



**Reynolds**  
Consumer Products

# Q4 & FY 2023 Earnings Call

February 7, 2024

# Safe Harbor

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This presentation contains statements reflecting our views about our future performance that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including our first quarter and full year 2024 guidance. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “intends,” “outlook,” “forecast,” “position,” “committed,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “model,” “assumes,” “confident,” “look forward,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth and recovery of profitability, management of costs and other disruptions and other strategies, and anticipated trends in our business, including expected levels of commodity costs and volume. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including but not limited to the risk factors set forth in our most recent Annual Report on Form 10-K and in our Quarterly Reports on Form 10-Q. For additional information on these and other factors that could cause our actual results to materially differ from those set forth herein, please see our filings with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and subsequent filings. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of the products or services of the Company.

# At-A-Glance

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**Nasdaq: REYN**  
IPO January 2020

**\$3,756M**  
2023 Net Revenues

**~6,000**  
Employees



**#1 or #2** US market share position in majority of product categories

**95%** of households across the US have at least 1 RCP product



# Our products simplify daily life so you can enjoy what matters most

*We make cooking, serving, clean-up and storage simpler and easier,  
providing people a little more time for the things that matter*



# Successful Execution Against Our 2023 Priorities

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- ✓ Maintained strong position of category leadership in all of our business segments
  - Innovated across our categories
  - Focused on sustainable solutions
- ✓ Executed against our Reynolds Cooking & Baking Recovery Plan
  - Drove major improvements in our manufacturing efficiencies
- ✓ **REY****VOLUTION**: above 200bps incremental margin
- ✓ Optimized cash flow generation
  - Balance sheet efficiency
  - Maintained strategic capital spend discipline
- ✓ Capital allocation priorities
  - Returned to debt pay down in 2023
  - Net debt to trailing twelve months Adjusted EBITDA improved by more than one turn of leverage from 3.8x on December 31, 2022 to 2.7x on December 31, 2023

“Reynolds Consumer Products is performing very well in a challenging economic environment, and I am extremely proud of all that our team accomplished in 2023. We increased market share in our largest categories, restored operational stability in the Reynolds Cooking & Baking business, outperformed our earnings expectations and drove record cash flows, resulting in leverage of less than three times Adjusted EBITDA at year end. Our integrated brand and store brand model remains a competitive advantage and we will build upon these accomplishments to drive further earnings growth and financial flexibility in 2024.”

*- Lance Mitchell, President and CEO*



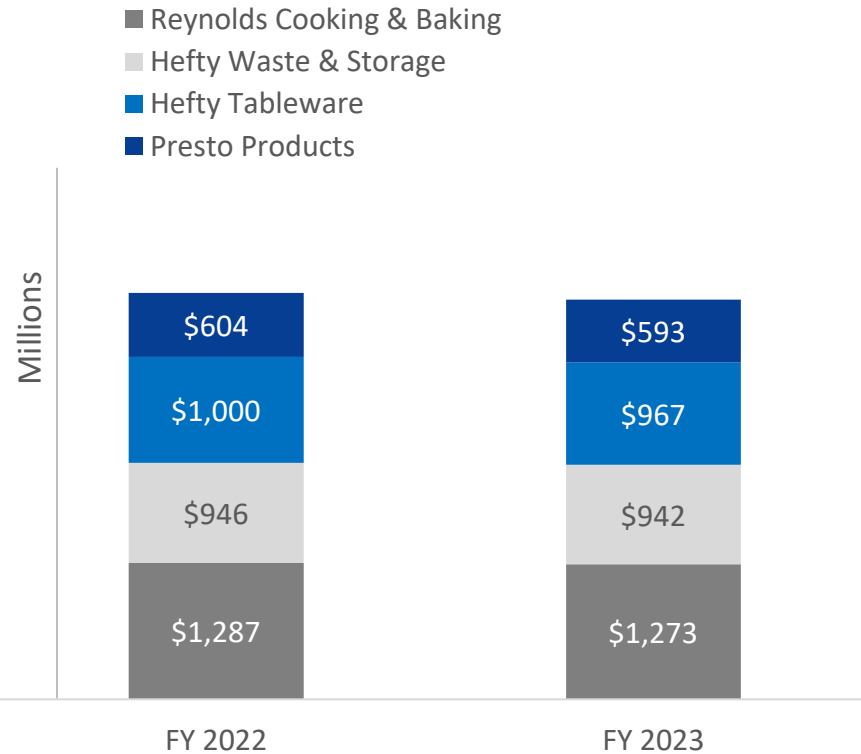
# Full Year 2023 Financial Highlights

**\$3,756m**  
Net Revenues

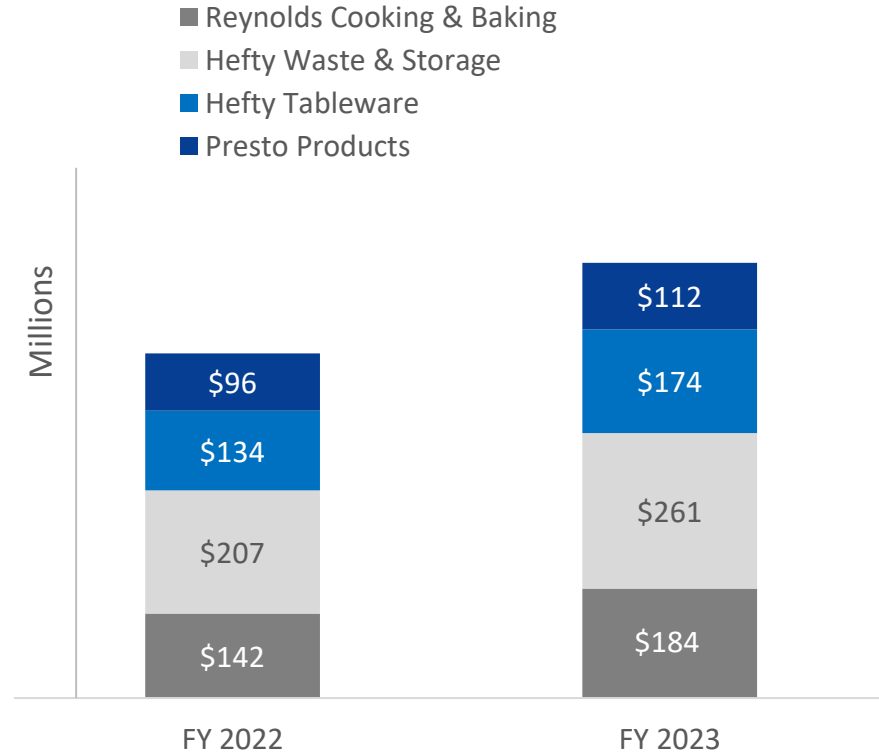
**\$636m**  
Adj. EBITDA<sup>1</sup>

**17%**  
Adj. EBITDA margin<sup>1</sup>

Net Revenues By Segment<sup>2</sup>



Adj EBITDA By Segment<sup>1,2</sup>



<sup>1</sup>This is a non-GAAP financial measure. See the reconciliation tables at the end of this presentation for a reconciliation to the most directly comparable GAAP measure.

<sup>2</sup>Excludes Corporate/Unallocated Revenue and Adjusted EBITDA

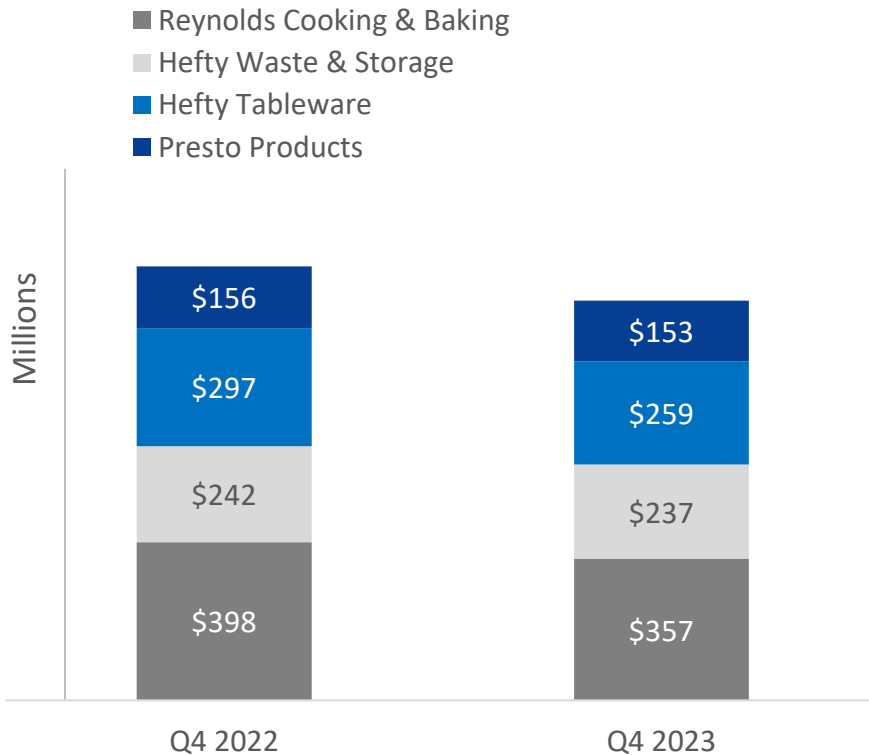
# Q4 2023 Financial Highlights

**\$1,007m**  
Net Revenues

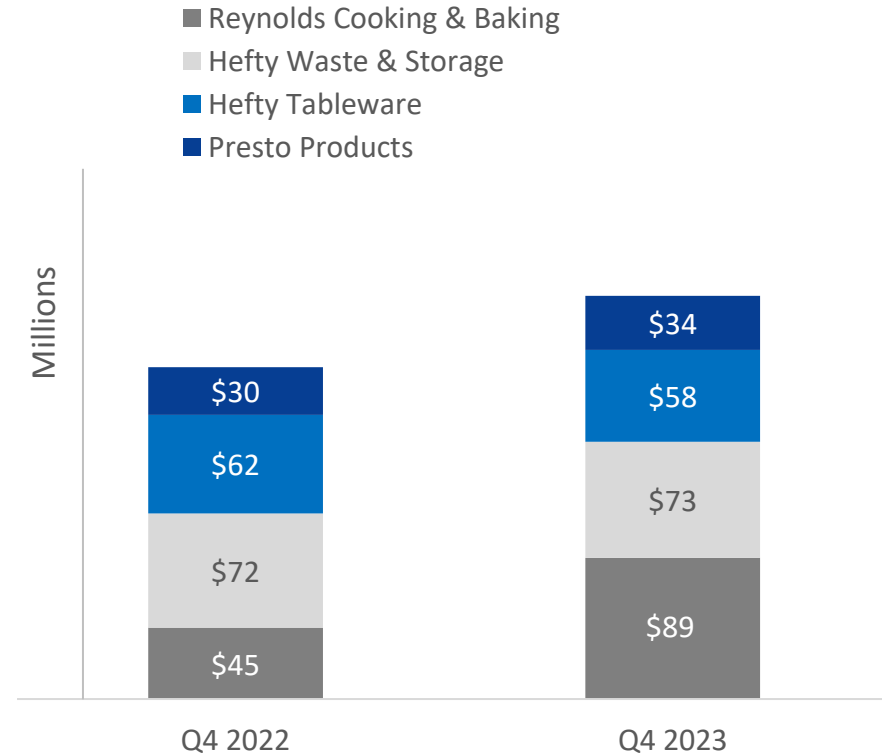
**\$238m**  
Adj. EBITDA<sup>1</sup>

**24%**  
Adj. EBITDA margin<sup>1</sup>

Net Revenues By Segment<sup>2</sup>



Adj EBITDA By Segment<sup>1,2</sup>



<sup>1</sup>This is a non-GAAP financial measure. See the reconciliation tables at the end of this presentation for a reconciliation to the most directly comparable GAAP measure.

<sup>2</sup>Excludes Corporate/Unallocated Revenue and Adjusted EBITDA



# Reynolds Cooking & Baking



Segment Results	Q4 '23	Q4 '22
Net Revenues	\$357 million	\$398 million
Adj. EBITDA	\$89 million	\$45 million
% Adj. EBITDA margin	25%	11%

Adjusted EBITDA doubled, reflecting execution of the Reynolds Cooking & Baking recovery plan, ongoing work to optimize the retail product portfolio and lower operational costs, partially offset by higher advertising investments.

Implementation of the Reynolds Cooking & Baking recovery plan delivered the commercial, operational and financial objectives set at the start of the year and returned the business to historical levels of earnings.

Volume was down 11% for the quarter driven by a nine-point headwind from low margin non-retail sales.

Retail volume decreased 2%, outperforming the category. Strength was driven by Reynolds Wrap®, which gained additional share of household foil, the national launch of Reynolds Kitchens® Stay Flat Parchment with SmartGrid® and distribution gains for new products including Reynolds Kitchens® Air Fryer liners.

# Hefty Waste & Storage



Segment Results	Q4 '23	Q4 '22
Net Revenues	\$237 million	\$242 million
Adj. EBITDA	\$73 million	\$72 million
% Adj. EBITDA margin	31%	30%

Adjusted EBITDA increased slightly as lower operational costs were largely offset by investments to support growth.

Volume increased 1% as Hefty gained additional share of the waste bags category driven by advertising, trade and product innovation.

Hefty Fabuloso® delivered its third consecutive year of strong double-digit growth and continues to gain share, achieving nearly \$160 million in retail sales for the year. Other new food and waste bag products are also building velocity and gaining distribution including new Hefty® Ultra Strong made with 50% Recovered Materials, Hefty press to close food bags and Hefty half gallon slider bags.

# Hefty Tableware



Segment Results	Q4 '23	Q4 '22
Net Revenues	\$259 million	\$297 million
Adj. EBITDA	\$58 million	\$62 million
% Adj. EBITDA margin	22%	21%

Adjusted EBITDA decreased 6% reflecting lower volume.

Volume declines moderated to down 7% as improved holiday-related features, displays and promotions partially offset continued elasticity pressure.

Plans to drive further volume improvement are being implemented and include adjustments to price, pack sizes and promotions to hit key price points, new products at lower opening price points, increased distribution of high velocity products, introduction and expansion of sustainable product innovations and rollout of Hefty® Zoopals® to brick and mortar retailers.

# Presto Products



## Segment Results

Q4 '23

Q4 '22

Net Revenues

\$153 million

\$156 million

Adj. EBITDA

\$34 million

\$30 million

*% Adj. EBITDA margin*

22%

19%

Adjusted EBITDA increased 13% primarily reflecting lower operational costs.

Volume decreased 3% driven by initiatives to optimize the retail product portfolio. Strong performance in food bags continued to benefit from product innovation including press to close stand and fill bags and bio-based sandwich bags produced with 20% plant & ocean materials.



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## 2024 Outlook

# 2024 Priorities

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- ✓ Protect and drive volume by leveraging our competitively advantaged business model and investing in our categories and product innovation
- ✓ Innovate with new sustainable solutions and other new products to further differentiate our offerings in our categories
- ✓ Continue to optimize our retail product portfolio
- ✓ Drive productivity and other **REY**<sup>↑</sup>**VOLUTION** cost savings across our business, providing additional margin growth
- ✓ Continue increasing financial flexibility by paying down debt

# Q1 and Full Year 2024 Outlook

Metric	Q1 2024 Outlook	FY 2024 Outlook
Net Revenues	\$795 to 820 million	\$3,530 to \$3,640 million
Net Income	\$44 to \$48 million	\$331 to \$347 million
Adjusted EBITDA	\$115 to \$120 million	\$660 to \$680 million
Earnings Per Share	\$0.21 to \$0.23	\$1.57 to \$1.65
Net Debt <i>(at December 31, 2024)</i>		\$1.5 to \$1.6 billion

*Note: Adjusted EBITDA and Net Debt are non-GAAP financial measures. See the reconciliation tables at the end of this presentation for a reconciliation to the most directly comparable GAAP measure.*

# Advancing Sustainability Through Innovative Solutions



Please refer to the [Hefty.com](https://www.hefty.com) and [ReynoldsBrands.com](https://www.reynoldsbrands.com) for specific product and packaging features





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## Reconciliation Tables

# Non-GAAP Financial Measures

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We use non-GAAP financial measures “Adjusted EBITDA,” “Adjusted Net Income,” “Adjusted Earnings Per Share,” “Net Debt,” “Net Debt to Trailing Twelve Months Adjusted EBITDA,” and “Free Cash Flow” in evaluating our past results and future prospects. We define Adjusted EBITDA as net income calculated in accordance with GAAP, plus the sum of income tax expense, net interest expense, depreciation and amortization and further adjusted to exclude IPO and separation-related costs, as well as other non-recurring costs. We define Adjusted Net Income and Adjusted Earnings Per Share (“Adjusted EPS”) as Net Income and Earnings Per Share (“EPS”) calculated in accordance with GAAP, plus IPO and separation-related costs, as well as other non-recurring costs. We define Net Debt as the current portion of long-term debt plus long-term debt less cash and cash equivalents. We define Net Debt to Trailing Twelve Months Adjusted EBITDA as Net Debt (as defined above) as of the end of the period to Adjusted EBITDA (as defined above) for the period. We define Free Cash Flow as net cash provided by operating activities in the period minus the acquisition of property, plant and equipment in the period.

We present Adjusted EBITDA because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions. In addition, our chief operating decision maker uses Adjusted EBITDA of each reportable segment to evaluate the operating performance of such segments. We use Adjusted Net Income and Adjusted Earnings Per Share as supplemental measures to evaluate our business’ performance in a way that also considers our ability to generate profit without the impact of certain items. We use Net Debt as we believe it is a more representative measure of our liquidity. We use Net Debt to Trailing Twelve Months Adjusted EBITDA because it reflects our ability to service our debt obligations. We use Free Cash Flow because it measures our ability to generate additional cash from our business operations. Accordingly, we believe presenting these measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and board of directors.

Non-GAAP information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, our non-GAAP financial measures may not be the same as or comparable to similar non-GAAP financial measures presented by other companies.

Guidance for fiscal year and first quarter 2024, where adjusted, is provided on a non-GAAP basis. The Company cannot reconcile its expected Net Debt at December 31, 2024 to expected total debt, or expected ratios involving Net Debt, without reasonable effort because certain items that impact total debt and other reconciling measures are out of the Company’s control and/or cannot be reasonably predicted at this time, to which unavailable information could have a significant impact on the Company’s GAAP financial results. The Company cannot reconcile its expected Free Cash Flow at December 31, 2024 to expected total Free Cash Flow without reasonable effort because certain items that impact operating cash flow and other reconciling measures are out of the Company’s control and/or cannot be reasonably predicted at this time, to which unavailable information could have a significant impact on the Company’s GAAP financial results.

Please see reconciliations of non-GAAP measures used in this release (with the exception of our December 31, 2024 Net Debt outlook and Free Cash Flow outlook, as described above) to the most directly comparable GAAP measures, beginning on the following page.

# Reconciliation of Net Income to Adjusted EBITDA

**Reynolds Consumer Products Inc.**  
**Reconciliation of Net Income to Adjusted EBITDA**  
*(amounts in millions)*

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2023	2022	2023	2022
	(in millions)		(in millions)	
<b>Net income – GAAP</b>	<b>\$ 137</b>	<b>\$ 107</b>	<b>\$ 298</b>	<b>\$ 258</b>
Income tax expense	41	30	95	80
Interest expense, net	28	28	119	76
Depreciation and amortization	32	30	124	117
IPO and separation-related costs <sup>(1)</sup>	—	3	—	12
Other	—	2	—	3
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 238</b>	<b>\$ 200</b>	<b>\$ 636</b>	<b>\$ 546</b>

- (1) *Reflects costs related to the IPO process, as well as costs related to our separation to operate as a stand-alone public company. These costs are included in Other expense, net in our consolidated statements of income.*

# Adjusted Net Income and EPS Reconciliation

**Reynolds Consumer Products Inc.**  
**Reconciliation of Net Income and EPS to Adjusted Net Income and Adjusted EPS**  
*(amounts in millions, except per share data)*

	Three Months Ended December 31, 2023			Three Months Ended December 31, 2022		
	Net Income	Diluted Shares	Diluted EPS	Net Income	Diluted Shares	Diluted EPS
<b>As Reported - GAAP</b>	<b>\$ 137</b>	<b>210</b>	<b>\$ 0.65</b>	<b>\$ 107</b>	<b>210</b>	<b>\$ 0.51</b>
<b>Adjustments:</b>						
IPO and separation-related costs <sup>(1)</sup>	—	—	—	2	210	0.01
Other <sup>(1)</sup>	—	—	—	2	210	0.01
<b>Adjusted (Non-GAAP)</b>	<b>\$ 137</b>	<b>210</b>	<b>\$ 0.65</b>	<b>\$ 111</b>	<b>210</b>	<b>\$ 0.53</b>

(1) *Amounts are after tax, calculated using a tax rate of 22.2% three months ended December 31, 2022, which is our effective tax rate for the period presented.*

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Net Income	Diluted Shares	Diluted EPS	Net Income	Diluted Shares	Diluted EPS
<b>As Reported - GAAP</b>	<b>\$ 298</b>	<b>210</b>	<b>\$ 1.42</b>	<b>\$ 258</b>	<b>210</b>	<b>\$ 1.23</b>
<b>Adjustments:</b>						
IPO and separation-related costs <sup>(1)</sup>	—	—	—	9	210	0.04
Other <sup>(1)</sup>	—	—	—	2	210	0.01
<b>Adjusted (Non-GAAP)</b>	<b>\$ 298</b>	<b>210</b>	<b>\$ 1.42</b>	<b>\$ 269</b>	<b>210</b>	<b>\$ 1.28</b>

(1) *Amounts are after tax, calculated using a tax rate of 23.6% for the twelve months ended December 31, 2022, which is our effective tax rate for the period presented.*

# Reconciliation of Total Debt to Net Debt and Calculation of Net Debt to Trailing Twelve Months Adjusted EBITDA

## Reynolds Consumer Products Inc.

### Reconciliation of Total Debt to Net Debt and Calculation of Net Debt to Trailing Twelve Months Adjusted EBITDA

(amounts in millions, except for Net Debt to Trailing Twelve Months Adjusted EBITDA)

#### As of December 31, 2023

Current portion of long-term debt	\$	—
Long-term debt		1,832
<b>Total debt</b>		<b>1,832</b>
Cash and cash equivalents		(115)
<b>Net debt (Non-GAAP)</b>	<b>\$</b>	<b>1,717</b>

#### For the twelve months ended December 31, 2023

<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$</b>	<b>636</b>
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<b>Net Debt to Trailing Twelve Months Adjusted EBITDA</b>	<b>2.7x</b>
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#### As of December 31, 2022

Current portion of long-term debt	\$	25
Long-term debt		2,066
<b>Total debt</b>		<b>2,091</b>
Cash and cash equivalents		(38)
<b>Net debt (Non-GAAP)</b>	<b>\$</b>	<b>2,053</b>

#### For the twelve months ended December 31, 2022

<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$</b>	<b>546</b>
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<b>Net Debt to Trailing Twelve Months Adjusted EBITDA</b>	<b>3.8x</b>
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# Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

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**Reynolds Consumer Products Inc.**  
**Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow**  
*(amounts in millions)*

	<b>For the Years Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net cash provided by operating activities	\$ 644	\$ 219
Acquisition of property, plant and equipment	(104)	(128)
<b>Free cash flow</b>	<b>\$ 540</b>	<b>\$ 91</b>

# Reconciliation of Q1 2024 and FY2024 Net Income Guidance to Adjusted EBITDA Guidance

**Reynolds Consumer Products Inc.**  
**Reconciliation of Q1 2024 and FY2024 Net Income Guidance to Adjusted EBITDA Guidance**  
*(amounts in millions)*

	Three Months Ended March 31, 2024		Year Ended December 31, 2024	
	Low	High	Low	High
<b>Net income (GAAP)</b>	<b>\$ 44</b>	<b>\$ 48</b>	<b>\$ 331</b>	<b>\$ 347</b>
Income tax expense	15	16	108	112
Interest expense, net	26	26	100	100
Depreciation and amortization	30	30	121	121
<b>Adjusted EBITDA</b>	<b>\$ 115</b>	<b>\$ 120</b>	<b>\$ 660</b>	<b>\$ 680</b>

