



# Fourth Quarter and Fiscal Year 2019 Earnings Presentation

March 10, 2020



## Forward-Looking Statements and Other Information

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 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” 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 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.

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. We undertake no obligation to update any forward looking statement, whether as a result of new information, future events or otherwise.

## Non-GAAP Financial Measures

We use the non-GAAP financial measures “Adjusted EBITDA,” “Adjusted Net Income” and “Adjusted Earnings Per Share” 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, costs associated with rationalizing operations and administrative functions, factoring discounts, defined benefit plan settlement losses, amortization of actuarial gains, the allocated related party management fee and transaction-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 initial public offering transaction-related costs, net of tax benefit.

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. 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. The Company cannot reconcile its expected Adjusted EBITDA to net income under “Fiscal Year 2020 Guidance” 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.

Please see reconciliations of Non-GAAP measures used in this presentation (with the exception of our 2020 Adjusted EBITDA outlook, as described above) to the most directly comparable GAAP measures in the appendix of this presentation.

## Trademarks

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 or this potential offering.

# Full Year Results In-Line with Expectations



**\$3,032m**

Net Revenues

**\$655m**

Adj. EBITDA

**22%**

Adj. EBITDA margin

for year ended 12/31/2019

	Cooking products		Waste & Storage products			Tableware		
Segments	Reynolds Cooking & Baking		Hefty Waste & Storage		Presto Products	Hefty Tableware		
Year Ended 12/31/19	Net Revenues	\$1,076m	Net Revenues	\$709m	Net Revenues	\$511m	Net Revenues	\$751m
	Adj. EBITDA	\$209m	Adj. EBITDA	\$190m	Adj. EBITDA	\$91m	Adj. EBITDA	\$178m
	% margin	19%	% margin	27%	% margin	18%	% margin	24%

Description	Cooking products	Waste & Storage products	Presto Products	Tableware
	Branded and store brand foil, parchment paper, oven bags, wax and freezer paper, disposable aluminum pans and slow cooker liners	Branded and store brand slider food storage bags, Hefty brand trash bags and large volume store brand trash bags	Store brand food storage bags, trash bags, plastic wrap and containers	Branded and store brand disposable dishes, plates, bowls, platters, cups and cutlery



# Fourth Quarter Results In-Line with Expectations



**\$835m**

Net Revenues

**\$214m**

Adj. EBITDA

**26%**

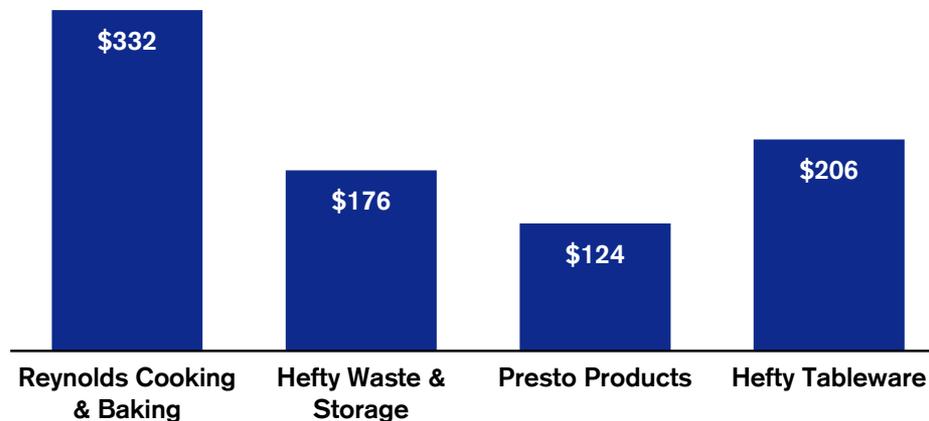
Adj. EBITDA margin

for the fourth quarter ended 12/31/2019

	Cooking products		Waste & Storage products			Tableware		
Segments	Reynolds Cooking & Baking		Hefty Waste & Storage		Presto Products	Hefty Tableware		
Fourth Quarter Ended 12/31/19	Net Revenues	\$332m	Net Revenues	\$176m	Net Revenues	\$124m	Net Revenues	\$206m
	Adj. EBITDA	\$93m	Adj. EBITDA	\$48m	Adj. EBITDA	\$24m	Adj. EBITDA	\$52m
	% margin	28%	% margin	27%	% margin	19%	% margin	25%

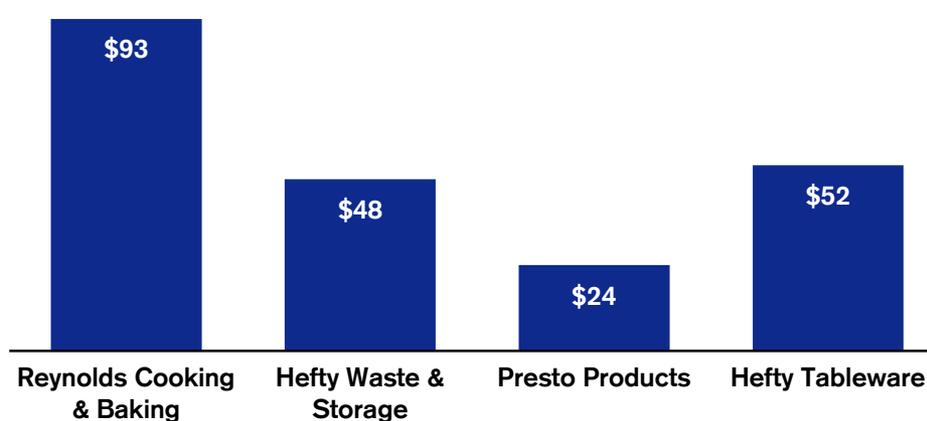
Net Revenues by Segment

(\$ in millions)



Adjusted EBITDA by Segment

(\$ in millions)



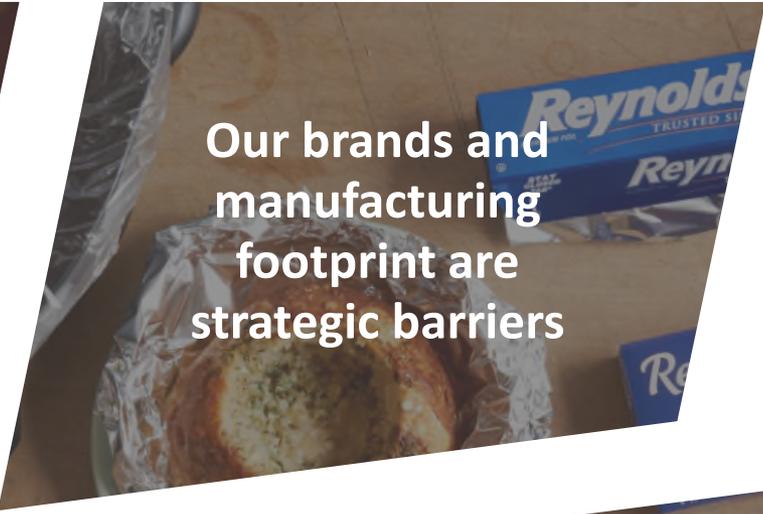
# RCP Focus – Our “North Star”



Our focus leads to strong cash flow generation, return on investment and value creation



We win in attractive categories with branded and store brand products



Our brands and manufacturing footprint are strategic barriers



We are a category advisor to 29 of our retail partners



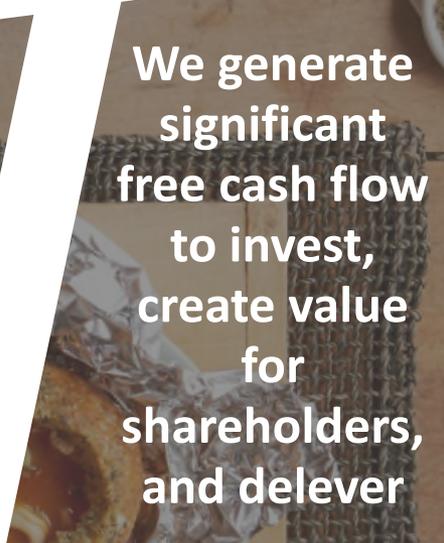
We have a long history of product innovation



We have a clear focus on ESG – sustainability across our business



Our Revolution culture is embedded in our organization



We generate significant free cash flow to invest, create value for shareholders, and delever

# We participate in large and stable categories with durable long-term demand



## Cooking products



Large addressable market with attractive long-term growth

- Staple products, resilient to economic cycles

## Waste & Storage products



- Positioned to benefit from new household formation driven by millennials and increasing household spending due to high household penetration

- Opportunities to grow categories via expanding usage occasions

## Tableware



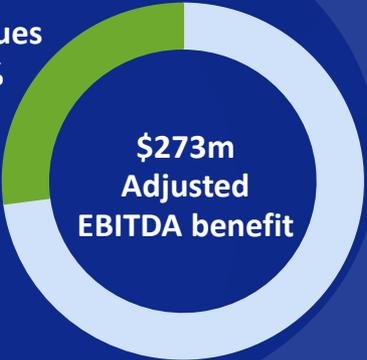
- Across the majority of categories, branded and store brand share has remained stable

- Products well suited for growing E-Commerce channel where existing penetration is relatively low

# Reyvolution generates significant Adjusted EBITDA benefits



Revenues  
27%



Cost Savings  
73%



## REYVOLUTION

TRANSFORMATION • INNOVATION • ACCELERATION

Formalized approach to continually reinvent and optimize the business to drive revenue growth, market share gains and margin expansion

### Growth

We aim to generate 20% of revenue each year from products that are introduced within the prior three years

### Innovation

Innovation-driven culture focused on solving customer pain points, usage occasions, sustainability and the needs of the millennial consumer

### Cost Savings Initiatives

Reyvolution cost savings initiatives helped offset cost increases

### Automation and Intelligent Factory

Continued investment in manufacturing automation and emerging technologies

For the Years Ended December 31  
(\$ in millions)

	2019	2018
<b>Cash from operations</b>	<b>\$403</b>	<b>\$530</b>
Change in related party receivables	27	(34)
Change in related party payables	89	(22)
Change in related party accrued interest payable	(133)	(210)
Interest expense, net, related party borrowings	107	181
<b>Adjusted cash flow from operations<sup>(1)</sup></b>	<b>\$493</b>	<b>\$445</b>

## Observations

- Historical net cash provided by operating activities includes related party items that will not exist going forward
- Adjusted cash flow from operations removes the impact of these related party items
- Strong cash flow supports our capital allocation priorities

(1) Adjusted cash flow from operations is a non-GAAP financial measure.

Net Income	\$320 million to \$350 million
EPS	\$1.52 to \$1.67
Adjusted Net Income	\$350 million to \$370 million
Adjusted EPS	\$1.67 to \$1.76
Adjusted EBITDA	\$675 million to \$695 million
Net Debt <sup>1</sup>	\$2.0 billion to \$2.2 billion

(1) By December 31, 2020

# Our go-forward strategy



Champion our categories and grow with our customers



Continued investment behind our market-leading brand portfolio



Strengthen presence across distribution channels



Drive growth through new and innovative products



Systematically improve operational efficiency and reduce cost



Drive shareholder returns through balanced capital allocation

# Appendix



# Adjusted EBITDA Reconciliation



## Reynolds Consumer Group Reconciliation of Net Income to Adjusted EBITDA (\$ in millions)

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
	(in millions)		(in millions)	
<b>Net income – GAAP</b>	<b>\$ 90</b>	<b>\$ 84</b>	<b>\$ 225</b>	<b>\$ 176</b>
Income tax expense (benefit)	32	33	76	57
Interest expense, net	35	68	209	280
Depreciation and amortization	28	21	91	87
Factoring discount	10	8	25	22
Allocated related party management fee	3	4	10	10
Transaction-related costs	19	—	31	—
Unrealized losses (gains) on derivatives	—	6	(9)	14
Business rationalization costs	(1)	—	—	4
Other	(2)	—	(3)	(3)
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 214</b>	<b>\$ 224</b>	<b>\$ 655</b>	<b>\$ 647</b>

# Adjusted Net Income and EPS Reconciliation



**Reynolds Consumer Group**  
**Reconciliation of 2020 Net Income Guidance to Adjusted Net Income Guidance**  
 (amounts in millions, except per share data)

	Net Income		Diluted shares outstanding <sup>(1)</sup>	Diluted Earnings Per Share	
	low	high		low	high
<b>Fiscal Year 2020 - Guidance</b>	<b>\$ 320</b>	<b>\$ 350</b>	<b>210.1</b>	<b>\$ 1.52</b>	<b>\$ 1.67</b>
Adjustments:					
IPO Transaction-related costs, net of tax benefit	30	20	210.1	0.15	0.09
<b>Fiscal Year 2020 - Adjusted Guidance</b>	<b>\$ 350</b>	<b>\$ 370</b>	<b>210.1</b>	<b>\$ 1.67</b>	<b>\$ 1.76</b>

*(1) Includes 209.7 million shares outstanding as of March 6, 2020 and assumed dilution of 0.4 million shares of unvested RSU's*

