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JBT - JBT Corporation Investor Day

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PRESENTATION

Debarshi Sengupta - *JBT Corp. - Director - Corporate Development & IR*

Good morning. I'm Debarshi Sengupta, Director of Corporate Development and Investor Relations at JBT. I welcome you to our Inaugural Investor Day Presentation.

For those of you in the room here with us, thank you for joining. This presentation is also being webcast live. A replay will be available on our website starting later this afternoon.

Looking at our agenda slide, you'll note we've broken up the presentation into two sections. Tom Giacomini, our Chairman, President and CEO, will kick off the presentation with an overview of the company and the next-level vision and strategy. Dave Burdakin, our Executive Vice President and President of AeroTech, will then follow and will give you an overview of his plan for the AeroTech business.

We'll take a short break, after which Steve Smith, our Executive Vice President and President of FoodTech will talk about how he plans on taking the FoodTech business to the next level. He'll be followed by Brian Deck, our Executive Vice President and CFO, who will provide you with the financial framework around the next-level strategy. Tom will have some closing remarks, after which we'll go into a Q&A session. I request that you hold any questions on the presentation until that Q&A session. Last, we look forward to continuing the dialogue with you over lunch.

Quick comment on our safe harbor statement. This presentation does contain some forward-looking statements, which may or may not have an impact on our actual results.

With that, and without further ado, I hand it over to our Chairman, President and CEO Tom Giacomini. Tom?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Thank you, Debarshi. Good morning. I appreciate everyone joining us today. I know that you have very busy schedules and this is a significant commitment of your time. I do hope that at the end of the day you'll find that you're getting a good ROI on your time you're spending with us this morning.

I'll take you back to last November. Debarshi Sengupta and I were fielding a number of investor calls and talking about how the year was shaping up, and we're also knee-deep in the development of our strategy. And we had been thinking about the whole notion of the next level and what's it going to take to take JBT to the next level, et cetera, and we happened to have an investor call late one afternoon, and we were talking through some of the things that are happening in the business, and the investor said to me and to Debarshi, said, Tom, what's it going to take to bring JBT to the next level?

And he and I looked at each other and said, OK, yep, we've definitely got our aim. So that's why we're here today to talk about it. My team and I are excited to share this with you, and I think you're going to have a much better understanding of how we're moving forward with JBT after we end our discussion.

From a high level, this is what we're going to present today. And I really hope from my perspective, if we're successful today, you'll have a very clear understanding that we have a plan in place and a team to execute that plan to deliver sustained margin expansion and growth. And that's really what our discussion's about today. We're going to take our solid background, our solid position, leverage that, and address areas of underperformance, and put it all together for the margin expansion and growth.

You'll see that our strategy is focused on a few specific initiatives that matter. We're not going to try and boil the ocean and do 50 things at JBT. We have a few key initiatives in terms of improving the business and a few key initiatives in terms of growing the business that are going to deliver the results we need. Altogether, it means we're taking JBT to the next level.

This slide is a quick representation of JBT at a glance. I think you'll recognize a number of areas on here. We were a spin-off from the FMC Technology business in 2008. Although if you think about JBT historically, we really were the fundamental business that FMC was founded around, and although we didn't get the name, we're happy with our legacy, which is the next piece that I'd really point out to you, which is over 100 years of continuous operation.

That's a great history for industrial business, and a global industrial business, but what's really important to understand about that 100 years is we have a tremendous installed base out there and very long-lived customer relationships. And you put that together and you start to really fundamentally understand that there's a tremendous after-market opportunity for JBT that hasn't been nearly fully exploited, that we're going to walk you through today, and there's a tremendous amount of work we've put together behind that.

In addition, that legacy positions us with many large national and global food equipment and aerospace customers, allowing us to leverage that strong base moving forward, as I mentioned.

JBT operates in two segments -- FoodTech and AeroTech. What's really exciting about it is both segments have fundamentally strong macroeconomic tailwinds that are behind them, and we're going to talk to you a little bit about that further as we go into some of the other slides.

In terms of our revenue split, 65% of our revenues are generated by food and 71% are the earnings. Our FoodTech business manufactures food processing equipment and provides service to that equipment around the world to these global food processing companies. Just to clarify, though, what we're talking about is the equipment that's not at the restaurant or at the grocery store, but that's one step back further in the chain, where the foods are produced by companies like Nestle, Campbell's Soup, things of that nature. In fact, you'll see today a few of those uses out there that Steve's going to talk to you about, those liquid foods, those are produced on our equipment through customers and then ultimately distribute by our customers into the retail chain.

Very long-lived relationships. Not only do we provide the equipment, but what's interesting about JBT is we provide all the process knowledge and expertise around our equipment. So, for example, on the food side, we provide the equipment that sterilizes much of the food you consume today. That requires a tremendous amount of process knowledge to make sure it's safe and can sit on the shelf for many, many years.

We are the experts. The FDA recognizes JBT. It's a very capability and allows us to have really tight and connected relationships with our customers.

On the AeroTech side, we provide fixed and mobile equipment that you see on the airport. You probably experienced some of our equipment either yesterday or this morning. The jet bridges where you go on and off, the jetway, what a lot of people call it, that's our brand name. We also provide the towbar tractors and the loaders for the equipment. And we also service that.

But in addition, there's another unique business element to our AeroTech side, is we provide maintenance and operating services to the airports themselves for the baggage handling equipment. And you can imagine that when people are loading and unloading from these planes, baggage is an important element of satisfaction for airline customers. And in particular, now that people are paying $20, $30, $40 a bag to have the airline handle it, so we're an integral part of that, providing that service at over 25 airports around the world.

But what you haven't heard in the past and what we are going to talk about today is there are benefits from these two businesses operating together that hasn't been unlocked in the past. And we're going to talk a little bit about what I would call the benefits of common ownership of these two segments.

So things like supply chain, you could imagine we buy a lot of steel for each and every one of these businesses, or motors or controls. We haven't in the past had an opportunity to go after that. Or talk to you about organizational simplification and consolidation, the benefits that come from that. Back office, finance, H.R., these are all opportunities for us going forward that we haven't unlocked in the past and we have a clear plan and a clear vision of how to do that and we're putting the pieces in place to execute on that. So much of the thread you're going to hear about today is one JBT, how do we get it done together, and there are significant opportunities to do that.

It's been a busy eight months since I came to JBT. It seems like eight days. But it's been a great eight months, and I've been enjoying what's been happening here. And one of the reasons I was excited to come to JBT and to take on this opportunity as CEO is I saw a lot of opportunities in this business going forward based on my experience and background running multi-segment or multi-sector industrial companies.

So as I came into the role, I basically put together a list of items that I needed to focus on which is what you see up here today. And let's talk about what that means a little bit. You know, in my experience, the single-most important thing that happened from a CEO's success and transition is, first, putting the right leadership team in place and then changing the culture and support of where you want to go strategically.

So first up for me was to go to work on our management team. We had a few retirements, which were orderly and planned, at the CEO and CFO level. We had a few what I would call areas of business that were underperforming that we wanted to look at the leadership on. And then last, we had some key skill sets that we're missing on the executive management team to manage this transition. So I had to take actions and to make that happen.

And we're going to talk to you a little bit -- there's a following slide where I'm going to go through the executive management team and talk to you about why the changes we made are in place and why I'm excited about the team we're putting on the field today.

But what you don't see in the presentation today is that there have been a number of upgrades and improvements in that next level of management at JBT in support of this, you know, initiative and where we're heading.

The next piece was developing our next-level strategy, a bottoms-up, you know, starting with the customer coming back from JBT, coming to -- coming back to JBT, strategic approach, and look at our business. You know, how is it we create value for our customers? How do we increase the amount of value and sharing of that value to increase our margins and profitability?

A lot of really powerful learnings came out of that. And I'm telling you, there was a significant amount of work we did to really analyze our markets, customer interviews, third-party studies, et cetera, to get us to the point where we're at today to share the information we have to make this happen, and I'm quite comfortable and confident it's going to happen.

We had to address some of the structural costs in our business to free up some earnings and cash flow to invest in growth for the future. When I came to JBT, it's a company with a really strong legacy, but one of the legacies was very independent, very siloed operations, which in some ways are very positive, we want to embrace, you know, the entrepreneurial nature of those, the connection to the customer, but as I mentioned, we really weren't seeing those benefits of common ownership or the ability to leverage or be a part of a larger organization, and that's what our restructuring is all about. It's not just about saying, hey, we're going to take 10% out across the board. It's a very focused and planned and measured approach that's generating significant benefits to JBT, but also, I think, makes us stronger and able to better compete going forward.

We're initiating or have initiated the JBT Excellence Model, or the JEM. This is our engine of execution, our everyday, day in and day out, what are we doing to do better and improve the business? This is a fundamentally important part of what we're going to put in place and what I'm going to put in place going forward. This isn't about just taking us to 2017. This is about making us a better business going well beyond that, and we're going to talk about that.

And last for a CEO -- and it's become very clear to me, although we have a great and very strong culture -- to get to the level we need to be and to deliver the results we want to make possible, we are making some significant cultural changes. We're calling that ONE JBT. It's playing as one team, competing in the marketplace as one team, looking for opportunities that cross the businesses that we haven't been able to take advantage of in the past.

Many of our customers have crossed our historic segments and we've had an inability to go out and reach those customers with the full and comprehensive suite of our solutions. It's very exciting to me. It's exciting to our leadership team. And we're putting those pieces in place. In fact, I'll be heading to Tucson next week. We're bringing our general managers that next level of management I was talking together. We're going to provide an update on what we're talking about today, and we're going to review and talk about the initiatives that are ongoing inside the business to make this happen. So we're going to be working at this every day, day in and day out.

I mentioned to you that we have a little further discussion on the management team. Let's go into that. As part of the retirement and orderly transition I mentioned, it was my role and the CFO role, and certainly I was appreciative that I could come in and select a CFO. And there were a couple of key pieces that our -- skills and experiences that I was looking for in that individual. One was somebody that had a strong operating basis and ability to manage transitions and restructuring and aligning of business. And then, secondly, I was looking for somebody who had an activity competency, particularly a global acquisition competency, so those were some of the key criteria that I was searching for in this role.

And, of course, somebody who was a strong leader and a low ego leader. And I was very lucky to identify Brian Deck, who comes in and joins us with a history and career, first, in commercial banking, who then transitioned to an operational finance leadership role, first with Ryerson and then ultimately, when we hired Brian away, he was leading as a CFO, a large Chicago-based privately held industrial by the name of National Materials.

Brian has hit the ground with his feet running. We had many, many discussions before he joined us about where we're heading. He's absolutely supportive and bought in. I think he really brings a tremendous skill set and competency that was -- strengthens JBT, and I'm very pleased to have him on.

Next is Steve Smith. Steve is an engineer by background, like myself, so we naturally get along a little bit. Steve has been with JBT over 20 years, first starting in operations, but then has matured into a number of increasing -- increasingly responsible general management roles.

One of the things that's great about Steve is you look at the businesses that he's run and grown over the years, they've all been some of our top performing businesses, and he's improved them significantly year over year. And I like that about Steve, so one of the changes we made was to give Steve the entire FoodTech business.

The other real benefit for our team is Steve's been around JBT and he's trusted and just about everybody in our company knows Steve. So having him on our team, helping us to drive this change has really made the challenge easier for all of us new guys here as we're moving forward, and very happy and lucky to have Steve.

And the last piece that I'd highlight for you, tremendous customer connections. Steve is extremely well-known in the industry, spends a lot of time with the customers, and he's going to share with you some of those insights that we use to help build our strategy.

Dave Burdakin, another new addition to our team, Dave was somebody that I had worked with very successfully in the past. Dave has a strong background in industrial equipment, just like JBT. And, in fact, in the portfolio he ran in the past, they have a small aviation equipment element, which lines up very well with what he's doing for us today. Dave is running our AeroTech business, but there's another element that I was very pleased to bring Dave in for, which is leading our overall JBT operational excellence model.

And Dave's got a very strong background in this. He started very early with the HON Company, who was struggling in a very competitive marketplace with companies like Steelcase. HON embraced -- was one of the first companies to embrace Toyota Production System. HON worked very hard to drive down their lead times and inventories and went from a fourth-place position to, I believe, second or third. Dave was very fundamental in leading that transformation and developed a tremendous skill set.

I saw it at work when he was working for me to the company that was struggling operationally, brought in his skills, put it to work, the company started to compete very effectively in the marketplace, and the margins just took off. So we're very happy to have Dave on board, and he's going to do a great job not just running the AeroTech business, but also bringing the operational excellence piece all the way across JBT in partnership with Steve.

Next up is Jim Marvin, our general counsel. Jim's been with JBT since its spin-off and also prior with FMC Corporation. Jim understands our business very well. He's been leading some of the corporate consolidation and streamlining that's been underway and also, as we grow and pivot more to the emerging economies, he's working very hard with his team to make sure we're doing the right things in terms of compliance and managing our businesses that's very important in today's age, with all the government regulations that are around having a properly functioning business.

Last but not least is Mark Montague. Mark has a very strong background in human resources, large industrial companies, global companies, Whirlpool and others. Mark is extremely well connected to the organization as Steve is, and Mark is really helping me lead that cultural change, as well as making these leadership upgrades that we have been making, and is partnering with me on this transformation.

JBT is approaching this opportunity from a position of strength, really want you to understand that. And this is one of the elements that really excited me about joining JBT. We are in two fundamentally strong secular markets, if you think about it. Food. We make the equipment that processes and produces food that's safe to consume around the world, and you're going to hear from Steve in a lot of detail about what that means, but we're excited about a couple of trends that are happening, first, the developing economies' increasing incomes, a shift from more of a grain-based diet to proteins, where we play very strongly, also the urbanization trends that are occurring. You know, people move from the farm to the city, they can't have fresh, they need processed, we're going to be there to take advantage of that. Great secular trends.

Aviation, I was just reading the Wall Street Journal this morning, CEO of Boeing, he's out there publicly saying 20 years of prosperity looking forward. I mean, this is at a very interesting time. You know, just the trends in aviation and the aviation that we support, we support all those planes that Boeing is selling, are very positive.

Once again, global business growth requires more travel. Increasing incomes, people have the affordability and the availability to be able to spend on travel. Infrastructure in the Western economies is old and needs replaced. The ground support equipment, you can kind of notice sometimes you get to the airport, looks a little bit like a junkyard out there, right, with all the pieces of equipment that are around there? You know, we make a pretty decent living sometimes selling parts, but we'd like to sell them a new piece of equipment every once in a while.

The airline industry has been focused on replacing the airframes, the planes, because the fuel costs are so high. But they're getting through that cycle, and they're getting that digested. We expect over time they're going to transition to more of the equipment around the planes.

We have great brands and very long-lived customer relationships. I talked to you about, you know, this 100-year legacy. That's a position of strength to come from when you're building out a portfolio or a franchise like we are at JBT.

And it says here complex engineering service, but let me just give you a little idea of what that means. You know, let's just say Wendy's wants a new chicken sandwich. They have a very particular point of view of what that means, what that piece of chicken looks like, how it's processed, the exact shape of that chicken, what kind of yields they expect, what size chickens do they use to produce that chicken breast ultimately?

It's a very complex set of variables to come up ultimately with a compelling value proposition. We work with a customer like that to work across the entire supply chain to make that happen, and we've put together a comprehensive system and capability to do that, right, from one of our water jet cutters that processes that chicken to a batter piece of equipment to a fryer right into the freezer.

And as you can imagine, the ability to process that chicken efficiently without a lot of scrap or offal and getting that yield up, not consuming a lot of resources, water, et cetera, and then, last and most importantly, where JBT is particularly strong is around the safety. You know, people expect in the developing economies to have that food be safe. That's not easy to do, considering the volumes of food you're producing and transportation. JBT absolutely has the ability to do that.

As you start to think about going forward and our ability to acquire, Steve's going to talk to you about this, there's a number of pieces and places and areas we can go leverage those relationships and improve our value creation for them.

Shifting to the AeroTech side, as you can imagine, airlines are very sensitive to their ability to manage their schedules, get their airports going on time, not -- you know, leaving the gate on time. I know we're all sensitive about that, right? Our equipment plays a very important role in that.

Let's just think about last winter. Lots of tough weather. You may not have realized it, but you loaded the plan on a JBT jetway. If you happened to check your bag, chances are we loaded that. And then you looked out the window, it was snowing, and there was a lot of snow and ice on your plane, and you said, oh, no, I've got to deice. That's going to take extra time. That's JBT equipment that's out there deicing the plane.

So you think about it now, our ability to deice that plane quickly with a minimum amount of glycol and costs associated with that and then to get that plane turned and flying has a huge economic impact on that airline. Once again, providing equipment and services that have import, and you're going to start to hear about our ability to price and value. This is where we need to move to.

When we historically used to think maybe about cost-plus pricing, we're going to start thinking about solving problems for our customers, and we're going to talk about this further, where we're saying, hey, you know what, we can save you X or we can make you Y more profitable, but we're going to want to share in that, in an appropriate and fair way, but to help us grow our margins and profitability.

The large install base we've talked about, we've done a tremendous amount of work on understanding that, and we're prepared to show you in a fairly high degree of detail today what that opportunity is. And the last one, which was also something that coming in here was very positive.

We do have a solid balance sheet. But we do plan to use that as a competitive advantage going forward, whether to invest in organic growth initiatives or, secondly, as we look at strategic acquisitions that make good sense for our customers and create value and meet our financial criteria in a disciplined way, we're going to look to deploy that -- some of that balance sheet capability and to grow JBT and to grow its profitability.

I always think the strength of a company is a lot about the strength of its customers. And I think if you look at that slide, you say, boy, there's a lot of really leading food and aviation companies on that slide. The other really interesting thing about this slide is, at least interesting to me -- I think you'll find it interesting, too -- is that the number of ways that JBT touches your lives, your families' lives every day, day in and day out. There's a, you know, billion-dollar industrial company headquartered in Chicago and you just start to think -- we'll walk through this, all the ways that we touch your life.

We squeeze or produce over 75% of the world's citrus, juices or beverages, not just in the U.S., but you'll see the key players in Brazil, which is a large citrus area. There's others on a list that aren't here in Spain. We just signed a large contract in India. We are a global player in this.

Steve Smith is going to talk to you about how we transition this great juice business and what we've done already in the last year, but we're going to build some momentum on liquid foods. You might have saw the Bolthouse or the Evolution Fresh back there. JBT is involved in those, and that's a tremendously fast growing market, and it all comes out of our knowledge on juice and those same customer relationships.

But you also see that companies like Campbell's, who does Bolthouse, historically resided, when we were organized by equipment types, in our sterilization business. Now our ability to come together as one JBT and all from our juice knowledge, plus our sterilization knowledge, is a tremendous competitive advantage that other companies simply don't offer.

We freeze over half -- a little over half the world's frozen food. So whether that's that chicken sandwich piece that I talked to you about earlier or you're in the grocery store or in a restaurant, you're ordering that chicken Caesar salad with the grilled -- nicely fresh grilled chicken breast on there, you may not realize that's probably processed through a lot of JBT equipment, ultimately been frozen, shipped to the restaurant through distribution, and then what they call re-thermalized, or heated up, for you to enjoy on your salad.

Heck, we even make the little cooker that puts those nice little grilled bars on there for you to make you feel like it was grilled locally. But it's a high-quality piece of food, and we play a role in it. But just think about it. Every piece of frozen food in the world, JBT equipment is processing fully half of it.

Canned foods. You know, certainly a mature market, but actually still growing at a pretty nice rate. And why would that be? Well, developing parts of the world, they have a -- they don't have cold chains. They don't have refrigeration. They don't have refrigerated warehouses; they don't have refrigerated trucks; and they certainly can't afford refrigerator units in their homes. We're seeing a lot of nice activity as the global companies are taking their strength and competencies and developing canning capabilities or other types of sterilized containers, processing things like dairy in Europe or the U.S. or Mexico, and then shipping it to Asia or the Middle East.

And that takes what's really quite a sensitive foodstuff, right, and it gives you the ability to then ship it around the world so you can produce it where there's lots of rain and green grass and you can put it into a container and then you can ship it around the world without having to refrigerate it. So it's a very interesting dynamic that's playing out there, but once again, JBT participating in fully a little over half of that.

And it's really amazing. You know, picture yourself walking down that grocery store aisle with all the canned goods and the salad dressings and all the shelf-stable stuff, which as a kid I always wondered, how can they put it in that container and you -- you know, you could take it home and a year later and it still tastes great and eat it? So that was JBT. But we're making half of that. It's a great position.

Let's shift to the AeroTech side. I mentioned already some examples where you probably used a number of our products going on, but some really strong positions there. We load better than 70% of the world's overnight packages. So when you're getting that important letter or when you're using a premium rate on Amazon, one step up from the regular Prime delivery, there's a good chance that that's been loaded by a JBT piece of equipment.

It's a tremendously big and valuable activity that's going on and needs to happen in a very precise schedule, the equipment needs to have tremendously high levels of uptime, needs to be highly maintained. You know, you've got expensive planes and expensive packages sitting there that need to get out, and JBT plays a key role of that.

And last, the boarding bridges and the fixed air equipment, so not only is it the jetway that you get on, but I don't know if you notice more than not today, generally you get on a plane, it's either heated or aid-conditioned, even though the plane is not running. We make the equipment that's there doing that. It's connected to the jetways.

So that saves the airlines lots of money, because they used to have to turn the engines or the auxiliary power unit to cool or heat that plane, burning jet fuel, which is very expensive. Now they just use our PC air equipment to cool or heat the plane, and it improves their customer satisfaction.

But in the U.S., we're particularly strong -- although it is a global business for us -- there's a better than 75% chance if you got on a plane yesterday or this morning, it was one of our products. But what a great customer set. What a great position to build off of.

Next, for a company our size, we certainly have a very strong and global footprint. That's a real positive for a company like JBT. Fully 50% of our revenues come from outside the United States, which allows us to, you know, do a nice job of weathering maybe economic regional challenge, right? We have a nice distribution around it, so if the economy's a little slow in Europe. We could pick it up in the U.S. or Asia or vice versa. So it gives us a nice diversity.

But also, I'd point out, you know, 25%, 30% of our revenue comes from the emerging markets. And as we pivot to growth, that's a really fundamental thread. We've got a significant, established set of customers and product offerings in emerging markets that we can accelerate.

If the food business is a GDP or GDP+1 type of growth rate in the U.S. and Europe, it's mid- to high-single-digits and, in some places, double-digits growth rates in the emerging economies. Already 25% of our revenue is coming from that. As we pivot and accelerate that, that lifts up JBT's growth rate. And that's one of the key strategies as we go forward.

I'd also point out to you that this is a tremendous point of leverage for acquisitions. Many of the food equipment companies are regional players. They either have a competency in the U.S. or Europe primarily, where a lot of technology equipment goes, but very few of them have the ability to sell and equally importantly -- or maybe even more importantly -- service the equipment globally.

JBT has that in place. So as we go out and make acquisitions, we can bring leverage by bringing these businesses into our global operating footprint, and open them up to a new customer set. Large, multinational fruit companies pretty much only want to deal with multinational equipment and service providers. That locks out a number of these companies to this customer set, which is a bit of competitive advantage for us, right? We don't mind that.

But as we look to bring technologies in or round out our portfolio -- and Steve's going to talk to you about this further -- that's a point of leverage for us as we go forward.

This is a chart that certainly warms my heart as a CEO. You know, there's certainly a thought or a perception out there that an industrial equipment supplier may be a little bit more cyclical than a GDP-type business in general. And as I looked at JBT, it was assessing the opportunity to come across, having grown up in large industrial businesses, I was particularly impressed by this element of JBT, where roughly 40%, 45% of our revenues are fully recurring and these recurring revenues are higher than average margins for JBT.

So if you think about it, the economy starts to slow down a little bit and we're able to scale our labor and operations effectively, there's a very powerful strip that continues to run through the business independent of those economic cycles.

But then I'll draw your eye to the box on the side, which took in a tremendous amount of work, study, and effort to get to. This is the first time we're able to talk to you about this in a very informed and detailed way. Even though fully 40%, 45% of our revenues are recurring, we are only enjoying 25% to 30% of the after-market on that installed base I've been talking about.

It's a tremendous opportunity for us to get -- to go after going forward. And that after-market, as I mentioned, is higher than average margins for JBT. So we've got this great base of recurring revenue and this clear opportunity right in front of us where we're out there selling this equipment, servicing it, but the simple fact is, we're only enjoying 25% to 30% of what we could or should be there.

Now, I'm not promising we're going to get to 100%. Don't take that away. But we're going to talk to you about a roadmap and where we're going.

We do have a solid foundation, but I think it's also important that we recognize that we haven't been as successful as we'd like the last few years in leveraging that foundation. Now, growth has been pretty slow or flattish, and our operating income margin or margins also haven't responded the way we want.

But my team and I have done the work, and we've gone to work on this, and we see a path forward to address some of this, so from my perspective, you know, certainly we would have liked to have done better, and it's been underperformance, but there's a tremendous opportunity in front of us as we go to work on these.

So where are we going? And where does the next level take us? You know, we're putting together and we have put together our long-term strategy and game plan. We've got a balance program that includes significant margin expansion, which creates leverage, but also funds the next page, which is growth. So, you know, we are enabling growth at JBT while at the same time improving our financial performance. But we're going to do it in a disciplined way, and we're going to put in a culture that really fuels growth. And that's what we're here to talk about today.

It's a three-pronged approach, three key elements. We're going to fix, strengthen and grow. We're going to fix our profitability, to drive our margins, and free up the cash flow for growth. We're going to strengthen the business. We can't just go out and say we're going to grow. We're already starting, and we're in the process to strengthen our business. We need key skill sets. We need people who understand building an after-market sales and service organization. We need more people in emerging economies that we don't have today.

Some of the restructuring that's happening is also reallocation. So we're taking some of the resources that maybe had too much of in U.S. and Europe or maybe corporate, and we're putting some of that customer facing, where the growth opportunities are. Sales, service, engineering people to make that happen, locally developed products.

Last, we're going to grow. But this is a lesson I've learned the hard way. We're going to grow by focusing on just a key few elements that will materially move the business forward.

The JBT Excellence Model, or JEM, this is our engine of execution. This is what we do day in and day out. We're populating this. Some of these we're ahead of, some of those we're just in our early days on. One JBT, we're going to talk about, it's cultural changes, cultural change at the individual employee level, it's cultural change for the corporation. It's a meaningful change in how we go about. It's about accountability. It's about relentless improvement, two key threads we need, customer first, solving problems, creating value for our customers, and then taking -- or, excuse me, receiving a fair share of that value creation.

Relentless continuous improvement. Safety, quality, delivery, cost. It's about the blocking and tackling in our business, whether it's in the shop floor or in offices. It's significant competitive advantage. And last, acquisitions. Putting the discipline, the skills, the processes in place to have the confidence to know that when we make acquisitions that create value for our customers, they also create value for our shareholders.

JEM. One JBT. Integrity. This is really important to me. This is like just kind of getting down to the grassroots -- the fundamental level, how do you know the employees understand what you're expecting of them? And how do you know those changes you're ordering up or asking from the employees are going to translate into results?

And to me, it's about two things. It's about integrity and accountability. Do what you say you're going to do, and let's have an honest discussion if things aren't going the way we want it to. Companies can struggle with these two key elements. And a CEO just leveling the playing field, saying that's the way we're going to go about it is very, very important.

Activity does not equal results. So let's have an honest discussion about what you're doing. You said you were going to get here. Talk about we need to close the gaps. Let's measure it. And let's get it done.

I know it sounds simple, but it's not easy to get people to think this way. And it could make them a little nervous or uncomfortable at first, but once you get that honesty open and open out there and you get that integrity in place, which to me is just a free and easy dialogue, talking about good things, but also more importantly about bad things.

Relentless improvement and teamwork, these are more individual and corporate activities. You've heard about the relentless, continuous improvement. That's a corporate activity, but that people need to embrace at an individual level. If you're on the shop floor, and surfacing the issue that you struggled with day in and day out and that you've been frustrated with in the past and nobody listened to, but now they're ready to, and getting better.

It's in the office. It's about, boy, you know what, I spend two hours typing in these reports. Wouldn't it be easy if I could have somebody figure out a way to scan this in or get this information in to my customer electronically? It's about just constantly finding opportunities to improve. It's about education. It's about taking on international assignment as an individual. It's about relentlessly desiring to improve yourself, your ability to contribute to the company and your ability to contribute in life.

Last, it's about teamwork. And I know that's kind of a cliche, but for a company like JBT that's grown up in a historically very siloed, very equipment market, customer-specific basis, we've really got to learn how to play together as a team. Got all kinds of opportunities that fall through the cracks, opportunities where we don't take advantage of our ability to compete at the level we do in the marketplace and moving that forward. One JBT.

Customer first. I started off earlier in my career as an engineer, also. And I learned very early on, customers can't tell you necessarily what problems or issues they're struggling with, but if you go spend a day and walk in their shoes or you look at the vehicle they're designing, and you step back, you find out sometimes they deal with all kinds of problems on a day-to-day basis that they don't even realize they're struggling with.

Getting that closeness to your customer and understanding developing problems -- products that -- or systems that solve those challenges can generate tremendous value for your customer and then you can price and drive that home.

JBT's historically kind of been more around the throughput capacity type of model. We're shifting to a customer first, solutions based problem solving. And I find that's a very effective way not just to improve your profit performance, but also it helps drive your intellectual property portfolio, because you figure out how to solve a problem for one customer, generally, five or six others have the same problem. You go out and then market that solution more broadly.

But for both our customers on the food or the aero side, it's about yield, it's about productivity, safety, and we're seeing more and more resources -- water, energy, efficiency -- are all levers to get people to trade out existing pieces of equipment or solutions that they have and invest in new ones.

And it pencils out. It makes good sense for their investment. That's what drives their new product development.

Value-based pricing, we've talked about it. Let's focus on how much profitability we're improving for our customers and make sure that we share in that at an appropriate level, not just about raising prices. There's other things you have to do to get that pricing in place in terms of creating value for your customers. It's a very important element. It's one that we're working on and putting the skills in place.

And last, comprehensive service and support. We need to do a better job of wrapping our arms around our customers. We've got a global footprint, but you can tell we're not doing the best we can. We're only enjoying 25% or 30% of that business. Somebody else is getting in there and getting that business today.

If we're in there servicing their equipment, we're also going to be first in line when it needs replacement or they desire a new line. So there's a whole intangible that comes with locking up that service. You build your after-market, but it also fuels your new or OEM equipment.

Our operational excellence model -- sustainable, competitive advantage. We talked about that. I like the analogy -- for those of you who've been around a few years like me -- it's kind of like Michigan football, University of Michigan football under Bo Schembechler, right? You're like, "What's Tom talking about?"

OK, so it's about blocking and tackling and running the ball. It's about being, you know, 3rd and 3, 3rd and 4, the defense knows you're going to run the ball and you don't care, you're going to run it anyway, and you're going to get the first down, because you're that good at blocking and running the ball.

That's what [RCI] is about. You know, people say they're going to do this. It's just go to be a religion in your business, and you have to do it every day, day in and day out, without failing, and your competitors know you're going to do it, but you don't care, because you're coming at them like Bo and you're going to run the ball up the middle, and you're going to get the first down. And that's what we're working on.

And we're -- I got to be honest, folks. We're early days on this. There's a lot of runway in front of us. We don't have a lot of this going on in JBT today. That's why Dave's here. He's already made great strides and is going to tell you about it.

We've got a strong safety capability. JBT's done a wonderful job with this. And our quality, when it gets to customers, is excellent, but there's costs associated with us delivering that quality, and we can do better at that. There's profits and opportunity there. Making sure -- when we build it, we don't have to inspect in the quality or make changes. It's part of our process.

Delivery. When you're delivering large, complex pieces of equipment, customers sometimes tend to think those decisions through for six months or a year, and it's got to go through an approval process. And ultimately, it's somebody like Brian or me, who's generally signing off on that $2 million or $3 million line to process that chicken, once you make that decision, everybody wants it tomorrow, because it's been approved, the capital has been allocated, how quick can we get it in, how quick can we get it up and running, because we're excited about what that means?

JBT has an ability to do that quicker than our competition is going to be a huge advantage to us, and it's going to allow us to not always have to talk about price. Right? You can charge a little more, sometimes a lot more, if you have the ability to get it there quickly.

And last, the cost element. We have significant opportunity. A big portion of our cost of goods sold is on the outside with our suppliers. We haven't, under One JBT, attacked that at the level we could. And it looms large as an opportunity.

So I met a number of you in some of my travels and some of the conferences. And, Tom, you know, you've had a history of being able to expand margins. You know, why do you believe you're going to be able to do that at JBT? And I was able to talk to you about it in principle. You know, I've done enough of the homework to understand that this can happen, but I hadn't done the detail work and I needed to be here and work with the team and do the studies, et cetera, to put together a full roadmap, and that's what we have today.

And we're calling it all under our JEM banner, the JBT Excellence Model. It results in -- on its own, you know, approximately 200 basis points margin expansion by 2017. And One JBT, the organizational simplification, the common back office settlements, things like that, getting our footprint in the right place, $8 million to $10 million of drop-through.

Customer first, value-based pricing. We've been working on that probably within -- I don't know, what was it, about a month of joining JBT? Nice and meaningful value creating for the business, $6 million to $10 million.

Last, RCI and strategic sourcing. This is the one that's earliest in its development and will come later in this 2014 to 2017 journey of $4 million to $8 million. Altogether, $18 million to $28 million of benefits to JBT in the 200 basis points of margin expansion.

I do not expect these elements to stop in 2017. A number of these activities are sustainable and will be able to continue forward beyond that.

We just recently closed an acquisition, a small one, a very strategic one, a company by the name of Formcook, which is the leader in Teflon cooking, which is a natural complement to our oven lines, which then feed our freezer lines, a very strategic and small acquisition, but one that was very interesting for us, because it was our first opportunity to use some of the tools that we're putting in place as we start to look to do more acquisitions at JBT. We've got the balance sheet to use acquisitions as an element of our competitive footing and to grow our business, but we've got to have the right tools and disciplines in place.

We're really focusing on a few areas for acquisitions. And Steve in particular is going to spend quite a bit of time talking about it, but I'm going to talk to you about two areas in principle. First one is strengthening our core. Where do we have leading positions where maybe we're missing a geography or a technology or a customer set or something of that nature, an acquisition might create a tremendous amount of value for us, and we're going to look to do those. That would be an example of Formcook, where we had a key technology that was missing from our protein processing offering.

In addition, we've got a couple of key areas on FoodTech, liquid foods, and proteins that we want to get after much more aggressively. But we're going to have a disciplined approach, but we're going to have an aggressive result. Our strategy is based in fact. It creates opportunities and value for our customers. We know the targets are out there. We just got to sift our way through, find the right ones, make sure they create economic advantage, and then deliver on those and commit ourselves to that.

We're going to have financial discipline, economic criteria. We've put these measures and continuing to work on these in IRR, payback, accretion, certainly we're sensitive to that, although not the toughest threshold in today's stock market. I think we'd look more to the IRR. The payback, I'm a big believer. Cash on cash, when do we get our money back that we invested in this acquisition and how long does it take? And then we're going to have robust due diligence so we don't get surprised.

And this is probably the most important learning I've had over the last few years doing quite a few acquisitions, is the drive to synergies has to start long before you close the deal. You got to have the roadmap. You've got to have an understanding where the synergies are going to come from. And you've got to start that work long before you close it.

We had a number of agreements in Formtech, including personnel adjustments, facility closings. That was all socialized with the seller, the owner, before we closed that deal. And, in fact, some of those adjustments were made by the owner before we bought it, because of the trust we had developed with them, working as partners for a number of years.

And then we're going to have a disciplined and standardized process that's always on, that's proactive with our managers and general managers, our business leaders out there, looking for the targets, building relationships to fill this funnel.

Growth. This is an exciting part, the one that everyone looks to. We've done the fix and strengthen, driving our margins. It's creating cash flow to fund our growth. And JBT can and will grow.

After-market, we've talked about it. I think everybody understands the opportunity. You're going to hear much more detail from Steve and Dave on that. Protein processing, the macroeconomic trends we talked about, people are shifting to more and more protein consumption. The numbers are amazing. JBT has a strong and advantaged position in protein processing with a quite large runway in front of it in terms of the ability to do it organically through new technology development and through acquisitions. I think you're going to be surprised on the size of that opportunity when Steve talks about it.

Emerging markets, 28%, not bad. Pretty darn good for JBT as a team that's got that done. We need to accelerate that. We need to get more of the resources heading that way, because that's where the business is growing. You know, U.S. and Europe, there's a nice business model there, but if you want the higher growth rate that we're signing up to, we've got to have more activity going in the emerging markets.

Liquid foods. You've heard JBT talk quite a bit about juice in the past, and you've heard us talk about sterilization. Liquid foods for our customers is a confluence of those two competencies. You need to be really good at juice and really good at sterilization to be a liquid foods expert. That's what JBT is.

That's a market that's growing double-digits. People like these blended juice products. They're shifting off colas and other drinks. They want to drink something healthy with kale and -- it's green and it's got juice in it or it's got a pulp taste in it. JBT is uniquely positioned to take advantage and service those customers, and we've announced some great orders, some big orders in Asia and et cetera. And, oh, by the way, their palates are quite a bit different than the Western world, and they like coffees blended with juices, blended with dairy, some of the things you've heard us talking about already, right? And they need it sterilized, because they don't have refrigeration and they don't have a distribution system to do that.

There's a number of acquisitions we could make in that area that will further strengthen our competencies and our ability to deliver full systems to our customers, but it's a great, fast-growing market of the food business you're going to hear us talk about.

And aviation support equipment. We haven't fully matured our portfolio. There are a number of holes and opportunities for us to grow that business by bolting in some pieces, in particular the faster-growing single aisle and regional jet market JBT hasn't historically participated in. There are a number of pieces of equipment we can put around that to grow our franchise.

In addition, of course, for aviation, the emerging markets and after-market play across all of JBT. So whether it's food or aviation, after market, and emerging markets place, you're going to hear Steve and Dave talk about that both. But there is an ability to grow this business. The markets are there for us to do it, and we're doing it from a position of strength.

What does it mean? We're going to shape the portfolio over the next few years. We're going to do it through investment, and we're going to do it through the opportunities that are in front of us. On the food side, we're going to accelerate the investment and growth, in particular, on the acquisition side.

In AeroTech, Dave's going to tell you, there is a significant opportunity for AeroTech not just to grow, but also to drive better returns and create value for JBT. It's a tremendous working capital opportunity hanging out there -- I don't want to steal your thunder -- Dave is going to talk about.

But you put it all together, it's margin expansion, it's growth, particularly accelerating growth, on the food side, coupled with the benefits of common ownership, the synergies and benefits that come from holding these companies together, but you really end up shaping this portfolio, where by 2017, we are a leading food equipment provider, and fully 80% of our revenues -- excuse me, our earnings are derived from food, while at the same time we have a much healthier, much more profitable and growing AeroTech business.

Why food? Well, we like our starting position. We're a top five global company in food. It's got great market fundamentals, low cyclicality. Certainly the market appreciates it. It has favorable corporate valuations. But let's look at the top and bottom circles here.

It's a very large, global market with positive long-term tailwind. It's more mouths to feed. It's more people living in cities who need processed food. There's more of a preference for protein. The equipment market for the markets we serve is north of $15 billion per annum, equipment and services. And you're going to see today that in the two areas we're focused on, proteins and liquid foods is many -- you know, much more than $1 billion of opportunities that I have at the bottom, but we have $1 billion of what we're calling tier one or near-in opportunities for acquisitions that absolutely make strategic sense, create value for our customers, but what we don't know is, are they in play? Are they available? What's the cost? Do they meet our disciplined strategic and financial approach?

But we're building that pipeline. We're building that competency. But we're going to be thoughtful and make sure that what we do, do creates value ultimately.

So what can you expect or what am I -- excuse me -- what am I committing to deliver to all of you? I mentioned the leading food equipment and service provider by 2017, $1.2 billion to $1.3 billion in sales, 8% to 10% in margin, and an appropriate amount of cash conversion off of those results.

A FoodTech business that's delivering 80% of the profits of JBT and that is growing and growing sustainable. And AeroTech business is also growing, but has demonstrated ability to generate solid returns and generate cash for JBT to fuel our investments in the core, whether at AeroTech or some of the growth investments in food.

Clear capital allocation priorities. Our first priority is funding the internal opportunities, the organic growth, the margin expansion. Next, some of the inorganic or acquisitions. And then, of course, the shareholder return opportunities. But we're going to be effective. Brian's got a good head set on this how we're going to deploy it.

And for me, you know, which would really be the hallmark for JBT is a demonstrated capability to grow profitably, organically, and through acquisitions. You should expect that we will have done that and demonstrated that by 2017.

Exciting for me. With that, I'll turn it over to Mr. Dave Burdakin, president of our AeroTech business and Executive Vice President of JBT. Thanks, Dave.

Dave Burdakin - *JBT Corp. - EVP, President - AeroTech*

Thank you, Tom.

Good morning, everybody. I was working in my office one day last December when the phone rang. I picked it up. To my surprise, it was Tom Giacomini. And so after the usual pleasantries -- hey, Tom, how are you doing -- he said, Dave, I've got a great opportunity for you, the perfect opportunity for you.

Two things I'm looking for. One, I'm looking for someone to run a business, very solid business, but one that in my mind is not performing up to its potential. And, number two, I'm looking for someone to lead an operational excellence initiative across all of JBT. And I know that's something -- operational excellence is something you're passionate about.

So I said, Tom, that sounds exciting. Let's talk. And here I am, five months later, and I'm actually more excited now the more I've gotten to know AeroTech than I was even back then.

So I thought I'd start with a quick refresher on the AeroTech business. Here's what we do for our customers. Largest part of our business is mobile equipment, mobile ground support equipment, things like deicers, loaders, tractors, mobile ground power and air, pre-conditioned air units. Then the next part is fixed equipment, which we're well-known for. That's the passenger boarding bridges that Tom talked about, along with the peripheral equipment that's sold along with those. And then we have our airport services business, which is -- which provides contracts, maintenance service, not just for our own equipment, but is more and more other things, like baggage handling systems.

So that's who we are. Some key messages today. We've got -- one of the reasons I'm really excited about AeroTech is we've got some real strengths, some really great things going for us. One is, we have some leading market positions in North America. Another is the trends are positive, the future trends for our industry are also very positive. And, thirdly, we have a strong team, more experience, more expertise than any single competitor in our business.

But despite those strengths, our current financial performance, frankly, leaves room for improvement. And we're going to get that improvement with some limited -- a few next-level initiatives that I'm going to talk about in a few minutes.

Here's where I'd like to be -- here's where we will be -- AeroTech will be in 2017. This is our vision for AeroTech. We're going to have the industry's best product line, leading products and services across the aviation support spectrum, provide customers with the best total cost of ownership, best total value.

We're going to be an operationally excellent company with disciplined execution, higher margins, and better working capital efficiency. And we're going to be back on a growth path.

So let's talk about those things. First, leading market position. Here's the breakdown of revenue for our three types of businesses we're in. We're a leading U.S. player for cargo loaders and deicers, then the mobile equipment, which is roughly half of our business. One of the headwinds, though, we face in that business, we do have some legacy military loader contracts that are winding down over the next couple of years. I'll speak to that in a few minutes.

On the fixed equipment, we have roughly 75% share in North America for passenger boarding bridges, and we also have success overseas with same. And then our airport services business, we have about 30% share in servicing our own fixed equipment and a growing share in other services, like baggage handling systems.

I mentioned positive industry trends. There you go. Airlines are making money, and they're making money more consistently than they have in a long time. Now up until now, they've taken that -- those profits and they're reinvesting in new aircraft to drive fuel efficiency. But as Tom alluded to, there's a huge pent-up demand for replacing ground support equipment that we see as a very positive -- see it as not -- it's not a matter of if, it's a matter of when that occurs.

Passenger traffic expected to double over the next 15 years. Cargo traffic expected to grow, as well, both faster than the world economy. And a lot of that growth will not just be in the U.S., but a lot of that growth will be in the developing markets.

Now, today we have about 25% of our revenue at AeroTech is outside our traditionally strong markets of North America and Europe. So we do have a presence there. We now have two plants in China. We just received a certification on a deicer called the Snow Panther to sell into China, as well. So we're leveraging those two plants in China, not just for the China market, but also to help us be more successful Asia Pacific, in South Africa, and the Middle East.

And as you can see here, significant growth in China, but that's also true of a lot of emerging markets. And a lot of the growth will be in that narrow -- or single aisle, narrow body aircraft that Tom mentioned before.

Here's our financials. And as you can see, other than a little spike in our passenger boarding bridges in 2011, our revenue's been flat. It's been flat -- the contraction in Europe certainly had a big impact on us, as well as the fact that we haven't seen the recovery from that pent-up demand in ground support equipment as of yet.

Our operating profit has been at best flat, as you can see, as well, and our working capital is moving in the wrong direction or has been moving in the wrong direction. We're changing that. I like to look at this as a great opportunity for improvement.

And here's where we're going to be. Here's our next level in 2017. Our revenue's going to be growing again. Our EBIT's going to be growing faster than revenue. And our working capital is going to come down as a percent of sales, going to start moving in the right direction.

And here's how we're going to get there. Tom talked about the JEM. At AeroTech, we have four initiatives. They're in the blue boxes of how we're going to get there. But before I talk about that, I'd like to talk about that JEM, that operational excellence, because that's really a core transformation at AeroTech.

RCI, Tom mentioned, relentless continuous improvement. I love the word relentless. The dictionary defines relentless as showing no abatement in severity, intensity, strength, or pace. And that's exactly what we're going to need to be the world leader in both our industries, food and AeroTech, and operational excellence, relentless continuous improvement.

One of my favorite saying is, you get what you measure. So we talk about continuous improvement. Well, what are we improving? We're improving on the shop floor. We're improving what we call SQDC, safety, quality, delivery, cost. And one of the pleasant surprises I've had at AeroTech was, we've got an outstanding safety record, not just AeroTech, across JBT. There's an outstanding safety program.

And the neat thing about that is, well, one, of course, being a safe place to work, which is a precondition for being a great place to work, but, number two, the things that it takes to build a strong safety program, things like employee engagement, things like proactive problem-solving, things like root cause, corrective action, and processes, they're the same things it takes to build stronger quality, strong delivery, and the lowest total cost.

So here's an example of safety, quality, delivery, cost. Well, I mentioned -- let me go back a second. I mentioned safety. I want to talk about quality. Our products are mission-critical, both food and aero. Whether it's a passenger boarding bridge at O'Hare, whether it's a preconditioned air unit helping a fighter jet get off the ground, or even on the food side, it's a freezer in a high-volume protein line, our products just have to work, and our customers trust that our products will work. Quality is a given.

Then when our customers get that quality product, which they do get from us and they expect, then they want it delivered on time. Oftentimes, they want to delivered quickly. So on-time delivery becomes critical, so we measure that. And, finally, cost. We break our cost down into three things. One is material cost. That's our largest cost. Tom talked about our strategic sourcing, where we're going to start working together as a team to drive lower costs on a sourcing materials, rather than going out sourcing with each location, each of our plants sourcing independently, we'll do that and get the benefit of common ownership.

And then the other cost measures, productivity, of course, and then working capital or -- which is typically on the...

(audio gap)

... I was talking about the gamma walk, but the real point here is when you get everybody on the plant floor, everybody in the organization involved in the continue -- the continuous improvement process, it becomes very powerful. It becomes a very powerful weapon. Operationally excellent companies can be very hard to compete against, and that's who we're going to be, very hard to compete against.

Also on this slide, you see the deicer flow line. We're making -- we've started up our deicer line, which we do typically every April or May, every year, started our production line. OK, keep talking. I feel like I'm a TSA in the airport.

OK. We're doing the deicer line a little different this year. We're using a flow line, instead of building in place. The LEAN experts would call this switching from batch to flow. My experience is that when you switch from a batch to flow, you'll get a productivity improvement of at least 20%, and you can cut your work in process inventory in half.

OK. Switch microphones one more time. Boy, that was a rough slide. I hope we do better.

All right. I mentioned our four key initiatives. One of those is to grow our after-market. We estimate -- we did a survey, studied it, and we estimate we have over 12,000 pieces of equipment in use every single day around the world, cargo loaders, boarding bridges, whatever. On average, we estimate each one of those requires about $17,000 a year in parts and service, which you add that up gives you a market size of $175 million.

As Tom mentioned, we only get about a quarter of that parts and service business internally, and we think we can grow that. We know we can grow that. Here's an example. On just the mobile side, we have over 7,000 pieces of equipment in use, total addressable market of $120 million. Increasing our market share by 5 points would give us another $6 million in revenue, profitable revenue, on the bottom line.

Here's how we're going to do it. We're going to increase the size of our sales staff. We're going to increase our rebuild business by offering tiers of rebuild service to our customers to help meet our customer needs. And most important, we're going to -- it's something Tom alluded to -- which is teamwork. Historically, the three AeroTech businesses have gone to market as three independent companies, OK? But now we're starting to work together.

So a great example is that -- a piece of ground support equipment that has an issue, needs a service -- needs service, we don't necessarily have to send someone from Orlando, Florida, out to wherever that airport happens to be. We may have airport services technicians right there on-site that are working on the baggage claim system or working on passenger boarding bridges. So our airport services group is going to serve as the first responders for our ground support equipment. So that's just one example of how working together and leveraging our presence, not only will it help grow our after-market business, but it provides better service to our customers.

Here's another exciting initiative, ground power and air. We estimate this market is about $220 million. Think about today's fighter jet, an F-16 fighter plane on the ground. There's literally millions of dollars in sophisticated electronics and computerization on that fighter plane. But because of that, that fighter plane -- you can't do maintenance on the fighter plane or you can't even turn the engines on, you can't take off in that fighter plane unless the temperature in that cockpit is within a certain range. It has to be below 90 degrees Fahrenheit.

So if you're -- think of it. If you're a fighter pilot and you get in, in the fighter plane and say it's sitting on a hot tarmac in the Middle East, the last thing you want to see when you get in that plane is the red light is on, because the temperature is too hot in the cockpit for you to start the engine. Well, our PC air equipment takes care of that problem, so when the fighter pilot gets in that plane, it's already cooled off so he can get off the ground quickly.

We're going to be investing another $1 million -- over $1 million in additional development of a next-generation offering of our PC power and air product line. We're going to build on some recent certifications. We got a certification on a particular fighter jet just a couple of months ago, and it just in the last two weeks turned into an order of over $3 million. And we'll continue to leverage that.

We can also leverage that military technology to help lower complexity, cost, and lower cost products for the commercial PC air market. Good example of that, I was just in Ogden, Utah, a few weeks ago, and we had a customer visit, an airport customer from a Middle Eastern airport, and we had to simulate the ambient conditions on a runway in the Middle East in July and August. So in our simulation, we had ambient temperature of 130 degrees tightly controlled at 81% humidity, kind of -- kind of conditions that could turn an A380 into the world's largest sauna, if it didn't have preconditioned air going into that jet as soon as it hits the ground.

And we managed to control the -- and from that ambient temperature, we developed sub-freezing air at the proper flow, at the proper pressure and proper temperature, and the customer was ecstatic. He said, you've done everything we've asked and more. So that's the kind of leverage we're going to build off of.

Another key initiative, filling some holes in our product line in the ground support equipment, the mobile ground support equipment. Our -- a good example of this is our tractor product line. Up until a month ago, most of our tractors were designed to handle the total scheme -- the total realm of aircraft, regional jet, narrow body, wide body. But for customers that were just looking for a tractor that could do, say, 737s, A320s, and smaller regional aircraft, our tractor line was in overkill, and we really weren't competitive.

So we've just introduced the new B250 tractor, which is targeted at those high-volume aircraft and smaller. And we're getting great response. We've already got units on the ground operating in three different countries -- U.S., Canada, and South America.

So similar to that, we're going to look at, OK, new products to fill in our line, particularly targeted at the narrow body and regional jet offering, which is a growing part of the world fleet of aircraft.

And our fourth initiative is to reduce working capital. 33% of sales is too high. It has been moving in the wrong direction. We're getting that turned around. We did a little benchmarking, and we estimate, oh, some comparable companies which would easily get down to 27%. If we look at all the wider basket of industrial companies, it's much -- it's even less than that.

But we'll target 27% to start, and then we'll go from there. So we're going to do that by attacking all phases of working capital, the LEAN initiative, rapid -- or relentless continuous improvement program, with intense focus on the inventory reduction, as well as working on our terms and conditions.

By achieving that target of 27% of sales down from 33%, we're going to generate more than $20 million in cash over the next three years. That's why that's important.

So what are these initiatives going to get us? Well, here it is. Here's our financial framework, 2017, where we're going to be, an additional revenue growth of roughly $50 million, additional profitability, $6 million to $9 million, and you may be thinking, well, why couldn't we get even higher leverage from that revenue growth? Well, one of the reasons is that headwind I mentioned on the military cargo loader contracts that are winding down, and we estimate that between 2015 to 2016 that's a $6 million EBIT hit, drop in EBIT due to those programs. So that's why there isn't even stronger leverage from that additional revenue growth. So we're going to be growing our revenue 3% to 4%, our EBIT in the 5% to 8% range, get our margin improvement.

So in summary, like I said, I'm excited to be here. I see lots of opportunities for AeroTech. We're going to build on our -- and those are the results that I've committed to making happen. We're going to build on our strengths, strong product market positions today, positive trends in our industry, a strong experienced team, and then we're going to take those strengths, we're going to combine our operational excellence programs, the relentless continuous improvement, with those growth initiatives, and get those results, get this business growing and more profitable and some very solid returns.

So thanks for your attention. With that, we're going to take a break. Should we say...

Unidentified Company Representative

Five minutes?

Dave Burdakin - *JBT Corp. - EVP, President - AeroTech*

Just five minutes. A quick five-minute break, and I'll look forward to answering questions later. Thank you.

(break)

Steve Smith - *JBT Corp. - EVP, President - FoodTech*

Morning again. Welcome back from the break. I'm the old man of JBT. My tenure with the company is measured more in decades. And I got to tell you, I am very excited about where JBT -- where we are today and, quite frankly, where we're headed. We got a lot of great opportunities in front of us that we're going to be taking advantage of.

But before I get started, I just want to tell you how much I appreciate everybody here, because you didn't know it, but you're actually part of a focus group. If you look down your tables, you will notice a proliferation of juices that has taken place.

Now, 10 years ago, everybody would have had coffee, but today look at what's out with you on the tables today. All different kind of juices. And that is a phenomenon that has taken place not only in the developed world, but it's also taking place in the emerging markets.

The types of drinks that people are consuming is changing and changing dramatically. And it's a fascinating development, so you might keep that in mind as we kind of go through this.

Where is JBT FoodTech today? We are leading global supplier of equipment and services in our industry. We have several attractive niches. Think in terms of the extraction of citrus juices. Think in terms of freezing and cooking of proteins. And think in terms of sterilization -- of in-container sterilization. That's the core of FoodTech today.

Now, the other item that characterizes FoodTech today is we have developed an overarching strategy of where we want to be. And quite frankly, from an operating guide standpoint, what's even more important is we have the vision, we have the plan, the steps in place of how we're going to get from A to B. What are we going to do? And we have lined out what it is we want to do these next few years with the money that's going to require, the personnel we're going to put in place, and the results that we're going to get. We have developed all of that.

Where do I expect FoodTech to be in 2017? We will continue to be a leader in the food processing equipment and services. We will provide best-in-class yield, productivity, and then also resource efficiency. Yield is extremely important. When you're running a chicken line at 20,000 pounds an hour, a 1% yield is a massive -- 1% increase in yield is a massive change to the bottom line. Those are the types of things that we are focused on. How can we improve our customer's yield? How can we improve their productivity? Another way of saying is throughput. If we can bolster the amount of food going through a freezer or through a sterilizer, we can improve the bottom line of our customer and deliver more value.

And then, of course, with the increase in electric rates and the focus on efficiencies, if we can make our equipment more efficient in its operation, we lower the cost and increase the value to our customer.

We will have demonstrated growth of FoodTech going forward, both organically, as well as inorganically. We are focused on growing ourselves from an organic standpoint through after-market, as well as through increasing our emerging market presence.

We continue to remain focused on the core. Think in terms of an R&D plan, so about the products that we're developing -- developing, as well as some targeted M&A to kind of help fill in some gaps in our portfolio, which then takes us to the next two line items. We have a plan in place through acquisitions to increase our portfolio in protein processing and in liquid foods. Now, throughout this entire process, we are going to maintain a disciplined execution, and we're going to be delivering sustained revenue growth and bottom-line growth, margin expansion. We've got opportunity in FoodTech to increase our EBIT percentages, and that's what we're going to be delivering.

All right. What -- if we look at the portfolio of FoodTech today, about 50% of what we do is solid foods. Think in terms of freezing and cooking of proteins. All right, we enjoy a very large market share of both North America and in Europe, in excess of 40%. You will also notice up there that our market share in Asia is lower at 10%. That is a major focus area of ours going forward, and I'll be detailing the plan on what we're going to be doing in Asia to increase that market share.

Liquid foods -- now, this is a little different way of what we're talking about the business. Our liquid foods portfolio is the extraction of the citrus juice business. It is the juice processing business, purees, sauces, other types of juices. And it's also our in-container sterilization business.

We have noticed a significant change that is going on in the industry. Customers that used to at one point in time only participate in our in-container business have now been branching over into other types of liquid foods. Those that were involved in juices are now more interested in sterilization. We are seeing those businesses starting to come together, so we're going to look at it that way.

The last up here is you see the automated business, the automated guided vehicle business. We expect that those -- that that -- the AGV product line will be playing across both the liquid and the solid foods, so we've broken it out and keeping it distinct.

All right, we brought -- we brought the AGV business into the AeroTech -- I'm sorry, we brought it from AeroTech into FoodTech in order to take advantage of several growth opportunities. We have been working with our sales force, training our sales force to work on the AGV, and we've already had some success. We just brought in our first PO two days ago with one of our targeted food customers, and we plan on increasing this going into the future. We think we have some really good opportunities here.

All right. Now, if you look at our product lines, we've been involved in these businesses for quite some time. The freezing and cooking business -- we have been involved in freezing for over 40 years. If you look at the in-container sterilization, JBT has been involved in that since the 1920s. If you look at the orange juice business, the lemon business, we've been involved in that since the 1950s.

Now, with those -- that long presence in the industry comes a lot of process knowledge. We know how to freeze and cook proteins. We know how to freeze and cook other kinds of food. We know how to sterilize almost any kind of food in almost any kind of container.

We have a very strong customer relationship. We have been dealing with some of these customers for almost a century now. And we have a very large installed base, which actually figures very prominently in some of our growth initiatives that I'll be talking about here in a moment.

And then we know food safety, and we have a global service network. As Tom mentioned earlier, we are a recognized authority by the FDA on sterilization. And we incorporate all -- all types of design characteristics in our equipment to enhance food safety.

One of the critical factors you have in food -- whenever you're involved in food processing is you got to watch out for the introductions of any pathogens. So the design of the equipment is paramount in making sure that that does not happen.

All right. If we look at where the overall food market is going, all right, there's a number of factors that are very favorable to the food processing industry and, thereby, those involved in the manufacturing of the equipment and providing the services to that business.

First off, the population continues to increase around the globe. Obviously, more people means more food, right? Another item is the rising income and the urbanization. We're seeing the urbanization take place all throughout Asia. It's happened already in a big way, but they've been -- people have been moving from the farms into the cities to take advantage of better job opportunities.

Well, as you move away from the farm and into the city, you transition what it is that you eat. And as your income rises, you also transition what it is that you eat. It's a very well-established phenomenon that as your income increases you move more towards consuming proteins. Proteins become a bigger part of your diet. And chicken figures prominently in that, actually, on a global basis.

Then you look at, with the urbanization of not being able to access the food right off the farm, you have to get it. It has been brought to market in some way and made safe. And so you're buying your food more at stores. This is a phenomenon that is happening on a global basis.

Now, we've taken in -- now in the emerging markets -- and we're taking China here as an example -- you can see what's happening with some of the processed foods. You have frozen foods increasing by 8% a year, canned foods by 7%, and then you have the specialty drinks -- in other words, these unusual juices that a lot of people are consuming now -- increasing by 14% a year. There are some great growth opportunities, and those are the kind of growth opportunities that we're going to be taking advantage of to increase our top line and also our bottom line.

Innovation. Innovation has always been a part of what FoodTech does. We spend about 2% of our total sales on R&D every year, and that has yielded a number of new products over the past several years. 17% of our total sales are generated from new products over the last three years. And freezing and cooking new product sales were over $50 million a year.

Freezing and cooking, we've developed new belts for our freezer that allow us to carry 25% greater weight, which is a -- is a tremendous help to a throughput for freezers. We have new drives that actually can operate 30% faster in our freezers, once again enhancing the productivity of our freezers. We have introduced a new fryer this past year, and have also got some new batter bread lines that are out, all of which is targeted towards increasing a customer's yield and productivity, and improving their cost position. In other words, we're delivering more value to the customer with our product innovations.

When you drop down to portioning equipment, we've had a major change going on, on our product portfolio and portioning. We introduced a new DSI water jet cutter a year-and-a-half ago. It's modular in format. You can get it with a two cutter, a four cutter, six or eight cutter. Your choice. Depends on what your needs are, all right? It also operates faster than the previous models and it delivers a better yield, as well as productivity to the customer.

There's also been an incorporation of slicing capability with the DSI. The DSI water jet cutter operates in an XY plane, cutting up the chicken or beef. With the introduction of a slicer integrated in with the DSI, now you get it on the XY, as well as the Z plane. Sorry, but my engineering background comes out every once in a while, but the idea of being able to cut the chicken in a 3-D manner, you can really improve the yield.

And there's been a big transition that's been going on in the chicken industry as you go from smaller birds to big birds, because it's a great efficiency game for a processor. This machine allows them to increase the yield -- the chicken meat coming off the chicken.

Last but not least is automated services. We have a number of new vehicles that we've brought to market over the past few years. Typically, a lot of what they've been doing is working on some smaller models, so we can get into a different kind of formats that we weren't in before. And then when you combine that with the -- with their development, with joining the FoodTech, and now FoodTech is taking them out into the food processing area, we're expecting some significant growth in this product line going forward.

All right. Our footprint. Almost 60% of our sales come from outside North America. And, in fact, over 60% of our sales come from outside of the United States. The FoodTech industry is very global. We have people on the ground all over the world. And as you can see, Asia today constitutes 15% of our sales. We expect over the next three years that that will be a higher percentage going forward, because the investments I'll be showing you here in just a moment. But we are a global player. And FoodTech -- 60% of FoodTech fits outside the United States.

All right. How does our profitability model work? Almost 50% of what we do is recurring revenues. And how do we get that? All right. We look at the general market trends, so the urbanization, the rising incomes, the movement towards proteins, the movement towards generally speaking processed foods, and then we combine that with our know-how that we've been developing over the years and our customer relationships that we have developed over several decades and come up with new products.

And then we bring the products to market and we grow our installed base, which already is quite large. And then that installed base becomes an area developing our after-market services. And when you do your after-market right, when you provide the services right, and you can keep that equipment operating as a way that it should to deliver the yield and the productivity, the customer wants to come back and buy that -- buy another piece of equipment from you. So it's a circle. We have to do all of it well. And then it breeds on itself.

You have good equipment, people want to buy it, you service it well, they want to buy more equipment. So we would tend to expect over the next few years that with our focus that we have in after-market, that recurring revenue will make up a larger percentage of our sales than it does today. But it is quite good today at just under 50%, but we expect it to go higher.

All right. FoodTech financials. We've been growing a little bit. One way to think about the way we grow is it's about at GDP. We're not satisfied with that, and we're going to be growing it faster. Now, our segment operating profit has been improving over the last couple of years. We're pleased with that increase in our margin there and our EBIT percentages, but we plan on taking it higher. We're 10% to 11% right now. We're going to 13% to 14%.

FoodTech, the next level. All right. 2% to 3% has been our historic growth. We plan on going to 5% to 7%. Our 5% to 7% we will accomplish by after-market, as well as a focus on emerging markets, and -- and also by making sure the core is strong with our R&D -- with our R&D investments.

And then our acquisition should add another 3%. One of the existing things about both Tom and Brian joining our organization is that they have a background of being able to deliver value-creating acquisitions. And it has been a great experience working with them, as we're getting this up and running inside of JBT. This represents a pretty significant shift for JBT, and we're very excited about it.

So organic of 5% to 7%, because of after-market and emerging market focus, and then acquisitions as we gear up to do acquisitions, which is a change from what we've done historically. That will drive an operating margin of 13% to 14% by 2017.

JEM. Both Tom and Dave have spoken about JEM. We are in the process of training the FoodTech personnel on a relentless improvement. We are focused on looking at our operating model and whether or not we are too complex, and if we have some opportunities to take out some infrastructure, some cost, and we are all in process of doing that right now.

If we look at the other opportunities to grow, so JEM has focused on our cost, and then growth is with our after-market, and the emerging markets in Asia, and then we talk about the two major areas of focus for our acquisitions have been building out our portfolio and protein processing, as well as the liquid foods market.

All right. The installed base. We've been doing this a while. We have a lot of active equipment out in the field. Now, as Tom was saying, this took a lot of work. We've been putting this together for a while. We have 14,000 pieces of equipment out in the field today. And according to our calculations about the types and the amounts of spare parts that this equipment should be using, we have an addressable market of $580 million just on our installed base today.

That means that we are achieving today a 25% to 30% market in our after-market. That's not enough. We have investments in place, and I'll show what we're going to do here shortly where we're going to take that to 30% to 35% by 2017.

We, like most people, do well with our after-market. We can do much better.

All right. The total addressable market of our products that are in place is $580 million, but let's take a moment and look at freezing and cooking in particular. We have almost 9,000 pieces of equipment out in the field on a global basis, and here we have it broken out by region around the globe, and our freezing and cooking product line. We've done a lot of analysis about the types of spare parts we need and how much should be consumed, assuming certain run rates and run patterns by customers, and we've broken that out by region. So essentially, you have 9,000 pieces of equipment, and each piece of equipment generates about $50,000 a year in spares, which gives us an addressable market in freezing and cooking of $450 million.

We are today achieving that -- roughly that 25% market share that we're going to be growing. So we're 25% to 30%, and we're growing to 30% to 35% by 2017. How do we do it? The objective is to have a significant growth in our after-market sales going forward. Over the past few years, we have been experimenting with some different models about what to do with our after-market, and some of our product lines we have put more service techs out in the field. Some we've had dedicated engineering groups.

So essentially what we're talking about is we're taking the various things we've been working with in different parts of FoodTech that have worked and putting it across our FoodTech portfolio. We're going to be doubling our sales and service staff that's focused on refurbishment. We also are going to have more dedicated after-market field sales personnel in the field, working with our customers to identify those opportunities where we can have a significant impact to their bottom line.

And then we will have developed a service staff, a customer service staff to address -- to actually do the work. This represents a major investment going on around FoodTech. It has already started. And we will be executing this over the next several years.

The key to this is having knowledgeable people on the ground. So we will be -- we will be adding staff, training them, and putting them out into the field in order to make this happen. We will also -- there have also been a few people out in the industry that specialize in this.

Now, our main M&A focus is on building out our protein portfolio and on liquid foods, but we will be evaluating this to see if there's anybody that's doing third-party right now to see whether or not we want to bring them in to our business, also.

All right. Asia. Asia, the emerging markets are a major focus of ours going forward. What are we going to do in Asia? And then here for Asia in general, I'm going to use China in particular. China today has an 8% growth rate in the consumption of frozen meat. This 8% growth rate yields about an 8% to 10% increase in new equipment sales every year targeted to beef -- I'm sorry, frozen meat. That's because you got to have the freezers in place to accommodate the new, and plus some of the old freezers wear out and they've got to be replaced.

So the 8% growth in the market yields an 8% to 10% growth in new equipment sales, which then generates a 10% to 12% increase in overall sales, because you have a bigger installed base every year with more after-market opportunities.

Now, how do we plan on taking advantage of this growth potential out there? Well, one thing that we have found throughout the world is it is important for the customers to get out and actually touch our equipment. We have tech centers in place in North America and Europe, and we will have a tech center in place outside Shanghai before the end of the year, actually located in Kunshan. We've signed a new facility, a new manufacturing facility that we and AeroTech are moving in this summer, and we will have a tech center in place before the end of the year.

Now, another key aspect on this is a locally based engineering team. A freezer that is ideally suited for chicken processing in Arkansas isn't necessarily going to work that well in China. Local markets have their own needs. And a key to that is to have engineers in place that can understand those needs, working with the local customer, and then do an adaptation of that design through the local market.

There is a great story here. About three years ago, we took one of our standard freezer models that Sweden was selling, and we had been having about one to two a year sold in Asia. Now, this is a very common freezer in Europe, as well as the Middle East. And what we did do is we got a Swedish team and a Chinese team together to work through the process of, how could we localize this freezer model? We went from selling one to two a year to over 20 in 2013, and we're on track to repeat that success in 2014.

We are going to continue that localization effort for popular sized freezers in China, so we will have that finished before the end of the year, and then we will have the cooking portfolio finished in 2015, such that the freezers and cooking equipment that is targeted towards Asia is available locally at our facility and has been redone to meet the needs of that local market. That would be finished by 2015.

Now, if you're going to have a bigger installed base, you better have the service team in place to support it. So we will be doubling our service team in Asia by the end of 2016. Now, and that then takes us to that circle again, understanding the market drivers, innovating, or in this case adapting some of our products to the needs of the local market, increasing our installed base, and then making sure we service it well so the customer comes back to us.

We're really excited about this opportunity. We've already demonstrated to ourselves that we can make this work with that one freezer size, and it's worked well. So we will have a tech center in place outside Shanghai before the end of the year.

All right. Acquisitions. Protein processing, this represents a simplified view on how you process meat, and in particular it's chicken. We participate in those areas that are denoted with the blue color. As you can see, we're highly concentrated in further processing.

Now, just to be clear, we will be interested in acquisition opportunities that help fill in the gaps that we may have in further processing, but there are other opportunities out there. And based upon -- I mean, as an example, quite frankly, of some of the other opportunities we have, at the chicken show in January, I sat down with one of my friends who's senior VP at one of the larger chicken customers, and we had a wide-ranging conversation.

But then I was asking him, I said, what can I do to help? What can I do to help make you better? What is it I needed to do to help your company to be more successful? And that conversation then went from, you know, we need you to get better with further processing and into, can you start getting into other areas so that we can have more integrated lines?

All right, so look at branching out of further processing and then start getting into secondary processing so that we can get common control systems, more integrated lines so we can improve our throughput and we can improve our yield. So one of our targets of our acquisitions is going to be in secondary processing.

So we are looking at moving up the chain, further upstream from where we are today and going in the secondary processing. We may also get into primary processing. Just as an aside, primary processing is where you kill the bird, the secondary processing is where you get the meat ready to do something to them, further is where you actually do something to it. OK?

So we are looking at going upstream, integrating them in with our current freezing and cooking lines in order to drive yield and productivity improvements for our customers so we deliver greater value. So that's the focus of the protein processing acquisition view going forward.

Now, in liquid foods, it's a different animal. We have today -- with the exception of our citrus extracting, our participation in liquid foods is a little more -- is a little more diffuse. We really know citrus juices. We already really know how to handle liquid foods in an aseptic manner. And then so it's become a very interesting play here, because as we've seen just here in this room, there's a lot more consumption of different kind of juices going forward, and all those different juices have to be blended, they have to be sterilized, and they have to be aseptically handled as they go to market.

All right. We know how to sterilize. We know how to handle food in an aseptic manner. And we know particularly citrus juices quite well. We have had the opportunity, because of our knowledge base in citrus, to start branching out. And one of the things of it that we did was we did a $6 million pulp handling facility in Asia.

Pulp has gone from being -- making -- being made in the cattle feed and to now a major traded commodity around the globe, because it goes into these juices, and particularly in Asia. So it's become this great growth opportunity for us going forward, so we're leveraging our presence in juice, we are leveraging our understanding of aseptic technologies, and we're going to grow our juice portfolio. We're going to be focused on this little window down here in the lower left, the core secondary processing bundle of mixing, blending, and ingredient preparation. That's the area that we have chosen to focus on, on our acquisition train going forward.

So we're very excited about the opportunities. There's a lot of change that's going on with liquid foods all around the globe. And you'll see us become a more major player in that environment than we are today.

These are the numbers that I've committed to. This is what I will be delivering. FoodTech will be delivering an increase in profitability up to 13% to 14% margin by 2017. We are looking at it from a pricing standpoint, an internal cost standpoint, and our organic growth standpoint.

And, once again, organic growth is going to be focused on after-market, as well as the emerging markets. The pricing is a program that we've already started and is about three-quarters of the way through FoodTech, as I speak today. The relentless continuous improvement, sourcing and org is something that has started the -- one of the things that we had determined is that FoodTech is a rather complex organization, and we're going to be simplifying it and taking out infrastructure and cost in order to simplify it.

And then we've identified two great areas for us to have organic growth going forward. And then, once again, is after-market and emerging markets. And we will be delivering 13% to 14% EBIT margins by 2017.

What would I like for you to walk away with today? Well, one is an understanding that JBT is a major supplier of food processing equipment and services on a global -- wow. OK, I thought I almost had a Dave moment there. But, anyway, all right. And we will be focused on proteins and liquid foods. We're going to leverage our existing relationships and have a broader offering and a broader role in the after-market of our own equipment.

And we have the plans in place in order to achieve those objectives. We're excited about where we are. We're more excited about where we're headed. And with that, I'd like to pass the baton off to Mr. Brian Deck, our new CFO.

Brian Deck - *JBT Corp. - EVP, CFO, Treasurer*

Thank you, Steve. Nice job.

OK, good morning, everyone. So before I start, I wanted to just give a little bit of perspective on why I was interested in joining JBT. First off, when you look at the company's installed base and the markets that they play in, and the market share that they have, it was really attractive, because -- particularly coming from some of the industrial industries that I've been in, I've never seen this type of growth rates in an industrial type base.

Secondly, looking at the company, the size of the company, and the opportunities that are available to it, when you look at my experiences in restructuring and M&A and international, I thought it really fit well with some of the things that they're looking at doing, and I thought I could have a meaningful impact on what the -- where they were heading.

So with that, I'll jump into the presentation. OK, let's start -- I wanted to talk about 2014. We are going to reaffirm our 2014 guidance that we've provided a few weeks ago on the earnings call. We're looking at mid-single-digit revenue growth and adjusted EPS in the $1.35 to $1.50 range.

We're looking at flat segment year over year EBIT margins. Now, we are -- we mentioned on the call that we are having some cost savings this year from some of the initiatives with regard to pricing and with regard to the restructuring. However, we are reinvesting some of those savings and benefits into our income statements this year, particularly as it relates to the after-market growth side. So that will -- that will leave us with similar EBIT margin to last year, with the benefit for future years.

With an adjusted EPS of $1.35 to $1.50, at the midpoint, that's about 13% year-over-year growth. And considering all the activity that we are going on this year in what is essentially a transitional year, we feel that that's good growth.

OK, level set you on the balance sheet. So we do have a very strong balance sheet, and that strength will give us the capacity and the flexibility to execute on the strategic plan. Now, we've got about $80 million of debt currently, which is about one times leveraged.

Now, that is low leverage. One can argue it's a little bit underlevered after years of -- the last several years of debt reduction. However, we are going to need that debt capacity in order to do our strategic plan on both organic and inorganic activities.

We are comfortable going up to about two-and-a-half times leverage on debt, which at current EBITDA levels that's $125 million to $150 million of capacity. But when you add on the incremental EBITDA that's happening, as well as the cash flow, we have significantly more than that available to us to execute on the acquisitions and on the organic growth.

A couple other things to point out on the balance sheet worth mentioning. Within the non-current liabilities is our pension liability. We are about 85% funded worldwide, including about 95% funded in the U.S.

One other thing that is unique about our balance sheet -- if you look at the current liabilities of $285 million, that is relatively large considering the overall size of our balance sheet. So besides including our typical trade payables, it also includes the advanced payments from our FoodTech customers on the equipment. That's meaningful, and because it provides a nice low base networking capital business. And as we -- and it actually has helped to create a lower debt profile on our balance sheet.

Moving on to the income statement, we've talked about this a couple times. Our revenues have been flat over the last several years. Our adjusted EPS has been flat over the years. We have had a good ROIC profile, and largely, again, partially because of the networking capital position that we have, that strong networking capital position.

But we can improve upon this. And the way we're going to improve upon it is by virtue of the next-level strategy. So I'll summarize -- you've seen some of these numbers already, but I'm going to walk you through a little bit more detail of some of the things that we've been working on.

Tom talked about the value-based pricing. We would expect that to garner about $6 million to $10 million of savings. That initiative has started earlier this year and will be going on -- we'll get the lion's share of that benefit by mid-2015.

Organization simplification, this is about One JBT. This is about bringing the JBT excellence model to the business. It's not just about cost savings, but it's about being able to leverage ourselves as a growth business. And I'm going to give you a little bit more color on the $8 million to $10 million. There are really four major initiatives associated with that savings.

First of all, with respect to our back office, you've heard it a little bit today. We historically have been running very siloed organizations. Accounting, IT, HR have all been independently run at each location. The efforts that we're going to take here are going to simplify that. We're going to consolidate certain functions. We're going to share resources on certain functions. And we're for certain going to look at all of our processes and move to common processes.

Now, aside from the cost savings, as I mentioned, what's really exciting about this is that it will better enable us to access an overall strength of a -- as the larger company in this industry -- excuse me. For example, we'll build to acts -- to do better strategic sourcing by consolidating our buy. We'll be able to better integrate acquisitions by virtue of having common processes and a stronger base.

So I just talked about the RCI strategic resourcing. So that's a little bit of a longer-term process, and that will build in over the next several years, but that's the result of continuous improvement, the LEAN activities that Dave and Tom talked about, the strategic sourcing, where we're going to leverage our buy.

In total, we're talking about $18 million to $28 million of operating income by 2017. That's 200 basis points off of base of 600 basis points. That is significant growth, absent -- earnings growth absent the organic growth and the acquisition.

So moving on to the growth, Steve and Dave talked about their opportunities. And FoodTech is about the after-market and it's about the Asian opportunities. In AeroTech, it's about the after-market and the aviation support equipment. Now, what really excites me about these activities, stepping back as a finance guy, the after-market is really attractive. We now know the installed base. We know the spend per unit. So the size of the prize is very well defined. And as Tom mentioned, the margin in that business is a little bit better than on the equipment business.

And in terms of the risk profile of -- going after that market, you're talking about adding sales and service people, some engineering, not a whole lot of capital expenditures, if any. So from a risk to reward perspective, it's really attractive.

Now, we do have to spend some Money in the next couple years to get there on the sales side and on the service side. So some of the money that we're going to spend -- that we're going to save on that top part will be reinvested over the next 24 months to get there by 2017 on the growth side.

So there's some give-and-take. We're going to save some money. But these are the net number savings by 2017 all in. Non-organically, we talked about acquisitions a few times. This is the food -- primarily on the food side. Protein processing, liquid foods. We're also going to strengthen the base, strengthen the core, where it makes sense on both FoodTech and AeroTech, but with a more focus on food.

Now, we're showing $70 million to $100 million of revenue growth by 2017 and $6 million to $8 million of EBIT growth. I'm very comfortable with that number. Tom's background and my background in M&A is very strong. And we have a very active process going on right now. And, frankly, we've got the capacity, as I mentioned on the balance sheet, to do more, but this is what we are very comfortable with delivering by 2017.

Add it all up, $250 million to $325 million of revenue growth, $45 million to $65 million of EBIT growth. On the balance sheet side, we talked a little bit about our networking capital position. We've been in the 10% to 11% range over the past few years. And with some of the initiatives that Dave has talked about with regard to AeroTech, where he's going to improve his networking capital position, we would expect to see this lead down into the 9% to 11% range.

So you get the benefit of AeroTech and its important, but then you're also going to get a little bit of benefit that food is going to become a larger percentage of the overall portfolio.

In terms of capital expenditures, this excludes acquisitions. We've been in the 2% to 3% range over the past several years. We would expect to be in the 2.5% to 3% going forward. So not a tremendous, tremendous investment required to execute on the plan for our organic activities.

What does this all mean? It means growth and EBIT expansion. We're going to go from $934 million to $1.2 billion to $1.3 billion of revenue growth, which is a 6% to 8% compound annual growth rate. Segment operating profit going from approximately $90 million to $135 million to $155 million. That's low-teens growth.

Now, when you get those -- the benefit of leveraging our corporate expenses, that growth rate is in the 17% to 23% range, going from -- we're going to double our operating income from $53 million to $100 million to $120 million of EBIT.

Now, for full transparency, in 2013, we did have some particularly unusual charges so our adjusted EBIT in 2013 was $59 million. And the growth rate off of $59 million is in the 14% to 19% range, again, quite strong, nevertheless. So at the end of the day, we're looking at 8% to 10% EBIT as a percent of sales.

Free cash flow for approximately $30 million of the year -- we were $30 million a year in 2013, and we would look to be in the $50 million to $60 million per year starting in 2017, again, mid-teens-type growth rates. So overall profile, we're talking about growth, we're talking about margin expansion when we execute [the fix and strength and size], as well as the acquisitions and the organic growth activities.

OK, just stepping back for a moment, more holistically, thinking about capital allocation, we do intend to take a balanced approach, which has a focus on growth, but also provide some shareholder returns. We are going to invest in high ROIC capital expenditures that fuel growth and fuel productivity, i.e., margin. We're going to invest in acquisitions. We're going to do it disciplined, and we're going to do it strategically, but we will invest in acquisitions. And we talked about the balance sheet. We have the capacity to do so.

We're going to maintain the dividend, and we're going to consider increasing it as earnings increase. And we will opportunistically repurchase shares. Overall, we feel that this is going to be a balanced approach for the shareholders.

In summary, JBT has a really strong base to build upon. We have the installed equipment base that Dave and Steve talked about. We've got good market shares in those departments, in those divisions. And they have very attractive growth rates.

Secondly, we've got a strong balance sheet that has delivered a high ROIC, that has the capacity to use that balance sheet for our success.

Lastly, as you can see, we've put a tremendous amount of time in putting together the strategy. We feel we've got a very solid base to build upon and we've got a new management team that is confident and stands behind these numbers and is willing and able to execute. And I personally am very excited about working on this over the next several years, because I strongly believe in the strategy.

So with that, I'm going to hand it back over to Tom.

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Thanks, Brian.

OK, we're in the homestretch around here, appreciate your patience hearing our story. Well, when we started the presentation, I mentioned to you that, you know, it'd be my hope that your key takeaway today was that we have a focused and clear plan to deliver our growth in margin expansion and that we have the team in place to do it. Sorry, I'm standing in the middle of the screen.

I hope you've gotten the confidence and comfort that we've got the clarity, we've got the details, we know where we're going to make it happen, and we've done the work. Now we're on the execution.

But to put it all together, again, as Brian and any others mentioned, it adds up to compelling growth story, a great margin expansion story, and a sustainable trajectory for JBT that we haven't enjoyed in the past. So I'm certainly optimistic and enthusiastic. I look forward to leading us through this. We've made meaningful progress already in just the eight months I've been here. And I'm certainly not taking my foot off the gas. So we look forward to making this happen for all of you and for our employees.

Simply, they're desirous of this growth. They're desirous of the success -- excuse me, they are desirous of this success, also, so there's rewards for all of us at both ends.

With that, I'm going to ask the management team to come up, and we're going to move into a Q&A session.

Is the microphone working, Dave? OK. I'd ask that you leave mine live, because I'm going to kind of moderate from the front up here.

QUESTIONS AND ANSWERS

Unidentified Participant

(inaudible - microphone inaccessible)

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Hang on one second. Do you have the microphone on?

Unidentified Participant

The after-market business, it looks as though you probably have 25%, 30% of your own business. Who -- who has the other 70%, 75%? Are these your customers that are doing it in-house? Or are there other, you know will-fitters if you will?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

There are a number of players. There's regional or local will-fitters some of the customers maintain -- have their own maintenance departments, so those are the two primaries, and then there's some pirates of our after-market business and others.

And one of the acquisition opportunities in terms of strengthening the core is we do know there are a few pirates out there that might be nice little pickups for us as we move forward. There's also some geographic weakness we have in a few spots, and it might make sense for us to pick up a small regional player and serve it to strengthen our offering. And over time, don't be surprised if JBT looks to service a few other people's equipment. You know, if we're in there on a regular basis, working and servicing our customers, we're going to be more aggressive than we have in the past.

Historically, we've limited ourselves exclusively to service of JBT equipment, and I'm not sure that makes sense going forward, if we're already visiting a location or have a great customer relationship, why we might not be able to extend our franchise a little bit beyond it. But the numbers today that you saw represent just a focus on our equipment.

Unidentified Participant

OK, maybe one other question. As it relates to your aerospace business, I think the comment was made that in '15 or '16, you've got a contract that's rolling off. The size of that contract again? And why is it rolling off?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Right, it's a legacy military loader program. It's just the normal life cycle. We're not going to get too much color around it, other than the profit impact, which you described, and it's $3 million '15 and it's an additional $3 million in '16 sequentially to a total of $6 million. And that's what is the impact that holds back the leverage on Dave's growth in the summer.

Unidentified Participant

OK, just curious, is that a contract that you lost or the program just ended?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Yes, just normal, ordinary transition. There's no loss there. Yes. Anything you'd add, [Robin]?

Unidentified Company Representative

No, it's just the wind-down of a contract. It's normal cycle.

Unidentified Participant

Can I actually have a follow up on that?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Sure.

Unidentified Participant

My understanding is in the past is those Halvorsen Loaders, the contracts have been episodic, either the U.S. Air Force

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Right.

Unidentified Participant

I can't remember if Canada, so are there opportunities for future sales in other foreign countries?

Unidentified Company Representative

There are opportunities to continue to sell the Halvorsen Loader in other countries, yes.

Unidentified Speaker

And the guidance doesn't take that in, then.

Unidentified Participant

Just a question on the acquisition. Could you -- the numbers you gave out, is there a way to think about how many acquisitions are embedded in that revenue number, to give a sense of -- are they going to be sort of small bolt-ons? Is that what's implied in it? Or something different?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Yes, there's a continuum of acquisitions. It's hard to characterize. You know, our -- our funnel has everything from quite small to larger acquisitions at our potential, but it does seem like the -- more than the median or average is something in that $20 million to $50 million range, in terms of just a lot of the regional players are out there, and then as you go either side of that, there are some much larger ones, but the quantity of them available is smaller.

So you should expect us to be doing more than one or two acquisitions over the next few years to get to where we want to be.

Unidentified Participant

And when you look at that list of, you know, potential drivers of growth, is that the one that could have the most -- which one do you think has the most variability to sort of being bigger than people think? Is it the margins? Is it the cost savings? Is it the acquisitions?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Well, certainly the acquisitions, we tried to put a number in there that we were comfortable on delivering with what we're seeing today. That has upside given our capacity. And the size of the opportunity at the front of us, we detailed that out pretty highly for you all today, and you can see that there's some significant landscape for us to play in.

And what I really like about it, it's not just that there's a lot of acquisitions that are possible or that could be targeted in those spaces, but it makes sense from our customer's perspective.

You know, Steve mentioned the relationships with the protein chicken producers, our great relationships with the beverage and fruit providers, so there's a heck of a lot of room for us to run in there, but you can't control when the companies will become available for sale. You can't control if the sellers are going to be willing to do it at a reasonable -- what we feel is a reasonable economic price. And you can't control if we'll be ready at that very point in time to take on a deal or not.

Unidentified Participant

And then just lastly, on the larger ones, can you give a sense of what you would consider a larger sized acquisition that's out there that -- maybe there's only a few of them, but they're out there?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

You know, certainly, there's $100 million-plus acquisitions that are out there. But -- or companies that could potentially be acquisitions, but there's not one near term to us right now.

Unidentified Participant

Back to the after-market. Obviously, that was a huge focus of where some of the growth will be. The focus was really on expanding the sales and service staff. Is there more to do there from a pricing or products perspective? Or is it really just, you know, that you need to grow the sales and service staff and be able to sell into the market where the opportunity is?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Do you want to talk about it a little bit?

Unidentified Company Representative

Yes, well, first off, the pricing initiative that we did talk about actually includes our after-market presence, but what we have seen is -- dedicated engineers, sales personnel, and more service personnel, we can increase what it is that we're doing in the after-market.

Part of it, I think, is kind of where you were headed with that question, is having the engineers develop some things that might help out with the existing base, and that's part of our plan.

Unidentified Participant

Just a follow-up on that question.

Unidentified Speaker

You've got ...

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Right. Oh, sorry.

Unidentified Participant

You know, you talk about customer focus, and that's where it all starts. What I've not heard is, why are the customers currently not dealing with JBT? And how are you going to convince them in the after-market?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Right.

Unidentified Participant

I mean, what is the customer's ROI? You know, what is their -- how are you going to get them to change their patterns? And, you know, what are the top reasons in each line of business as to why the after-market can grow with your value proposition versus what they're currently doing today?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Yes, that's something we spent quite a bit of time talking and studying internally these last few months. And there's a couple of this. One is, historically, we've had bias towards the new equipment sale.

So particularly from a sales and market development perspective, we've had our resources focused on that, because that's where you bring home the multi-million-dollar order as opposed to the $100,000 parts and service order.

So as Steve had mentioned, we've done some experimenting. And one the businesses where we have some focused resources exclusively on that, and that's been quite successful, so that's -- that's, I think, the single largest reason why JBT is performing at the level it is today.

Secondly, from a customer perspective, having an awareness of our capacity, we don't always -- and haven't always made them aware of our ability to service and to deliver that good. And then, last, although we do have the global footprint, it hasn't been built out to the extent that it should or the capacity and currency isn't there that it is to maximize the opportunity.

So there still are some just clear geographic gaps where we really kind of underperform, where you're talking about having to put somebody on an airplane and travel them 600 or 800 or 1,000 miles. That's not going to allow us to win.

Unidentified Participant

Thanks for an interesting presentation. Looking out three years, you have ambitious growth targets. Can you talk about how you see your revenue divided by geographical region and also anything that you can say about level of profitability in the different regions?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Sure. Certainly, as we've indicated, in general the food business is a GDP to a slightly GDP-plus business, at least the one we've enjoyed the last few years, simply because we haven't been able to pivot effectively to the faster-growing market.

So you should expect that one of the initiatives being the emerging markets growth means we're going to deploy more resources towards those markets, and it will grow at a faster rate than our established U.S. and European markets.

In terms of profitability, I would comment that it tends to be more project by project or customer by customer basis, dependent on how much value we're creating, how much integration we're providing, and there isn't a general geographic thread that we think about in terms of margins. You guys agree with that?

Unidentified Company Representative

I agree. The one thing I would add is that earlier in the presentation we are suggesting that 80% of the segment EBIT would be in the food side.

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Right. Yep?

Unidentified Participant

Thank you. Just first, you know, want to congratulate you on the team in place and willingness to put out, you know, the long-term targets for the businesses. Just a follow-up on the Halvorsen program, you know, my understanding was it had been kind of a smaller volume, and the goal there was to win an after-market program. Didn't really hear anything about that.

The installed base on Halvorsen, is that still a potential? Or is that kind of off the table at this point?

Unidentified Company Representative

It would depend on where it's at. In the U.S., that will likely transition to another provider, but the rest of the world, there will be opportunities for us and then there will be continuing new product sales opportunities in the rest of the world.

Unidentified Participant

OK. And in the -- what?

Unidentified Company Representative

Some of that is transitioning to another provider throughout the world, not just in the U.S., just to clarify.

Unidentified Participant

OK. And the tow tractors and the small tow tractors for narrow body, is the pent-up demand in that part -- you know, is it going to be similar to wide body? And the new -- the B250, is it, you know, a similar margin profile? Obviously, I would imagine the bigger equipment on the wide body is a lot more, you know, involved in terms of engineering and that stuff. Just wondering, A, what the market demand is kind of like and then be with the margin profile.

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Sure. You want to comment on that, Dave?

Dave Burdakin - *JBT Corp. - EVP, President - AeroTech*

Well, the -- the market demand is definitely similar in terms of -- and it actually is probably growing faster within the single aisle aircraft. And in terms of the margin, it's not significantly different, as far as percentage margin, without getting into too much detail.

Unidentified Company Representative

Yes, no, I could tell you that that was...

Dave Burdakin - *JBT Corp. - EVP, President - AeroTech*

... tractor business.

Unidentified Company Representative

Yes, it was a good project. Our team started with a target price to know that they'd be competitive and work backwards through their cost model to make sure that there was appropriate margins on the product. So we're going to be happy to sell those, and those contributed a level we'd appreciate or expect going forward.

And the bigger issue is just, historically, David mentioned, we were selling the large and most capable loader sometimes more opportunistically to the smaller carriers who were actually taking a larger loader and selling it a very compressed margin just to have a product to offer. So just by eliminating that, there's a benefit.

Unidentified Participant

OK. And just last question for me. The cost plus to the value ad sale, I guess one of the areas that -- at least my perception that you've done better in that is juicing because of the lease model. Is there any other, you know, businesses where you see kind of a lease opportunity that might be a better way to capture, you know, value added sale.

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Sure. The water jet cutters is another -- those are very high-precision machineries with very fast speeds and a lot of moving equipment. And we're finding out that leasing can be a compelling value proposition for our customers, not because they're spreading out the payment you might be in a lease, but generally we bundle full service and maintenance with that lease, just like on the juice equipment.

So from our perspective, that's another area that's right for that.

Unidentified Company Representative

Yes, that's -- we've been -- the customer satisfaction actually, when you go in and measure that, it's actually higher in the lease on the DSI machine, because the uptime and the throughput is much higher.

Unidentified Participant

Thanks. You know, the model that you presentation through 2017, the corporate expenses look like they're -- you're assuming about $35 million, which would be up about 30%, which would be in line with sort of the revenue guidance. But, you know, where are you envisioning corporate expenses going up? Is there an SAP install come in? Or is there something else that we should know about?

Unidentified Company Representative

Well -- go ahead. You can start, and I'll [be safe to comment].

Unidentified Company Representative

OK, what I would tell you is that we -- we talked about how, in order to achieve some of these other cost savings, particularly as it relates to strategic sourcing, LEAN, which is part of our RCI model, as well as M&A, we do feel we're going to add some corporate expenses.

But the net result is what you saw there today. So we will put some more centralized-type resources that we otherwise would not have had in our more distributed siloed model.

Unidentified Company Representative

That helpful?

Unidentified Participant

Just briefly in terms of acquisitions, what is your minimum hurdle rate that you'll look at when you talk about using IRR or ROIC or...

Unidentified Company Representative

Sure. Yes, we would look like a balance scorecard. And I always remind you, we start with the -- the customer. So, you know, the first and most important thing is going to have to be -- make strategic sense and it's going to have to really allow us to create value for our customers.

And then we look across a number of continuums. You know, how close is it to the markets we serve today? Are the cost synergies close in, further out? And we'd have to handicap all those to get a sensitivity around the IRR or the NPV.

So I can't give you an absolute answer, but what I will tell you is we'll be disciplined in how we think about it and we'll make sure that we not only look at the rate of return, but we also just think about it in terms of cash on cash and when do we -- we recover our investment and what's our comfort around it?

Unidentified Participant

And just, secondly, can you talk about what the current metrics are that management's long-term investment is tied to, your bonuses are tied to, and do you think those need to change, given the culture you're trying to change and the initiatives you set up?

Unidentified Company Representative

Yes. I had discussed this with the board, compensation. As we were ending last year, and we certainly recognized that it was going to need to involve to drive our desired results, and we agreed that, given the fact that the strategy was still in its final stages of formulation, that we should work our way through that post agreement around strategy, which we now have.

So in the latter half of this year, we will be updating our compensation system to drive the next-level strategy. And we will publish those metrics as part of our profit. And I feel strongly that, you know, we're going to evolve it so that we can get this done, because there's a lot of value to be created.

Historically, we've had short- and long-term variable compensation, both tied to metrics inside of the business, and we would expect that to continue going forward.

Unidentified Participant

You talked about the growth in the [ANGB] the business...

Unidentified Company Representative

Sure.

Unidentified Participant

The demand was the customer and providing that as a way to ...

Unidentified Company Representative

Yes, the -- the [ECV] growth certainly wasn't large enough to hit a top five that we were commenting on, but there is a nice sort of [chronic] element to that. And the real opportunity we found out is that many of our long-lasting food customers have had an automation opportunity that we really haven't been serving.

They have regular production. They need to distribute those products, load it on trucks, warehouses, et cetera, and we just haven't been really aligned -- JBT historically to complete that sale. And Steve's been marshaling his resources and training the sales force, putting together a top five listed customer to go after.

As you mentioned, we just secured a piece of business recently, and we're finding out that because of those, you know, 50-, 75-year customer relationships we have [at the food] and a demonstrated capability to deliver long-lasting quality products, that's washing now over the automated systems business when we come in and say, hey, we'd also like to offer you this material handling solution.

Unidentified Participant

Can you kind of talk about the assumptions within the AeroTech business and how you're thinking about the pricing situation in Europe? I think in the past, it was characterized as there was some abnormally low pricing, we weren't willing to participate in that type of sales environment, so does the forward forecast have that as an ongoing issue? Or do we assume there's some type of moderation towards normalcy?

Unidentified Company Representative

This does not assume any change in that situation. And we haven't seen it changed yet. So that would be a potential benefit that might accrue to us that we haven't factored.

Unidentified Participant

You talked a lot about the juice market today, and obviously on the demand side, there's a lot of growth there. Just on the supply side, how big a concern is citrus greening today? And, you know, it's just something that's more kind of out there in the future, or is it really within the industry something that's, you know, pretty significant challenge?

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Yes, I was just down with a large juice producer in Florida. Steve and I spent the day. And they have concerns. And they're working on new crops and ways to manage the crops that minimize impact of the greening.

And, of course, there's a global supply. And JBT is well positioned, whether you go to Brazil or Spain or, you know, some of -- you know, the Asian countries now, there's no question for the higher value beverages, like the Bolthouse or the EvolutionFresh or even the not-from-concentrate orange juice you buy in the market today, there's ample supply for that. And there will continue to be.

The pressure's going to be more on some of the commodity-type juice products, like the concentrate business you used to see out of Brazil. They just won't dedicate it much production to that.

One of the interesting dynamics we are seeing play out, though, is that on the processor side, some of the weaker players are not going to make it or have discontinued their operations. And that's actually been a bit of a tailwind for us, a bit of a positive surprise, because we tend to be aligned, even though we're this great share, it's almost exclusively with the best processors. So we're always seeing our share have a little bit of a tailwind right now because of some of the pressure on the smaller crops.

Unidentified Company Representative

Yes. It's a concern in the industry. And we had certainly considered it, but there's lots of other opportunity out there.

Tom Giacomini - *JBT Corp. - Chairman, President & CEO*

Well, good. I certainly appreciate your time. We hope all of you can join us for lunch. It's going to be a great couple of years through 2017 for JBT. And I look forward to providing you updates and making this happen. So thank you for your time this morning, and I hope all of you can join us for lunch. Thank you.