



Reynolds Consumer Products Provides Third Quarter 2020 Estimates and Reiterates Full-Year 2020 Guidance

September 8, 2020

LAKE FOREST, Ill.--(BUSINESS WIRE)--Sep. 8, 2020-- Reynolds Consumer Products Inc. (Nasdaq: REYN) (the "Company" or "RCP") today provided its third quarter 2020 net revenues and Adjusted EBITDA margin estimates and reiterated its previously provided guidance for the full fiscal year 2020.

President and Chief Executive Officer, Lance Mitchell, and Chief Financial Officer, Michael Graham, will be participating in the Barclays Global Consumer Staples Conference on September 9 and 10, 2020, including a webcasted virtual fireside chat at 12:40 p.m. ET on Wednesday, September 9, 2020, where they will discuss today's update.

Based on preliminary results to date in the third quarter, net revenues for the third quarter of 2020 are estimated to increase at a high single-digit rate compared to net revenues of \$741.3 million in the prior year period. Adjusted EBITDA margin for the third quarter of 2020 is estimated at approximately 23%.

The Company continues to expect fiscal year 2020 results to be at the upper end of the previously provided ranges for the following financial metrics: Net Income, Earnings Per Share, Adjusted EBITDA, Adjusted Net Income, and Adjusted Earnings Per Share. The Company is also confirming its previous guidance for Net Debt.

The following guidance was previously provided for the fiscal year ending December 31, 2020:

- **Net Income** to be in the range of \$335 million to \$355 million
- **Earnings Per Share** to be in the range of \$1.60 to \$1.69 per share
- **Adjusted EBITDA** to be in the range of \$695 million to \$715 million¹
- **Adjusted Net Income** to be in the range of \$388 million to \$403 million¹
- **Adjusted Earnings Per Share** to be in the range of \$1.85 to \$1.92 per share¹
- **Net Debt** to be in the range of \$1.9 billion to \$2.1 billion¹

Mr. Mitchell remarked, "I am pleased we are on track for another strong quarter, are reiterating our outlook for 2020, and continue to expect better 2021 performance than at the time of our IPO. Our outlook is based on our business model, our team, and changes in consumer behavior that favor more cooking, baking, organizing, and waste due to the coronavirus pandemic. Going forward, we plan to provide an estimate of net revenues growth for the current quarter with release of results for the prior quarter."

¹ 1 Adjusted Net Income, Adjusted Earnings Per Share, Adjusted EBITDA and Net Debt are non-GAAP measures. Refer to the discussion on non-GAAP financial measures and reconciliations included in this release. In addition, as further described in Note 1 to the non-GAAP reconciliation included within this release, the share count utilized for Adjusted Earnings Per Share has been adjusted to reflect the additional shares issued as a result of the IPO as though they were outstanding for the entire period.

Related information can be found in a presentation on the Investor Relations section of the Company's website under the "Events & Presentations" page.

Barclays Global Consumer Staples Conference Webcast

The Company will participate in a virtual fireside chat at the Barclays Global Consumer Staples Conference on Wednesday, September 9, 2020 at 12:40 p.m. ET.

The fireside chat will be webcast live and can be accessed via the Investor Relations section of the Company's website at www.reynoldsconsumerproducts.com. The webcast will be archived for 30 days.

About Reynolds Consumer Products Inc.

RCP's mission is to simplify daily life so consumers can enjoy what matters most. RCP is a market-leading consumer products company with a presence in 95% of households across the United States. RCP produces and sells products across three broad categories: cooking products, waste & storage products and tableware that are sold under iconic brands such as Reynolds and Hefty, as well as under store brands that are strategically important to RCP's customers. Overall, across both branded and store brand offerings, RCP holds the #1 or #2 U.S. market share position in the majority of product categories in which it participates.

Note to Investors Regarding Forward Looking Statements

This press release 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 third quarter 2020 estimates and our fiscal year 2020 guidance. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," "outlook," "on track" or 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 strategies and anticipated trends in our business. 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. Our estimates and outlook for the third quarter and full year of fiscal 2020 also assume the increased demand related to the coronavirus pandemic will continue through the end of fiscal 2020, and further assume that there are no significant disruptions to our operations, supply chain or retail partners for the remainder of fiscal 2020.

The estimates related to the third quarter of 2020 are based on results for only a portion of the third quarter, which have not been through the Company's financial reporting processes and review, and the estimates are subject to change as a result of such processes and review, as well as the Company's actual results for the remainder of the third quarter of 2020.

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. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures

We use non-GAAP financial measures "Adjusted EBITDA," "Adjusted Net Income," "Adjusted Earnings Per Share", and "Net Debt" 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 unrealized gains and losses on derivatives, factoring discounts (pre-IPO), the allocated related party management fee (pre-IPO) and IPO and separation-related costs. We define Adjusted Net Income and Adjusted Earnings Per Share as Net Income and Earnings Per Share calculated in accordance with GAAP, plus the sum of IPO and separation-related costs, the impact of tax legislation changes under the CARES Act enacted March 27, 2020 and any unrealized gains or losses on derivatives. We define Net Debt as the current portion of long term debt plus long term debt less cash and cash equivalents.

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 metrics 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. Accordingly, we believe presenting these metrics provides 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 2020, where adjusted, is provided on a non-GAAP basis, which the Company will continue to identify as it reports its future financial results. Estimated Adjusted EBITDA margin, a non-GAAP measure, is also provided for the full third quarter of 2020. The Company cannot reconcile its expected Adjusted EBITDA to expected Net Income under "Fiscal Year 2020 Outlook", or its estimated Adjusted EBITDA margin to estimated net income margin, without unreasonable effort because certain items that impact net income and other reconciling metrics are out of the Company's control and/or cannot be reasonably predicted at this time, which unavailable information could have a significant impact on the Company's GAAP financial results. In addition, the Company cannot reconcile its expected Net Debt to expected total debt without reasonable effort because certain items that impact total debt and other reconciling metrics are out of the Company's control and/or cannot be reasonably predicted at this time, which unavailable information could have a significant impact on the Company's GAAP financial results.

Please see below reconciliations of non-GAAP measures used in this release (with the exception of our 2020 Adjusted EBITDA outlook and 2020 Net Debt outlook, as well as our third quarter 2020 Adjusted EBITDA margin estimate, as described above) to the most directly comparable GAAP measures.

Reynolds Consumer Products Inc.

Reconciliation of 2020 Net Income and EPS guidance to Adjusted Net Income and Adjusted EPS guidance

(amounts in millions except per share data)

	Net Income		Diluted shares outstanding ⁽¹⁾		Diluted Earnings Per Share	
	low	high	low	high	low	high
Fiscal Year 2020 - Guidance	\$ 335	\$ 355	210		\$ 1.60	\$ 1.69
Adjustments:						
IPO and separation-related costs ⁽²⁾		30	25	210	0.14	0.12
Impact of tax legislation change from the CARES Act		23	23	210	0.11	0.11
Fiscal Year 2020 - Adjusted Guidance	\$ 388	\$ 403	210		\$ 1.85	\$ 1.92

1. The Company has assumed the actual shares outstanding at June 30, 2020 to be outstanding for the full year period rather than the weighted average shares outstanding over the course of the period as it is a more meaningful calculation that provides consistency in comparability.

2. Amounts are after tax calculated using a tax rate of 24%, which is the Company's effective tax rate for the three and six months ended June 30, 2020.

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