S&P Global
Market Intelligence

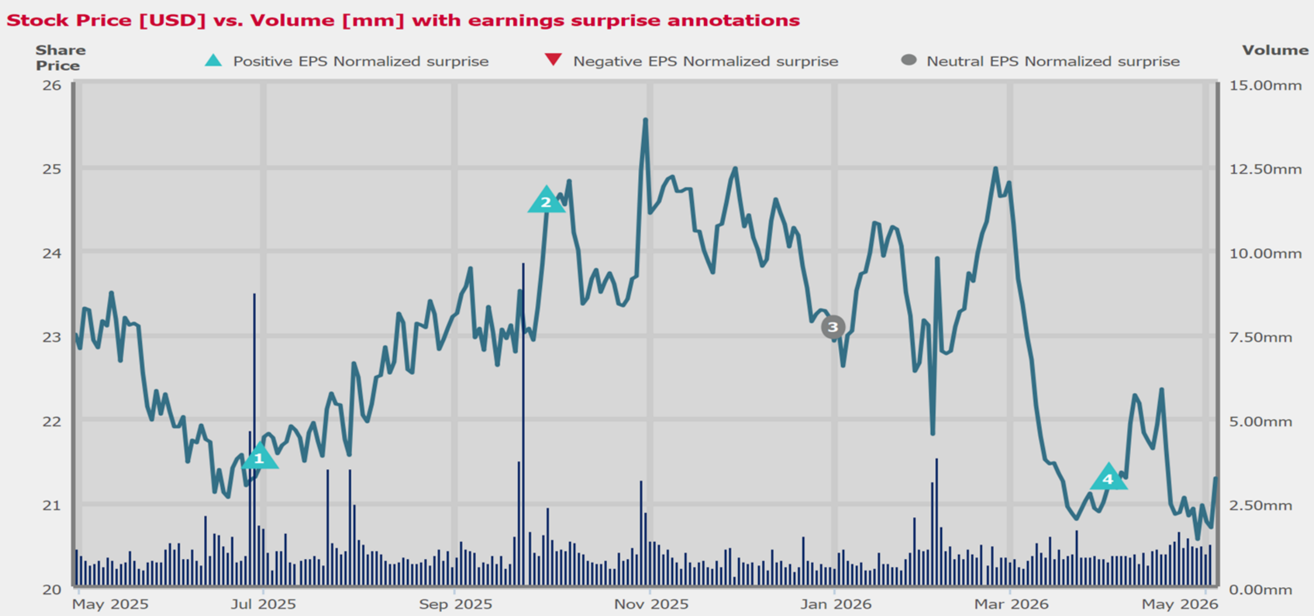
Reynolds Consumer Products Inc.
NasdaqGS:REYN
FQ1 2026 Earnings Call Transcripts

Wednesday, May 6, 2026 12:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2026-			-FQ2 2026-	-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.24	0.28	▲16.67	0.39	1.59	NA
Revenue (mm)	822.50	877.00	▲6.63	934.42	3716.22	NA

Currency: USD
Consensus as of May-04-2026 6:12 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ2 2025	0.38	0.39	▲1 2.63 %
FQ3 2025	0.39	0.42	▲2 7.69 %
FQ4 2025	0.59	0.59	●3 0.00 %
FQ1 2026	0.24	0.28	▲4 16.67 %

Table of Contents

Call Participants

EXECUTIVES

Jill Koval
Director of Investor Relations

Nathan D. Lowe
Chief Financial Officer

Scott E. Huckins
President, CEO & Director

ANALYSTS

Peter K. Grom
UBS Investment Bank, Research Division

Robert Edward Ottenstein
Evercore ISI Institutional Equities, Research Division

Unknown Analyst

Presentation

Operator

Greetings. Welcome to Reynolds Consumer Products, Inc. First Quarter 2026 Earnings Call. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Jill Koval, Director of Investor Relations. Thank you, Jill. You may begin.

Jill Koval
Director of Investor Relations

Thank you, operator, and good morning, everyone. Thank you for joining us for Reynolds Consumer Products First Quarter Earnings Conference Call. Today's call is being webcast, and a replay will be available on the Investor Relations section of our corporate site at reynoldsconsumerproducts.com. Our earnings press release and investor presentation are also available.

Joining me on the call today are Scott Huckins, our President and Chief Executive Officer; and Nathan Lowe, our Chief Financial Officer. Following their prepared remarks, we will open the call for a brief question-and-answer session. Before we begin, I would like to remind you that this morning's discussion will include forward-looking statements, which are subject to risks uncertainties and other factors that could cause actual results to differ materially from those described today.

Please refer to the Risk Factors section of our SEC filings for more information. The company does not intend to update or alter these forward-looking statements to reflect events or circumstances arising after the call.

In addition, we will reference certain non-GAAP or adjusted financial measures during today's call. Reconciliations of these GAAP to non-GAAP financial measures are available in our earnings press release, investor presentation deck and Form 10-Q, which can be found on the Investor Relations section of our website.

With that, I'd like to turn the call over to Scott.

Scott E. Huckins
President, CEO & Director

Thank you, Jill, and good morning, everyone. Thanks for joining us on the call this morning. Our strong first quarter results reflect our team's consistent execution across the entire organization and demonstrate not only the resilience of our business, but also our ability to carry the momentum we built in 2025 into 2026. I am very proud of our team for being able to execute at this level despite the heightened macroeconomic uncertainty we are all operating with.

With 7% revenue growth, we outperformed our categories by two points and gained share across the majority of our portfolio. We delivered profitability improvement across three of our four business units, driven by a combination of strong top line growth, including contribution from our enhanced revenue growth management capabilities and strong operational efficiency gains.

Highlights from the quarter include service levels remain strong with case fill continuing in the high 90% range, enabling us to support our retail partners and capture demand across our portfolio. This level of operational consistency continues to be an important competitive advantage for us, particularly in a very volatile supply chain environment. We are outperforming all of our key categories and delivered double-digit growth in e-commerce driven by strong omnichannel execution that is incremental and accretive for our retail partners.

Our scale, service levels, and retail partnerships position us well to win as consumers increasingly shop seamlessly across physical stores and digital channels. The private label bid losses we discussed in February impacted our Q1 results as expected, representing roughly a 3-point headwind in the first quarter. That impact, however, was more than offset with strength in other areas.

As a reminder, we have seen some retailers adopt a dual sourcing strategy for risk management purposes this year. While this has created some near-term headwind for us, we remain confident that this will be more than offset by incremental opportunities over time. Our commercial teams did an excellent job navigating heightened levels of promotion and aggressive pricing strategies in certain categories and delivered strong share performance in spite of this. And we made strong progress during our spring resets with net distribution wins across key categories, positioning us well for the rest of the year.

Beginning January 1, we realigned our operating segments in order to increase operational and commercial efficiencies, sharpen our focus on innovation, and create a structure better positioned to support expansion into adjacent categories. We consolidated our waste bag business into a new Hefty Waste and Clean-Up segment and consolidated the food bag business into a new Hefty Storage and Organization segment. Again, this is designed to provide clearer end-to-end ownership across R&D, innovation, commercialization, operations and supply chain. This realignment is not about taking costs out of the business, but rather driving better outcomes by providing increased focus for existing resources. And we are already seeing early benefits as we begin to unlock these more streamlined businesses.

At the same time, we renamed our two remaining business segments to reflect their broader category scope and future growth opportunities. Reynolds Cooking & Baking is now Reynolds Cooking & Kitchen Essentials, and Hefty Tableware has been renamed Hefty Home and Tableware. These new segment names better position us to meet consumer needs across an expanded total addressable market.

In our Reynolds Cooking and Kitchen Essentials business, we continue to gain share in both parchment and foil, with parchment volumes outperforming the category by 10 points and foil volumes outperformed the category by four points. The foil category remains resilient with net elasticity below one, reflecting that consumers are largely absorbing price increases rather than exiting the category.

As gas prices rise, we see some early evidence of consumers cutting back on eating away from home, one of the first discretionary categories to be impacted. This should translate into some level of increased at-home cooking and a potential demand boost for our business.

Importantly, foil is uniquely versatile across a full range of usage occasions from preparation, cooking, grilling, storage, portability and cleanup, which ultimately reinforces the strength of the Reynolds brand among heavy users who rely on us across multiple occasions. Innovation continues to be a key growth driver for our business, highlighted by the launch of our Reynolds Countertop Prep Paper during the first quarter. This innovation extends the brand into higher frequency use occasions, including meal preparation and even crafting occasions, solving a basic consumer problem of cleanup time.

Consumers with kids say the #1 reason for not cooking or crafting with their kids is cleanup time and effort. Reynolds Countertop Prep Paper has already earned more than 1 billion impressions from our early marketing launch. We also expanded our Reynolds Foil portfolio with the introduction of a new hearts embossed fun foil, reinforcing brand engagement and relevance through design-led innovation.

Finally, we were pleased to see Reynolds Kitchens Parchment Cooking Bags named a 2026 Product of the Year, the largest consumer-voted award for product innovation, determined through a national survey of 40,000 American shoppers, further validating our ability to deliver consumer convenience and value. In Hefty Waste and Clean-Up, we are pleased with our performance during the quarter and the results were in line with our expectations. While top line and bottom line results were flat, it is important to view that in the context of intense promotional and price actions taken by competitors, including private label, across the category.

Despite this, Hefty Waste Bags delivered dollar share growth and still delivered positive sales volume at retail, reinforcing our confidence that we are executing the right playbook by maintaining the price architecture of our performance brand. Our brand and performance remains strong, reflecting the durability of the Hefty brand equity.

Capturing consumers' desire for bringing scent and color alternatives into their homes for a more individualized experience, our first quarter waste bag innovations included exclusive retailer scents, such as a new peach scented offering, along with a national expansion of our Hefty Fabuloso color series. What value means to different consumers is evolving as always, and we have expanded our Hefty Essentials offering with a high quality, no-frills option designed for consumers that prioritize affordability.

In our Hefty Storage & Organization business, we again gained share despite a highly promotional environment with revenue and volume growth while overcoming last year's private label losses. This momentum was broad-based as we saw strength in both our Hefty branded and store brand food bag offerings, underscoring the benefits of our dual focus on brand leadership and retail partnerships.

Hefty food bag volumes outperformed the category by more than 10 points in both Press to Close and our more premium slider offering through increased distribution and consumer acceptance. We were able to offset the impact of private label bid losses with commercial wins and strong retail performance across the balance of our food bag business. Our storage team continues to drive growth through a strong combination of product strength, quality and consumer value despite the increased competitive pressures.

In Hefty Home & Tableware, we delivered modest revenue growth and meaningful profit improvement. These strong results reflected continued operational and supply chain efficiencies and further deployment of our developing revenue growth management capabilities. We saw meaningful momentum in Hefty party cups with 15 points of volume growth driven by expanded points of distribution, a broader product offering and strong supply chain execution that kept our product on shelf while some competitors faced challenges. Foam, as expected, was a headwind in the quarter. Foam headwinds of eight points masked five points of volume growth in the balance of the business.

Marketing initiatives like our Hefty Strong Choice campaign reinforced product strength, brand relevance and value as we carefully balanced pricing and volume to protect profitability.

Turning to the broader environment, volatility in the geopolitical landscape continues to weigh on consumer confidence and is contributing to higher household costs, particularly through higher gas utility prices. As a result, increased gas prices are expected to reduce U.S. household spending power by approximately $165 billion annually. Consumers remain cautious against this backdrop and are adapting their shopping behavior by placing increased value on reliability, functionality and trusted brands, dynamics that continue to support our essential high repeat use portfolio.

While it is still early to fully assess the impact of current geopolitical developments, we have built significant supply chain resiliency over the last year and feel well prepared to manage known risks. We have also built a leaner, more agile organization that allows us to respond quickly to these events as conditions evolve. As a reminder, geographically, our largely domestic presence allows our business to remain resilient, providing some insulation despite rising costs from global disruptions. We feel confident in the continuity of our supply given long-standing supplier relationships and are actively managing raw material inflation, including resin and aluminum, through pricing actions, which we are navigating in the context of an already pressured consumer.

What remains to be seen is the evolution of the consumer and the more nuanced elasticity dynamics across our categories. Despite the current macro uncertainty and cautious consumer outlook, we believe we are well-positioned to stay within our existing full year 2026 earnings guidance range with robust market momentum, ongoing efficiency gains, and strong pricing power compensating for the incremental cost pressure we expect to face.

The first quarter result was indicative of the underlying performance and improvements in our business. Carrying that momentum into an inflationary period gives us additional confidence in navigating the challenges in front of us.

Looking ahead, our strategic priorities remain unchanged, and we will continue to focus on volume growth, operational excellence, and disciplined investing. While the consumer outlook has softened since early February and macro volatility has elevated further, we remain confident in our team, our strategy, and our ability to navigate near-term uncertainty while creating long-term value for our shareholders.

I will now turn the call over to Nathan to cover the financials in more detail. Nathan?

Nathan D. Lowe
Chief Financial Officer

Thanks, Scott, and good morning. I am pleased with the strong start to the year with results that exceeded our expectations across all key financial metrics, reflecting disciplined execution across all parts of the organization. The manufacturing and broader cost savings initiatives we discussed last year are progressing well, supporting current earnings performance and positioning us to help offset potential elasticity impacts as the year progresses.

As Scott mentioned, we are reporting under a new segment structure, which provides greater focus, improved go-to-market effectiveness, and clearer visibility into future growth platforms. We will be updating prior period comparables as we release results throughout the year.

In the first quarter, we delivered net revenues of $877 million, representing 7% growth compared to $818 million in the first quarter of 2025, led by strong gains in our Reynolds Cooking and Kitchen Essentials segment, as well as broad-based growth across the portfolio. Retail revenues of $804 million were $37 million above retail revenues in the first quarter of 2025, reflecting strong volume growth of 2% and outperforming our categories.

Non-retail revenues also increased year-over-year, providing an additional contribution to top line growth. Successful implementation of price increases and relentless focus on price pack architecture, along with ongoing productivity, allowed us to overcome cost inflation and expand our gross margin by approximately 60 basis points.

Our core profitability increased approximately 200 basis points, with the dilutive impact of higher pricing and non-retail revenues resulting in a lower reported number. This strong gross profit was accompanied by an increased investment in SG&A to support our growth objectives and other strategic priorities.

Turning to profitability. Adjusted EBITDA of $131 million was above our expectation and well above the $117 million Adjusted EBITDA in the year ago period, primarily driven by higher retail volumes and manufacturing efficiency gains. Adjusted EPS increased more than 20%. Importantly, we were able to deliver this performance while continuing to invest in our brands, capabilities, and people.

Looking ahead, the first quarter puts us on solid footing for the year, and the momentum we're seeing across the business reinforces our confidence in our plans. At the same time, the pressure the Iran conflict is putting on global commodity prices and supply chain costs is real. Based on increases in rates thus far, we expect incremental headwinds of approximately $200 million on an annualized basis coming primarily from aluminum and resin. We are actively working to offset these headwinds through a combination of productivity initiatives, pricing, and incremental cost reductions. These actions are being implemented with a continued focus on balancing cost recovery with volume, share, and category health, and are reflected in our outlook.

Following our strong start to the year, we are reiterating our full year '26 net revenue outlook of minus 3% to plus 1% compared to 2025 net revenues of $3.7 billion. We expect to continue to grow or maintain share across our categories, but we would expect pricing to be a larger contributor as well as some incremental demand pressure on our categories in the back half of the year. Non-retail revenue is still expected to be flat for the year.

We are reiterating our full year '26 earnings outlook, which reflects continued disciplined execution, ongoing operational improvements, and confidence in our ability to navigate the evolving macro environment. We continue to expect net income and adjusted net income to be $331 million to $343 million. Full year adjusted EBITDA to be $660 million to $675 million and full year EPS and Adjusted EPS to be $1.57 to $1.63.

Second quarter 2026 net revenues are expected to be minus 2% to plus 1% compared to second quarter 2025 net revenues of $938 million, benefiting from oil pricing actions. Net income and Adjusted Net Income are expected to be $83 million to $91 million in the second quarter. We expect Adjusted EBITDA to be $165 million to $175 million by comparison to second quarter 2025 Adjusted EBITDA of $163 million and earnings per share and adjusted earnings per share in a range of $0.39 to $0.43.

Turning to cash flow and capital allocation. Our approach to capital allocation is unchanged, with a continued focus on deploying capital to its highest value uses across both organic and inorganic opportunities. We continue to operate from a position of balance sheet strength with net leverage at 2.1x as of March 31st, well within our target range and providing financial flexibility to continue advancing our capital pipeline and support for organic and inorganic investment opportunities.

In summary, we delivered a strong start to 2026, with results that reflect solid commercial performance, improving productivity and continued progress against our strategic priorities. We're encouraged by the momentum we're seeing across the portfolio and believe our first quarter performance puts us on solid footing as we proceed through the year. At the same time, we remain cautious about the external environment and are managing the business with a clear focus on pricing discipline, cost productivity, and thoughtful capital deployment. With a strong balance sheet, a robust pipeline of high-return investments and a team that continues to execute well, we believe we are well positioned to navigate near-term headwinds while continuing to build long-term value.
With that, we're happy to take your questions. Operator?

Question and Answer

Operator

[Operator Instructions] Our first question is from Peter Grom with UBS.

Peter K. Grom
UBS Investment Bank, Research Division

So Nathan, I wanted to maybe just start on the $200 million of incremental inflation. Can you maybe just help us understand what that is based on? Is that based on current spot rates or future terms? And then related, you reiterated your guidance, which clearly suggests that you have confidence in your ability to offset or mitigate that. So can you maybe just unpack the various drivers around price and productivity?

Nathan D. Lowe
Chief Financial Officer

Sure thank, Peter. From the start of the year to the end of Q1, we've seen increases across our commodities ranging from $0.15 to $0.40 on a per pound basis. If you think about our commodities in three buckets: aluminum, polyethylene and then other resins, they're all contributing roughly equal amounts to the $200 million annualized headwind, and that's based on settled rates that we've seen. I think Scott wants to cover the last.

Scott E. Huckins
President, CEO & Director

Yeah. Good morning, Peter. So the attempt of this is to walk you through, you know, thought process by category. So in aluminum, in the foil business, we continue to see strong performance, as you have seen, in spite of increased prices. And a reminder, a key element of that remains the price gap between Reynolds Wrap and private label, which has remained constructive. I think most of the volatility, as Nathan just got done talking about, is really in the resin stacks. When we think about the food bag and waste bag business, we would generally expect to see rational supplier behavior in terms of taking price on resin-related items. And what I think remains to be seen, particularly in the back half of the year then, is the effect on the consumer in elasticities with that backdrop.

In the Tableware business, that's the one we would generally expect to see the greatest amount of elasticity. As a reminder, the majority of the use occasions in that part of the business are really convenience and therefore, it's probably the most discretionary of the categories. And then lastly, what we think we'll see some buffer or mitigant to elasticities just given the state of the consumer. Again, a lot of the survey research data points to more time at home and more consumption at home from the consumer. So when we put all of that, into a thought process, that's what we've attempted to do in our outlook.

Peter K. Grom
UBS Investment Bank, Research Division

No, that's super helpful. And then, Scott, you mentioned in prepared remarks that you're starting to see some early signs of consumers eating less away from home. You talked several times or mentioned several times, throughout your prepared remarks around consumers being under more pressure. So can you maybe just talk a bit about what you're seeing from a category standpoint, how that's progressed through April? And then maybe related, what are you kind of embedding in your guidance from a category standpoint today?

Scott E. Huckins
President, CEO & Director

Yes. So I guess -- I mean, I'll start with the consumer. So most of what we've been reading about, again, on a survey basis suggests that on the order of three quarters of the U.S. consumer who are active drivers, I mentioned in prepared remarks, who are preparing to absorb a $165 billion estimated impact in fuel, are looking at three different levers to help mitigate those costs and they're roughly equal percentages, again, based on consumer response, a reduction in dining out, a reduction in travel and a reduction in entertainment, all to equal degrees. And so that's the backdrop to what we think we saw some consumer performance or strength in the first quarter.

We commented in prepared remarks that the overall categories performed a bit stronger than we expected, and we think that's certainly a contributor. And then I just go back to my commentary across each of the categories and how we think those evolve across Foil, the Food and Waste Bag business and Tableware in terms of how we thought about the outlook. And maybe the last piece would be really, I think the year will end up being a tale of two halves. You've obviously seen the first quarter strong results. We anticipate a strong second quarter, and we wanna be careful in thinking about the pricing landing in the second half of the year on top of a challenged consumer. That's, I think, the dynamic that we're trying to think through and factor into our guide.

Operator

Our next question is from Rob Ottenstein with Evercore ISI.

Robert Edward Ottenstein
Evercore ISI Institutional Equities, Research Division

So I want to focus on the Waste Bag segment. And you're flagging pretty intense competitive activity in promos, both on branded and on private label. So number one, can you kind of step back why do you think that's happening on both sides coming into the year? And how deep are those promos? And then how much flexibility is there to change the promos as the year goes? And have -- given the input cost increases, have you started to see those promos abate a little bit? So just trying to understand that dynamic and then maybe a little bit more in terms of how you're facing it.

Scott E. Huckins
President, CEO & Director

Good morning, Robert -- so I guess there's a couple of questions embedded in the Waste Bag category. It's difficult for us to answer questions about why other branded players are doing what they're doing. We would just go back to -- it's about what we expected and commented on our Q4 call in February that we were preparing for a step-up in promotion and price competition. And that's very much what we saw in the quarter. And frankly, if anything, it escalated in April. So that's on the branded side of the business.

In the private label side of the business, that we observe is the retailer community really looking to drive traffic, of course, in this climate. And one of the tools in that would be cost -- key cost or price points using the private brands business to drive that traffic. So that's what we think is happening. Then I think on our specific business, we look at that environment and say, when we look at retail takeaways, we had plus 1% in volume in the quarter and plus 3% in dollar sales retail takeaway. So we look at that and say that largely validates our view of generally staying to our strategy of maintaining our price pack architecture with a performance brand orientation. That's part one.

Part two is, of course, we monitor the business every day, every week, every month. We certainly have the flexibility to invest differently in the business if conditions warrant. But we don't think that's what we saw in the first four months of the year.

Robert Edward Ottenstein
Evercore ISI Institutional Equities, Research Division

And I mean I'll ask it again, and I'll probably get the same answer. But I mean, just hypothetically thinking, I mean, why would it escalate in April in terms of the promos given what's going on? I mean, do your competitors -- are they irrational? Do they have enormous excess capacity? What other dynamics do you think are out there that could cause that sort of competitive behavior?

Scott E. Huckins
President, CEO & Director

Yes. Again, I'd say it's really difficult for us to explain what others do. The only thing I can think about on the impact of commodities is as we think about our business, we would envision our pricing activities being relevant for the start of the third quarter. And so it could be as simple as those actions have yet to take shape in terms of the dynamic here in the month of April.

Robert Edward Ottenstein
Evercore ISI Institutional Equities, Research Division

So what it could have been is just these are promos that were planned in December or January, they were set out in the calendar. They were timed to be deeper in April. So it's not like they increased over the course of the year. This is just how things were timed and they will naturally roll over and become more rational later in the year. Is that the best way to look at it?

Scott E. Huckins
President, CEO & Director

It's certainly possible. As I said, we just have no way to offer any insights in the strategy of others, but that certainly is a plausible potential explanation.

Operator

Our next question is from Andrea Teixeira with JPMorgan.

Unknown Analyst

This is Shavana Chowdhury on for Andrea. I wanted to ask you about the initial fiscal year '26 guidance that included your first half top line to be price driven, while the back half was to be more volume driven. But now that it seems like you are contemplating additional pricing given the $200 million incremental headwind, how should we think about the top line drivers specifically in the back half? Is it going to be more pricing driven? And also, I wanted to confirm related to that, your initial expectations where the retail branded sales, the category was going to perform at about 2% decline. Is that still the case given how the consumers are behaving most recently?

Nathan D. Lowe
Chief Financial Officer

Good morning, Shavana. So your recollection is correct on how we'd initially guided and certainly with where commodities and other input costs were at the start of the year, that was our expectation. Here's what we know today. We've seen $200 million in annualized cost increases thus far. The pricing to offset these, any potential elasticities and other consumer impacts will be concentrated in the second half year. So we'd expect pricing to be a larger part of the year-on-year revenue performance in the second half year than we originally contemplated, but we would still expect to be inside our guidance range for the full year.

Unknown Analyst

And also like the underlying category, is it still expected to decline 2%? Or is it worse from what you were seeing initially?

Nathan D. Lowe
Chief Financial Officer

So I'll just point back to the same comments on the consumer. Our expectation is our performance versus the categories is consistent that we believe we can outperform them. So any degradation in retail volumes would be as a result of category declines as opposed to our share performance.

Unknown Analyst

And one quick question on tariffs, i.e. PA refunds. I just wanted to ask if you -- what is your stand on that? Are you working on your refunds? And any update would be appreciated.

Nathan D. Lowe
Chief Financial Officer

Certainly. Yes, we're certainly working on them, but I think context is probably important. You recall -- our imports are a single-digit percent of our COGS. And as we moved through the year last year, the tariff headwinds really shifted more to Section 232 tariffs and the aluminum increases, which are out of scope for the Supreme Court ruling. So it's really quite an immaterial amount. We do have claims in process. And to the extent we recover any monies and we priced for them, our intent is to pass those back to the retailers.

Operator

There are no further questions at this time. I would like to turn the conference back over to Scott for closing remarks.

Scott E. Huckins
President, CEO & Director
Yes. Thank you, operator. On behalf of our 6,000 teammates at Reynolds Consumer Products, we appreciate your interest in the company, and we certainly wish everybody a great day.