

## **No More Plastic! This Hot Stock Is Good For The Planet—And Your Portfolio**

In an 11-acre factory in Golden, Colorado, stacks of multicolored empty cans loom 50 feet overhead. Every few minutes, a forklift zooms by to pluck containers of future Arizona iced tea, Truly spiked seltzer and Stem rosé cider. Here, 6 million can bottoms a day are forged and shipped off with tops to beverage producers. Every one is aluminum.

Ball Corporation made its name in the 1880s with glass mason jars and, in time, got into all manner of glass and plastic containers. But John Hayes, Ball's chief executive, has sworn off those two materials. Apart from some aerospace work for the government, [Ball](#) gets all its \$11.6 billion of revenue from aluminum containers—mostly for beer, soda and other drinks, along with some business in aluminum aerosol cans and in [aluminum slugs](#) for other can makers.

Isn't this a bit risky, to make a 100% bet on metal when most of the beverage container market is still held by either glass or plastic? Maybe, but so far this bet is paying off. Vertical Research Partners' Chip Dillon expects Ball's earnings (adjusted for acquisitions and other things) to be up 13% this year to \$876 million. Since Hayes took over in 2011, the stock market has doubled; Ball's stock has tripled.

"In my 20 years at our company, I've never seen growth rates like this," says Hayes, 53. Ball has tried 46 different business lines in its 139 years, and has entered and exited the plastics business three times. Hayes is confident aluminum will stick.

Hayes got degrees from Colgate (B.A.) and Northwestern (M.B.A.) and in 1993 joined Lehman Brothers' mergers and acquisitions office. He helped Ball, one of his early clients, exit its stagnant glass business.

Four years later Hayes was jet skiing in western Pennsylvania when he caught a nearby boat's wake and lost control. He ended up with a series of facial reconstructions and bone grafts, spending two months in Chicago recuperating. Who came to visit him? Not a single Lehman colleague. It was David Hoover, Ball's chief financial officer, who drove four hours from Muncie, Indiana.

"It was a pivot point for me," Hayes says, his voice breaking. "I still get a bit emotional about that. It was one of those aha moments."

Hayes quit Lehman a few months later, and in 1999 Hoover offered Hayes a job in corporate planning at Ball's new headquarters in Broomfield, Colorado. By 2006 Hayes was overseeing Ball's European business. Five years later he was running the whole company.

With 130 billion bottles a year in the U.S., plastic has half again the volume of aluminum. Glass wins out in more expensive beverages—it will be a long time before you see [Chateau d'Yquem](#) in a six-pack—but it seems the arc of history is bending toward Ball. In 2014, 32% of new beverage companies chose cans, according to an IRI research study. That number rose to 61% in 2018.

Aluminum wins on environmental grounds: Among beverage containers, the recycling rate in this country is 50% for aluminum, 42% for glass and 30% for plastic. “The whole sustainability agenda is only accelerating,” says Hayes. “I’d love to say it’s because of us. It’s not. We’re trying to take advantage of the current situation by helping our customers provide what the consumer wants.”

At least among younger consumers, cans are cool. Millennials grew up on Red Bull (a Ball client) and loved the sleek design of the can. They’ll displace the Baby Boomers, who gravitated to glass and plastic bottles in the ’70s and ’80s because “the can,” Hayes says, “was your mother’s or father’s package. It was old, it was tired, it was boring.” Now cans hold LaCroix sparkling water (from National Beverage, another Ball client) and novelty drinks like Truly (from Boston Beer).

What about the perception that cans impart a metallic taste (despite a coating of epoxy or polymer on the aluminum)? An interesting [taste test by some academics](#) three years ago found drinkers insisting, when they saw the stuff being poured, that bottled beer tasted better than canned beer. In a blind comparison, most drinkers couldn’t tell them apart.

Ball is fighting the perception. In 2002 it persuaded the [Oskar Blues brewery](#) in Colorado to put a new pale ale in cans, and now Ball has 70% of aluminum’s growing share of the craft beer market.

While awaiting aluminum’s conquest of packaged beverages, Hayes has another venture lined up. He displays a prototype aluminum cup, branded with Ball’s script logo. His hope is that this recyclable cup will replace the ubiquitous red plastic Solo. The Millennials now busy outlawing plastic straws and bags just might go for this.

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