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Reynolds Consumer Products, Inc. (REYN)

Q1 2024 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Greetings, and welcome to the Reynolds Consumer Products, Inc. First Quarter 2024 Earnings Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Mark Swartzberg, Vice President of Investor Relations. Thank you, sir. You may now begin.

Mark David Swartzberg
Vice President-Investor Relations, Reynolds Consumer Products, Inc.

Thank you, operator. Good morning and thank you for joining us for Reynolds Consumer Products first quarter earnings conference call. Please note that this call is being recorded and webcast on the Investor Relations section of our corporate website at reynoldsconsumerproducts.com. Our earnings press release and presentation slides are also available.

With me on the call today are Lance Mitchell, our President and Chief Executive Officer; and Scott Huckins, our Chief Financial Officer. For our call, Lance will review our business performance and the actions we are taking to continue leading our categories, followed by Scott, who will review our first quarter results and our outlook. Following prepared remarks, we will open the call for your questions.

Before we begin, I will like to provide a couple of reminders. First, this morning's discussion may contain forward-looking statements based on current expectations and beliefs. These statements are subject to risks, uncertainties and changes in circumstances that could cause actual results and outcomes to differ materially from those described today.

Please refer to the Risk Factors section in our SEC filings, including in our annual report on Form 10-K and our quarterly report on Form 10-Q. Please note that the company does not intend to update or alter these forward-looking statements to reflect events or circumstances arising after the call.

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

Now, I'd like to turn the call over to Lance.

V. Lance Mitchell

President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc.

Thank you, Mark, and good morning, everyone. We're off to a strong start in 2024. We continued to lead our categories delivering retail volume at the high end of our guide, which reflects the strength of our integrated brand and store brand business model. We continue to launch a robust line of innovative products, and our focus remains steadfast on offering sustainable alternatives across our product categories.

We're delivering results from our Reyvolution program and continue to develop further opportunities. And we outperformed our first quarter guide, delivering strong earnings growth. We have a high level of confidence in our plans and actions that we're taking to lead our categories, drive earnings growth, and continue to increase our financial flexibility.

Before I get into the specifics of each business, I'd like to first comment on the consumer environment. When we reported results in February, I spoke to volumes being under pressure across the consumer staples sector. During the quarter, demand was modestly better than expected in some of our categories and share gains also contributed to our retail performance, reflecting the strength of our integrated business model. However, factors including reduced consumer savings, increasing credit card debt, continued inflationary pressure and elevated interest rates continue to pressure consumption on our categories.

In this context, we're not complacent. We entered the year expecting ongoing consumer pressure, and we're taking actions that we planned to drive our categories, our profitability and additional financial flexibility. Our actions are wide-ranging and include the following: As category advisors, we are in ongoing dialogue with our retail partners and constantly evaluating and adjusting our joint plans to meet their needs and the needs of our consumers. We're investing in compelling and impactful omni-channel and multi-product advertising. And we're actively managing proven price, pack, and architecture plans to drive volume in our categories.

Our innovation pipeline has been a key contributor to sourcing incremental volume and its strong as it's ever been. We have a robust lineup of brand innovation, which recently received top ratings from a third-party review. For our Presto business, we will have more product launches in 2024 than any other year since RCP and Presto came together. And we're on track for offering sustainable solutions in every product line by 2025. We're very excited about the innovations that we're bringing to the market. And we're driving productivity and Reyvolution savings in procurement, manufacturing, supply chain and other areas of our business as an additional lever for earnings growth and reinvest it back into the business.

I'll now review our performance outlook by business. The Reynolds Cooking & Baking business is performing very well and we're building on the operational, commercial and financial success that we drove in the first quarter. Reynolds continue to grow share in household foil, where it gained three share points in 2023, and we're driving significant growth in the rapidly expanding parchment paper category, which remains a focus area of innovation.

Innovations such as Reynolds Kitchen Stay Flat Parchment are doing well, and we look forward to unveiling our plans for commercialization of our number of new sustainable solutions across the portfolio in the future. We continue to recruit millennial and Gen Z consumers to our products and categories.

As a part of our new Chef's Kiss marketing campaign targeting young cooks, we launched a multi-product advertising campaign with influencers highlighting products in Reynolds' portfolio, which is amplified in digital and social channels. As we reviewed at our Investor Day, new processes and technologies are in place and proving to be very effective in supporting operational stability. Finally, Reynolds' position as the only vertically-integrated aluminum foil manufacturer in the United States is a significant competitive advantage, providing us with a high level of control over quality, continuity of supply and other attributes of our leading market position.

Our Hefty and Presto Waste & Storage bag business continued to perform well in the first quarter, and we're executing comprehensive plans to drive further commercial and financial success. The quarter featured a number of commercial highlights, including Hefty's continued outperformance of our branded waste bags, sequential improvement in private label food bags, and continued strength from product innovation. Looking forward, we expect product innovation to remain a major source of volume growth.

Hefty Fabuloso reached $180 million in annual retail sales over the last 12 months, and we expect further distribution gains from new sense and sizes. We're introducing new sustainable product solutions, including Hefty Ultra Strong Coastal. Coastal just began shipping and is made with 35% recovered materials including 10% cosatal materials. And Hefty Presto [ph] close fill bags (00:07:53) are off to a strong start, leveraging the mid-tier premium value strategy that has been successful in other categories.

We're also innovating in store brands, including new compostable sandwich bags and reformulated [ph] stretch and hold (00:08:05) waste bag. We recently extended our contract with John Cena, who features in a new omni-channel campaign for Hefty Ultra Strong trash bags and highlights strength that is anything but ordinary with a number of new spots rolling out over the course of the year.

Turning now to our disposal tableware segment. Our first quarter results demonstrated a moderation in volume declines from the second half of 2023. It's important to recognize that this entire category is impacted by price elasticity after a period of significant inflation and resulting price actions.

On the commercial front, we adjusted trade promotions in the quarter and we made progress on several initiatives, including lower pack counts at competitive price points, increases in cross-portfolio promotion and expansion of multiple new products and distribution, including Hefty ECOSAVE, Hefty Compostable Printed Plates, and Hefty PET cups made with post-consumer recycled content. And we continue to migrate the category to more sustainable solutions. And despite the decline in revenue, profits were unchanged in the quarter.

Before turning the call over to Scott, I'd like to reiterate that our business model is a competitive advantage and we have the right team and plans in place to build on the momentum in the first quarter. The entire RCP organization remains committed to leading our categories and driving earnings growth. Scott, over to you.

Scott Edward Huckins

Chief Financial Officer, Reynolds Consumer Products, Inc.

Thank you, Lance. Good morning, everyone. 2024 is off to a strong start as our first quarter performance closely aligned with the objectives we outlined when introducing our full year 2024 guide in February. As a reminder, those objectives are, driving retail volume at or above category performance, delivering double-digit earnings growth, investing in our categories and product innovation, driving productivity, disciplined cost management and additional Reyvolution cost savings and generating strong free cash flow and reducing leverage. In totality, we delivered the first quarter we expected and are on track to deliver our guide for 2024.

During the first quarter, we generated revenues, adjusted EBITDA and earnings that surpassed the high end of our guide and continued to increase financial flexibility. First quarter retail revenues were $794 million at the top end of our expectations and $23 million below retail revenues in the year ago period.

After giving effect to 150 basis points of product portfolio optimization, our retail revenues outperformed our categories by approximately 50 basis points. Low-margin non-retail revenues declined to $39 million in the quarter, but outperformed our expectations.

Adjusted EBITDA increased $40 million to $122 million, reflecting high-teens or earnings growth in three of our four businesses, driven by manufacturing output and lower operational costs. Earnings per share were $0.23, up significantly from $0.08 per share in the first quarter of 2023, reflecting EBITDA growth and lower interest expense from a significant reduction in debt in 2023.

Operating cash flow of $99 million was a record for the first quarter, driving a reduction of net debt to 2.5 times, trailing 12-month adjusted EBITDA, and enabled an additional $50 million voluntary principal payment on our term loan facility subsequent to quarter end.

Turning to our 2024 guide. Our financial objectives remain simple and clear. Protect and expand market share, drive earnings growth, and continue to delever and increase financial flexibility. We continue to forecast 2024 net revenues in the range of $3.530 billion to $3.640 billion, compared to net revenues of $3.756 billion in 2023. The elements of our guide are also unchanged, as follows. We expect pricing to reduce revenue by approximately 1%, which includes certain contractual pass throughs. We expect retail volume to perform at or better than our categories at a rate of minus 2% to plus 1%. And we expect most of our anticipated decrease in net revenues to be driven by our low margin non-retail business and optimization of our retail product portfolio.

We continue to forecast full-year adjusted EBITDA within a range of $660 million to $680 million, on the basis of our revenue forecasts and margin expansion driven by improvements in product mix, the Reynolds Cooking & Baking recovery of historical earnings, and the delivery of additional Reyvolution cost savings in all four businesses.

And we are increasing our forecast of earnings per share by $0.05 per share, or approximately $10 million in net income to a range of $1.62 to $1.70 per share for updated tax expectations for the second quarter and full year 2024.

Other considerations for the full year forecast consist of, commodity rates more stable than in recent years. SG&A unchanged compared to SG&A in 2023. Depreciation and amortization of approximately $120 million for the year. And interest expense is estimated to be $100 million for the year, in terms of each quarter's contribution to full year earnings.

In 2023, with the Reynolds Cooking & Baking business executing a recovery plan, the quarterly contributions of earnings are not representative of historical phasing. In particular, we pointed out on our fourth quarter earnings call that Q4 2023 EBITDA was a record which was in part driven by the anomaly in earnings contribution stemming from the recovery in Cooking & Baking last year. In 2024, and as we mentioned on our fourth quarter 2023 earnings call, we see the quarterly contribution of earnings looking a lot more like it did prior to 2023.

For the second quarter, we expect revenues in a range of $875 million to $900 million versus second quarter 2023 revenues of $940 million consisting of, unchanged pricing, a 3.5 point to a 1.5 point reduction from retail volume at or better than category forecasts, and a 3.5 point reduction from lower-margin non-retail volume and the optimization of the retail product portfolio. We forecast second quarter adjusted EBITDA in a range of $160 million to $170 million, representing a $10 million to $20 million increase over second quarter 2023 adjusted EBITDA. And earnings per share and adjusted earnings per share in a range of $0.42 to $0.46 per share versus $0.32 per share in the year ago period. The adjusted EPS forecast includes the tax benefit that I mentioned earlier.

Now, before turning to cash flow and capital allocation. For those of you using Circana data, it is worth noting that in evaluating Circana's expansion of reported channels, we have compared our historical share trends on a MULO+ basis to those on a MULO basis, and concluded that our share trends in MULO+ are similar to what they are on a MULO basis.

On capital allocation, our top priority remains the enhancement of financial flexibility through ongoing debt reduction. We continue to estimate free cash flow of over $300 million this year. As a result, we are tracking very well against our plan for leverage to be within our target range of 2 to 2.5 times adjusted EBITDA at year end.

Our other capital allocation priorities to invest in organic growth, automation and other Reyvolution cost savings, and to pursue targeted acquisitions consistent with our marketplace position and core competencies are unchanged.

Finally, on capital structure, I want to make note that we will file an amended shelf registration later today. As you know, these statements facilitate debt and equity offerings without stating an intent. While we do not have any specific plans for an offering, we will certainly update the market if that were to change.

In closing, our first quarter results provided us with a strong start to 2024, and I'm very pleased with our operational execution and balance sheet discipline. Consumer pressures continue, as Lance noted, but we have the business model, the team, the plans and the actions in motion to continue delivering on our financial objectives for the year and over the long term.

With that, let's turn to your questions. Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] Our first question comes from the line of Rob Ottenstein from Evercore. Please go ahead.

Robert Ottenstein
Analyst, Evercore ISI

Q

Great. Thank you. And good start to the year. Two questions. You mentioned a weakening consumer environment and some pressures on the business potentially because of that. Can you talk about that point within the context of also the possibility, and I think we see it in a number of areas of people going away from restaurants, which have gotten incredibly expensive to at-home meals. And so that's an opportunity and kind of maybe how you can use that trend to offset the weaker consumer? So that's question number one.

And then question number two, when we met last, a lot of excitement on some of your new innovations. Can you maybe talk about kind of the initial view of the incrementality of those innovations? And whether you're getting incremental shelf space at Target and Walmart and when does that hit? Is that in the market now or is that more of kind of a June, July event? Thank you.

V. Lance Mitchell
President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc.

A

Thank you, Robert. Well, the macro economic environment, inflation remains a concern on a number of factors that I have outlined in the prepared remarks. The consumer continues to be price sensitive in this environment and we're continuing to look for ways to provide them with value. You're absolutely right that with restaurant foot traffic going back to in-home use, so that's a potential upside to a lot of our categories, particularly Reynolds Cooking & Baking. So we have factored that in, but it could be some potential upside as we go forward. Of course, we'll stay very close to watching that.

Regarding our innovations, we're very pleased with the distribution gains that we've achieved in a number of retailers, including the two that you noted. Those mods have dropped already, they are in-store. And we've got a number of our new innovations on the shelf. We'll see how those perform and of course, we'll be reporting on that in the quarters ahead.

Robert Ottenstein
Analyst, Evercore ISI

Q

Great. Thank you.

Operator: Our next question comes from the line of Peter Grom from UBS. Please go ahead.

Peter Grom
Analyst, UBS Securities LLC

Q

Thanks, operator. Good morning. Hope you're doing well. Maybe just one follow-up to Robert's question. I want to make sure I heard that right. Did you say that you are including some sort of assumption in terms of the shift in food away from home, to food at home, in your kind of your projections for this year? That's just your first -- my first question.

And then I just wanted to ask about the commodity outlook. I know the guidance embeds an assumption for more stable rates, but we've started to see an increase in spot rates across certain [ph] markets (00:22:00). So maybe can you just help us understand what you're seeing across your commodity basket and kind of should inflation begin to move higher here? Can then you talk about plan of action, particularly to your point – to the point on the consumer, appears to be more under more pressure. Thanks.

V. Lance Mitchell
President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc. A

Good morning, Peter. I'll take the first part of that. We have factored modestly in our guide, some restaurant moving back to in-home use. So that's particularly Reynolds Cooking & Baking is modestly uptick in that consumption. And I'll turn the commodity question over to Scott.

Scott Edward Huckins
Chief Financial Officer, Reynolds Consumer Products, Inc. A

Yeah, good morning and thanks for the question. So we certainly have seen modest uptick in a few of the commodity inputs, at least relative to the end of 2023. However, when we built the original guide and our current outlook, we did factor in a modest amount of increase in those costs and feel very comfortable that that's reflected in our outlook.

Peter Grom
Analyst, UBS Securities LLC Q

All right. Thanks so much.

Operator: Our next question comes from the line of Mark Astrachan from Stifel. Please go ahead.

Mark S. Astrachan
Analyst, Stifel, Nicolaus & Co., Inc. Q

Hey, good morning, everybody. On market share and category expectations, I wanted to make sure I understand this. So I think you said you outperformed your categories by 50 bps in the quarter. Your volumes were down 3% ex-non-retail. So category is down 3.5%, something like that. But I think expectations for the year are still for category to be down 2% in total. So could you just reconcile that? And I guess that just means you think it's going to get better through the year, is that correct?

V. Lance Mitchell
President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc. A

I'll start with that. I'll have Scott add on to it. That is correct, 2%. And I'd just reinforce the fact that we aren't expecting an increase in category performance in the second half.

Scott Edward Huckins
Chief Financial Officer, Reynolds Consumer Products, Inc. A

So, I think the reconcilement question you're asking is, retail revenues in the quarter were down 3%. Of that 3%, there was about 150 basis point effect from product portfolio optimization for call it a net result of 1.5 points of decline in a category down 2. That was the math behind the 50 basis point capture comment.

Mark S. Astrachan
Analyst, Stifel, Nicolaus & Co., Inc. Q

Got it. Okay. So that makes sense. Since the category effectively the same through the year, you're just taking away the optimization piece. Okay.

Scott Edward Huckins
Chief Financial Officer, Reynolds Consumer Products, Inc.

A

Correct.

Mark S. Astrachan
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Thanks makes sense. Okay. And maybe if you could drill down a little bit of in the market share progression by category, just sort of report card in the early part of the year, particularly given that consumer seems to be a bit volatile sector to sector, that'd be helpful.

And then can you just -- sort of related to that, any updates on private label? I know you talked a little bit about how you're thinking about that through the year, but any sort of moves there again, sort of related to the category by category question would be helpful, too. Thank you.

V. Lance Mitchell
President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc.

A

I'll start with the last question. We can talk a little bit more about the specific categories in the share. Private label is, for the most part, been stable. We haven't seen a significant shift in the private label in our categories. We have seen some movement in some of the categories, but it was also factored into our guide. As far as the share gains go, I think we outlined that in the prepared remarks, particularly in the Cooking & Baking business, we had some share gains, continued share gains in foil. We continued to gain share in private label food bags. We've held share in the other categories.

Mark S. Astrachan
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Got it. Thank you.

Operator: [Operator Instructions] Our next question comes from the line of Andrea Teixeira from JPMorgan. Please go ahead.

Andrea Teixeira
Analyst, JPMorgan Securities LLC

Q

Thank you, operator. And good morning, everyone, I hope you are all well. Lance you -- I wanted to go back to your comments about the US consumer, but more in the perspective of the price pack architecture that you reviewed. I think with more details at the Analyst Day.

And just now you mentioned foil gaining share, but what has been the dynamic in trash bags? I think you brought in a lot more kind of, [indiscernible] (00:27:00) that you're getting a lot more market share with Fabuloso. I was hoping to see, if you can comment on a little bit on the price pack architecture, perhaps diminishing count and seeing how you can be positioned for that consumer that might be -- that don't want to get out of your branded and go to your private label. But perhaps, stay in the brand.

And then a clarification on Scott's commentary on the shelf registration. Is that just for to potentially optimize your cost of debt? Or is there any use of capital that you wanted to be prepared for in case you want to make an acquisition? Or is there anything related to your CapEx plans? Thank you.

V. Lance Mitchell
President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc. A

I'll certainly let Scott answer that second question. The first question on the price pack architecture is that is primarily focused on the tableware business. As we talked about at Investor Day, and I've talked about even in previous earnings calls, that category overall has really been impacted by inflationary pressures, and we're responding to that with a number of actions, some of which I outlined in our prepared remarks. But one of those is price pack architecture to make sure we get the counts right, we get the price points correct, and we are seeing improvement in that category and our performance in the category.

Again, we're both branded and store brand in that category and very pleased with the performance we're seeing on both from a sequential standpoint, but we're not done yet. We've got more work to do to ensure that we continue to grow that category and ensure our position grows within it as well. The other categories from a price pack architecture standpoint, we've got already corrected. We're in good position across our other categories in that regard. And the price points and the gaps with brand and private label we're very pleased with. I'll turn it over to Scott for the question on the shelf.

Scott Edward Huckins
Chief Financial Officer, Reynolds Consumer Products, Inc. A

You bet. Good morning. So I think my three points to make on the shelf. The first is just a reminder that our near-term priority remains to pay down debt. I mean that's important context for the question. And as we've mentioned in prepared remarks, the shelf itself is the normal administrative vehicle to facilitate potential debt and equity offerings. And I think the last point is, I think we mentioned in prepared remarks, we do not have current plans.

Andrea Teixeira
Analyst, JPMorgan Securities LLC Q

Okay. Thank you very much.

Operator: Our next question comes from the line of Rob Ottenstein from Evercore. Please go ahead.

Robert Ottenstein
Analyst, Evercore ISI Q

Yeah, just two follow-ups. One, I think I know the answer to this, but are, your service levels now kind of back to pre-COVID levels? Or is there still work to be done on that score? And then second, can you talk a little bit about competitive activity? Is it rational? Are there any things in any particular categories that are worrisome? Thank you.

V. Lance Mitchell
President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc. A

Thank you, Rob. First of all, on the question of our service levels, I see a report every day at our service levels by overall and of course, by product line. And we are back to the 98.5%, that is our 98.5% case fill that we hold ourselves accountable to for our retail partners. So, yes, to your -- answer to your question on service, we are back. And the second question, yes, competitive activity is rational. We are seeing more promotions. We had planned for that and we are increasing our promotions as well and ensuring we -- as I mentioned a moment ago, get our price points correct. But what we'd expected from a competitive environment standpoint is playing out to this point to be what we'd expected.

Robert Ottenstein
Analyst, Evercore ISI

Q

Great. Thank you.

Operator: Our next question comes from the line of Brian McNamara from Canaccord Genuity. Please go ahead.

Madison Callinan
Analyst, Canaccord Genuity

Q

Hi, this is Madison Callinan on for Brian. Thanks for taking our questions. It sounds like you're perhaps a little bit more cautious on the consumer, relative to Q4. So what gives you the confidence to reiterate most your guidance? And what would you expect the major delta to be, if results deviate materially, either positive or negative from your current forecasts? Thanks.

Scott Edward Huckins
Chief Financial Officer, Reynolds Consumer Products, Inc.

A

It's Scott. I'll take it. So, I – the takeaway on the state of the consumer, I think is largely unchanged. We pointed to those same dynamics about drivers of consumer behavior on the fourth quarter call in February, as we did here on this call. I think your second part of your question is what might cause outperformance? What might cause underperformance? I'd say, if we were to see, for instance, further escalation of inflation that had the trickledown effect to the consumer, reducing demand that would be "the downside case". And similarly, if the marketplace were unchanged and we actually had more success taking share, for the balance of the year, that would be the case for outperformance. But again, the state of the consumer, the point of view is unchanged.

Madison Callinan
Analyst, Canaccord Genuity

Q

Great. And secondly, we're just curious what innovation launches are outperforming or underperforming your internal expectations? And is that relative performance continuing contemplated in your updated guidance?

V. Lance Mitchell
President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc.

A

I think, it is contemplated in the guide, but I think it's too early for us to declare victory on some of the innovations we've introduced. As I mentioned in a previous question, as we go throughout the year, we'll provide details on how innovation is performing. The ones we've recently launched.

Madison Callinan
Analyst, Canaccord Genuity

Q

Great. Thanks, guys.

Operator: Our next question comes from the line of Andrea Teixeira from JPMorgan. Please go ahead.

Andrea Teixeira
Analyst, JPMorgan Securities LLC

Q

Thank you for the follow-up. I was just hoping if you can comment a little bit more on the distribution gains. You mentioned in the prepared remarks about Hefty Fabuloso and also several of the tableware gains. I'm assuming with your guide, you obviously have the adjustment for the contract manufacturing, and the price concession there.

But anything you can say about, like, how we should be thinking into the foil and also for the Cooking & Baking. And I appreciate when you -- when Scott, you called out that, you had a record fourth quarter that we shouldn't be assuming that's going to be the same. So it's a different seasonality there. But just curious, if you're planning to see some distribution gains into that category as well or it's mostly on trash -- and on the trash bags and on the tableware. Thank you.

V. Lance Mitchell
President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc.

A

Andrea, the distribution gains are in several of our categories. I won't go into the details of those, but we are pleased with the modulars that have been set at our retail partners as we go in. And how those perform are yet to be determined, but the distribution gains are factored into our guide.

Andrea Teixeira
Analyst, JPMorgan Securities LLC

Q

Okay. Great.

Scott Edward Huckins
Chief Financial Officer, Reynolds Consumer Products, Inc.

A

I think you also got at kind of the phasing or pacing of performance, and that was the intent of the prepared remarks that last year, if you just looked at the quarterly results, we had a low-teens contribution of EBITDA to full year in the first quarter, a high-30s-percent contribution to EBITDA in the fourth quarter. In round numbers those are about 5 points off. You would normally see a high teens just like we did relative in the first quarter to our full year guide contribution and the fourth quarter would look like more or more like low 30s.

Andrea Teixeira
Analyst, JPMorgan Securities LLC

Q

Great. Appreciate that. Thank you. I'll pass it on.

Operator: [Operator Instructions] Our next question comes from the line of Jim Abbott from Barclays.

Jim Abbott
Analyst, Barclays Capital, Inc.

Q

Hey, just a quick question on pricing. So it was flat in the first quarter and guided to flat in the second. But then the outlook for the full year calls right down one. So implying some pressure in the back half despite easier comps in the year ago period. So any dynamics to be aware of on that or segments to call out with pricing pressure? Thanks.

Scott Edward Huckins
Chief Financial Officer, Reynolds Consumer Products, Inc.

A

Yeah. So no pricing pressure per se. You're right, so just to kind of reset. No change in price in Q1, no expected change in price in Q2, full year down one remains. It's more a function of pricing activity from last year than pricing pressure this year. That's probably the easiest way to think about it.

Jim Abbott
Analyst, Barclays Capital, Inc.

Q

Got it. Thank you.

Operator: There are no further question at this time. I would like to turn the call back to Mr. Lance Mitchell. Please go ahead.

V. Lance Mitchell
President, Chief Executive Officer & Director, Reynolds Consumer Products, Inc.

Well, thank you, operator. And thank you, everyone, for your time today. On behalf of everyone at Reynolds Consumer Products, we appreciate your interest in our business. Stay safe. Take care. Thank you.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.