ Aluminum price +12% in 2026; ➢ Gross margin increases from 19.5% to 21.7%; ➢ Moderate share repurchase: $800M p.a. with slight increase of total debt.

$ in millions	2022A	2023A	2024A	2025E	2026E	2027E	2027 Bull	2027 Bear	2028E	2029E
Net Sales	13,372	12,062	11,795	12,983	14,003	15,091	15,120	14,724	16,122	17,072
Adj. EBITDA	1,614	1,695	1,461	2,138	2,013	2,281	2,454	1,991	2,453	2,573
Adj. Net Income (Loss)	569	484	424	940	828	1,008	1,135	760	1,103	1,161
Adj. Cash Flow from Operating Activities	1,060	1,883	829	1,240	1,542	1,718	1,809	1,385	1,994	1,914
Adj. Free Cash Flow	(591)	838	345	670	981	1,051	1,210	738	1,315	1,102
Total Assets	19,909	19,303	17,628	17,670	18,125	18,171	18,760	18,138	18,754	19,080
Total Debt	8,948	8,569	5,673	6,007	6,007	6,007	6,207	7,007	6,007	6,007
Adj. EBITDA Margin	12.1%	14.1%	12.4%	16.5%	14.4%	15.1%	16.2%	13.5%	15.2%	15.1%
Total Debt/Adj. EBITDA	5.6x	5.1x	3.9x	2.8x	3.0x	2.6x	2.5x	3.5x	2. 5x	2.3x
Net Debt/Adj. EBITDA	5.2x	4.7x	3.3x	2.6x	2.8x	2.4x	2.3x	3.3x	2.3x	2.1x
Adj. EBITDA/Interest Expense	5.2x	3.7x	5.0x	6.6x	6.9x	8.2x	8.6x	6.2x	8.9x	9.3x

Source: Company fillings, as of Q3 2025

Yield Curve and Bond Distribution

➢ BALL 2033 trades slightly above US Industrial BB+ Curve **by ~8bps**

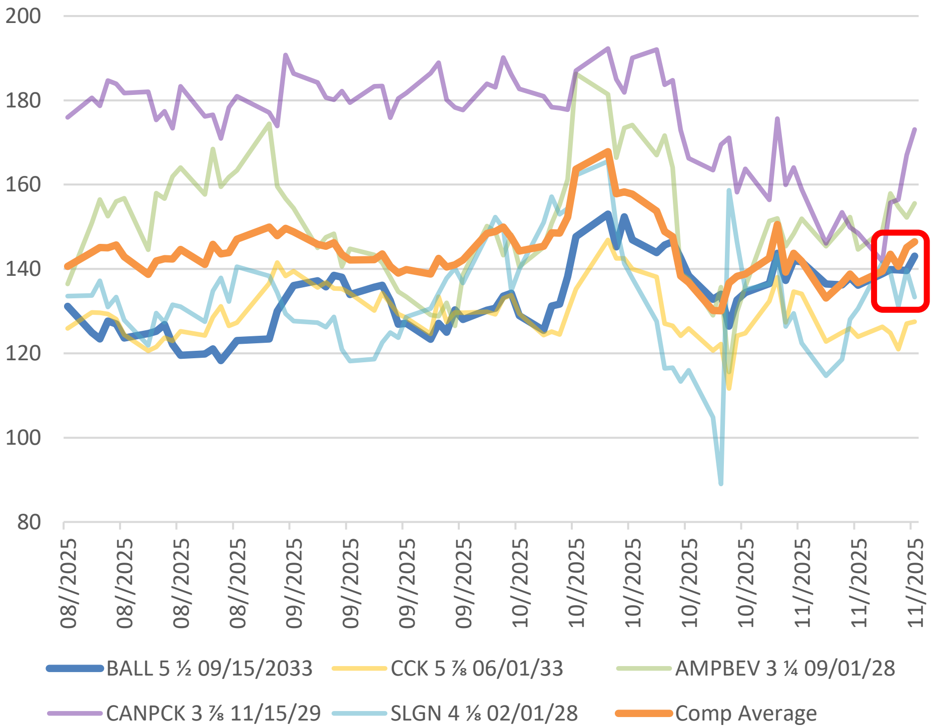


Source: Bloomberg, as of Nov 21, 2025.

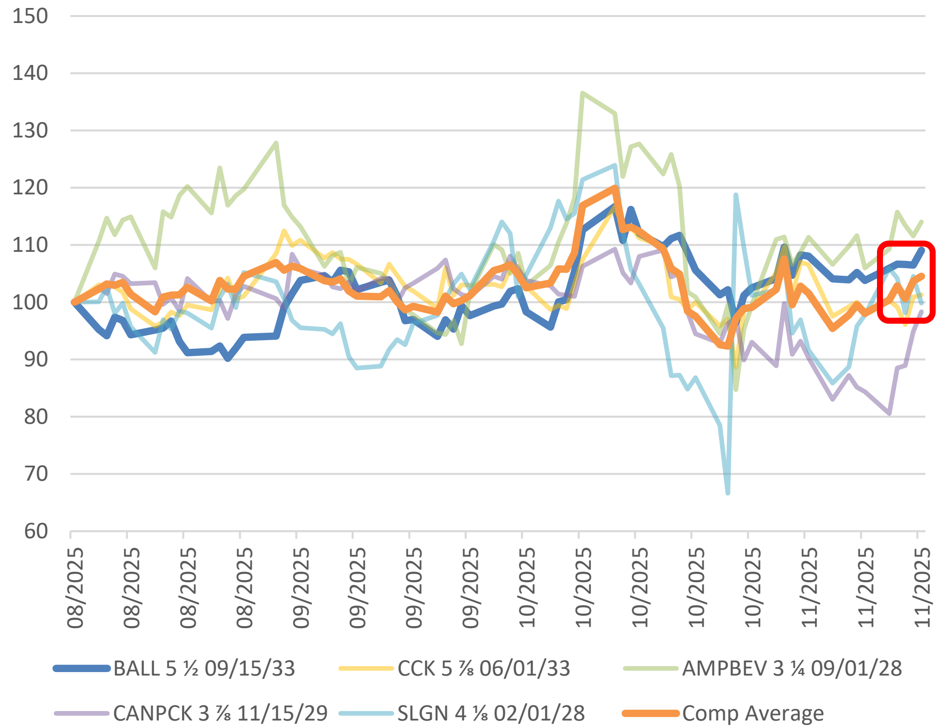
Comp Historical Trading

➢ Ball 2033 trades in line with the comp average, slightly going wide recently.

Comp Spread (bps)
(Aug 2025* – Present)



Normalized Spread
(Aug 2025* – Present)



Source: Bloomberg, as of Nov 21, 2025. *BALL 5 ½ 09/15/2033 Corp was issued on Aug 8, 2025.

Appendix

Key Covenants and Callability

A senior unsecured, subsidiary-guaranteed high-yield note with standard high-yield protections:

	Provision
Callability	Make-Whole Call Provision: Callable before June 15, 2033 at U.S. Treasury + 50 bps.
	Par Call: Callable at par within 3 months prior to maturity (i.e., after June 15, 2033).
Change of Control	If a Change of Control Repurchase Event occurs, holders can require redemption at 101% of principal + accrued interest.
Guarantee Structure	➢ Fully guaranteed by substantially all domestic subsidiaries; ➢ Not guaranteed by foreign subsidiaries, which hold a material portion of assets and revenue (structural subordination risk).
Ranking	Senior unsecured obligations, ranking equal with other senior notes and above any expressly subordinated future debt.
Merger/ Asset Transfer	Ball cannot merge, consolidate, or dispose of substantially all assets unless the successor entity is U.S.-based (or becomes a co-obligor maintaining obligations under the notes).
Events of Default	Includes, but not limited to: ➢ 30-day interest payment default; ➢ Failure to repay principal when due; ➢ Failure to comply with change-of-control repurchase obligations; ➢ 60-day cure-period breach of other covenants; ➢ Specified cross-default events under other indebtedness.

Source: Company offering document.

We estimate that BALL's Senior Unsecured Bonds have a full recovery value of 100%.

Less than 4% (~$700M) of BALL's debt is secured. The 2033 Senior Notes benefit from a clean capital structure, strong liquidity position, and healthy leverage profile.

Liquidation Analysis	*$ in millions*		
Balance Sheet (FY2025E)	**Book Value**	**Recovery %**	**Recovery $**
Cash & Cash Equivalents	201	100%	201
Current restricted cash	4	100%	4
Accounts Receivable	2,118	84%	1,776
Inventories	1,793	72%	1,296
Other current assets	210	10%	21
Total Current Assets	**4,326**		**3,298**
Property, Plant & Equipment	6,573	62%	4,075
Goodwill	4,377	10%	438
Intangible Assets	1,014	10%	101
Noncurrent restricted cash	7	100%	7
Other assets	1,403	39%	547
Total Liquidation Value	**17,670**		**8,466**

Waterfall Analysis	*$ in millions*
Total Recovery	**8,466**
Liquidation Cost (5% Assumption)	(423)
Proceeds Available	**8,043**
1L Secured Claims*	625
1L Recovery	**100%**
Proceeds Available to Senior Unsecured	**7,418**
Senior Unsecured	**5,647**
Senior Unsecured recovery	100%

**Short-term facility assumed to be paid back before year-end.*

Financial Strategy Details

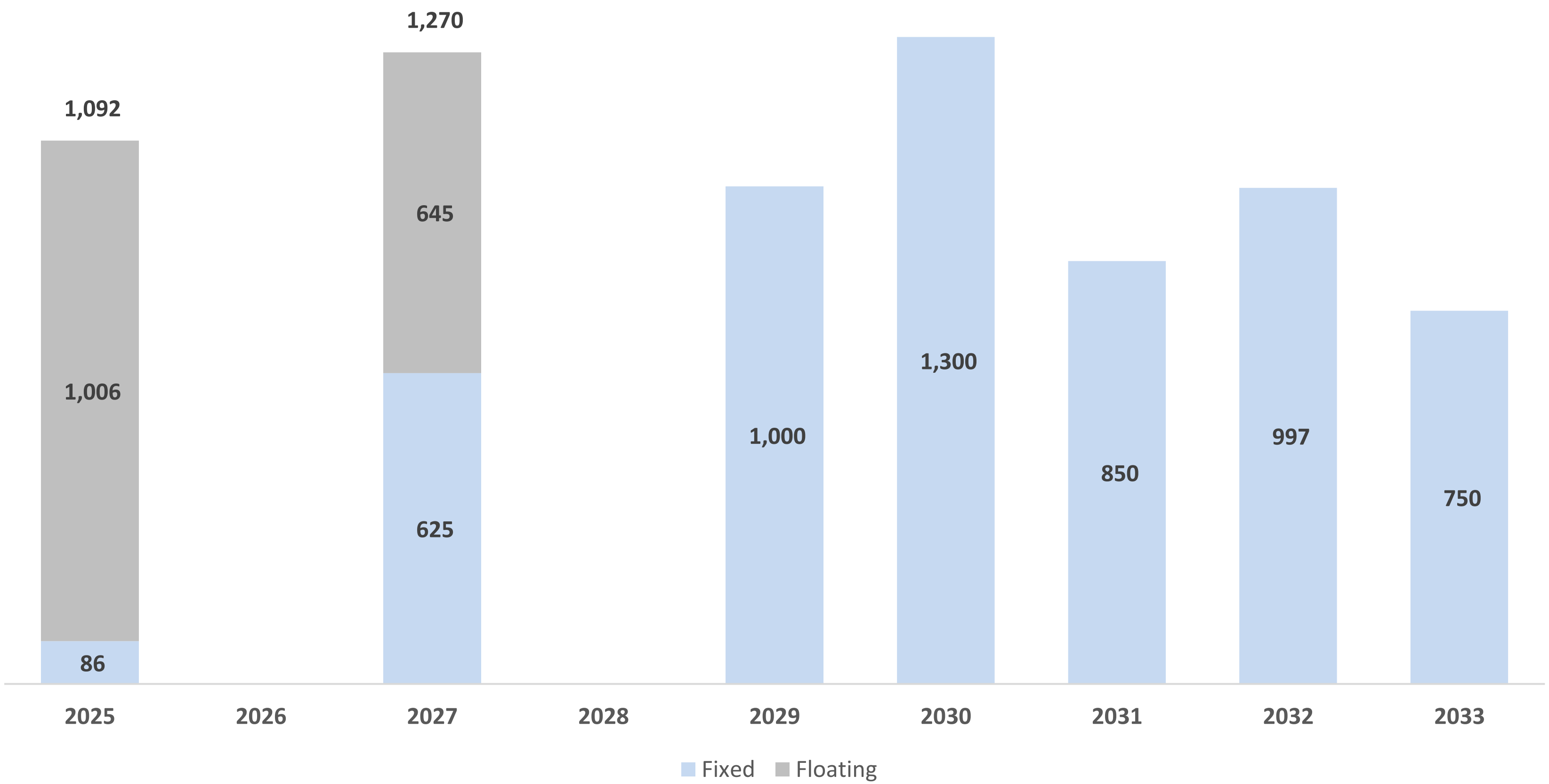
- On the path to deleveraging, BALL advances strategic priorities with a sharp focus on strong free cash flow generation.
- It maintains est. $200M cash and ~2.7x Net Debt/adj. EBITDA in 2025.
- Management remains committed to shareholder returns, continuing dividends and repurchases.

Source: Company filings

Maturity schedule is concentrated in long-dated fixed notes with near-term refinancing risk limited to 2027.

Debt Maturity Schedule

$ in millions



Source: Bloomberg, as of Nov 21, 2025.

Model Output: Income Statement, FCF and Credit Metrics

FISCAL YEAR	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
$ in millions								
INCOME STATEMENT								
Total Revenue	13,372.00	12,062.00	11,795.00	12,982.72	14,002.74	15,090.94	16,122.29	17,071.54
Cost of Revenue	(11,122.00)	(9,754.00)	(9,354.00)	(10,438.35)	(11,315.17)	(12,069.52)	(12,874.15)	(13,732.43)
As % of Revenue	*83.17%*	*80.87%*	*79.30%*	*80.40%*	*80.81%*	*79.98%*	*79.85%*	*80.44%*
Gross Profit	**2,250.00**	**2,308.00**	**2,441.00**	**2,544.37**	**2,687.57**	**3,021.43**	**3,248.14**	**3,339.11**
Gross Margin (%)	*16.83%*	*19.13%*	*20.70%*	*19.60%*	*19.19%*	*20.02%*	*20.15%*	*19.56%*
Selling, General & Administrative (Adjusted)	(555.00)	(532.00)	(647.00)	(519.60)	(560.42)	(603.97)	(645.25)	(683.24)
Depreciation & Amortization	(594.00)	(605.00)	(611.00)	(617.07)	(665.88)	(718.10)	(767.89)	(814.06)
Business Consolidation & Other Activities	(71.00)	(133.00)	(420.00)	53.00	(142.75)	(160.69)	(167.61)	(104.51)
Operating Income	**1,030.00**	**1,038.00**	**763.00**	**1,460.70**	**1,318.52**	**1,538.67**	**1,667.39**	**1,737.30**
Operating Margin (%)	*7.70%*	*8.61%*	*6.47%*	*11.25%*	*9.42%*	*10.20%*	*10.34%*	*10.18%*
Interest Expense (net)	(299.00)	(424.00)	(225.00)	(282.14)	(283.47)	(273.61)	(280.18)	(275.65)
Debt Refinancing and Other Costs	(18.00)	-	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)
Pre-Tax Income	**713.00**	**614.00**	**535.00**	**1,175.56**	**1,032.05**	**1,262.06**	**1,384.21**	**1,458.65**
Income Tax Expense	(138.00)	(146.00)	(133.00)	(259.01)	(227.39)	(278.07)	(304.99)	(321.39)
Equity of Affliates & Others	7.00	20.00	28.00	26.67	26.67	26.67	26.67	26.67
Earnings from continuing operations	**582.00**	**488.00**	**430.00**	**943.21**	**831.32**	**1,010.65**	**1,105.89**	**1,163.93**
Discontinued operations, net of tax	150.00	223.00	3,584.00	(3.00)	-	-	-	-
Net Income Including Minority Interest	732.00	711.00	4,014.00	940.21	831.32	1,010.65	1,105.89	1,163.93
Minority Interest (loss)	13.00	4.00	6.00	3.00	3.00	3.00	3.00	3.00
Net Income to Ball Corp	719.00	707.00	4,008.00	937.21	828.32	1,007.65	1,102.89	1,160.93
Adjusted Results								
Operating Income	1,030.00	1,038.00	763.00	1,460.70	1,318.52	1,538.67	1,667.39	1,737.30
Operating Margin (%)	*7.70%*	*8.61%*	*6.47%*	*11.25%*	*9.42%*	*10.20%*	*10.34%*	*10.18%*
EBITDA (adjusted for discontinued business)	1,614.00	1,695.00	1,461.00	2,138.15	2,013.37	2,280.56	2,452.50	2,573.11
EBITDA Margin (%)	*12.07%*	*14.05%*	*12.39%*	*16.47%*	*14.38%*	*15.11%*	*15.21%*	*15.07%*
Net Income (excl. discontinued business and minority interests)	569.00	484.00	424.00	940.21	828.32	1,007.65	1,102.89	1,160.93
Profit Margin (%)	*4.26%*	*4.01%*	*3.59%*	*7.24%*	*5.92%*	*6.68%*	*6.84%*	*6.80%*
CapEx	1,651.00	1,045.00	484.00	771.71	703.47	827.58	847.04	916.55
As % of Revenue	*12.35%*	*8.66%*	*4.10%*	*5.94%*	*5.02%*	*5.48%*	*5.25%*	*5.37%*
Cash Flow from Operations	301.00	1,863.00	115.00	1,441.78	1,684.73	1,878.83	2,161.98	2,018.40
Free Cash Flow (adjusted for discontinued business)	(591.00)	838.00	345.00	670.07	981.27	1,051.25	1,314.93	1,101.85
Adjusted Credit Metrics								
Total Debt at Period End	**8,959.00**	**8,577.00**	**5,704.00**	**6,015.03**	**6,015.03**	**6,015.03**	**6,015.03**	**6,015.03**
Total Debt to EBITDA	5.55x	5.06x	3.90x	2.81x	2.99x	2.64x	2.45x	2.34x
Net Debt	**8,411.00**	**7,882.00**	**4,819.00**	**5,813.93**	**5,939.03**	**6,116.78**	**5,991.63**	**5,995.42**
Net Debt to EBITDA	5.21x	4.65x	3.30x	2.72x	2.95x	2.64x	2.44x	2.33x
EBITDA to Interest Expense	5.16x	3.68x	4.99x	6.64x	6.90x	8.24x	8.86x	9.30x