S&P Global
Market Intelligence

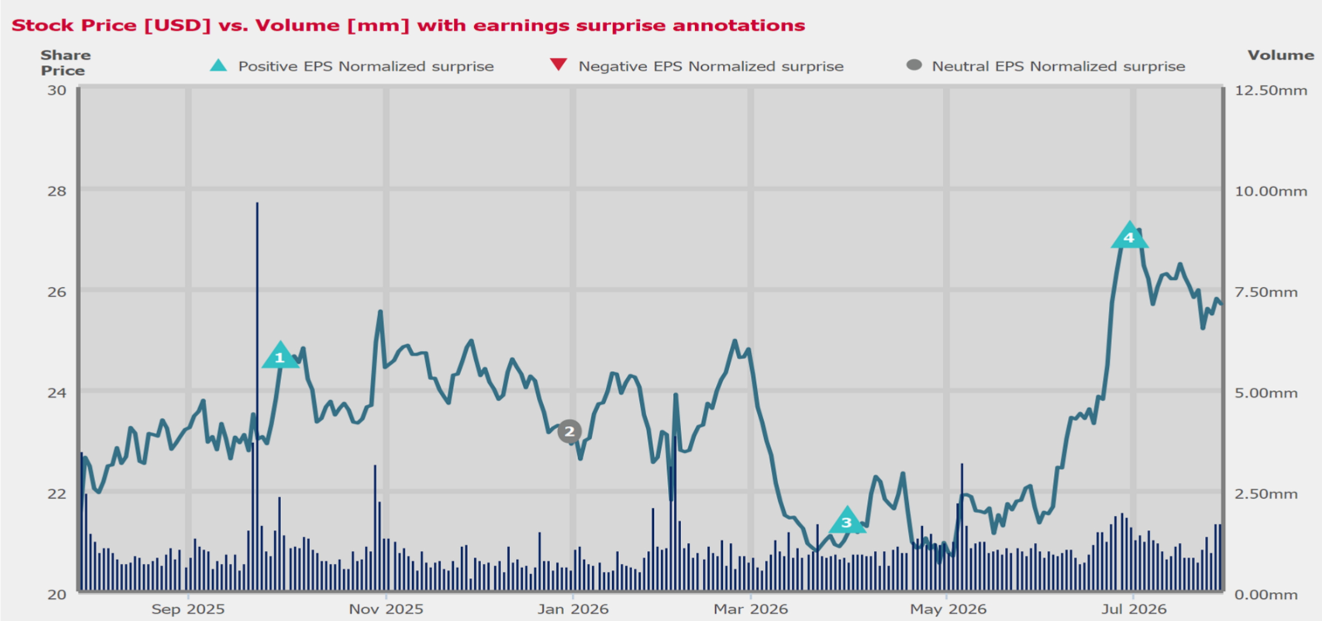
Reynolds Consumer Products Inc.
NasdaqGS:REYN
FQ2 2026 Earnings Call Transcripts

Wednesday, July 29, 2026 12:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2026-			-FQ3 2026-		-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	GUIDANCE	CONSENSUS	CONSENSUS
EPS Normalized	0.40	0.42	▲5.00	0.38	NA	1.61	NA
Revenue (mm)	935.49	944.00	▲0.91	934.83	931.00	3795.08	NA

Currency: USD
Consensus as of Jul-30-2026 11:00 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ3 2025	0.39	0.42	▲7.69 %
FQ4 2025	0.59	0.59	0.00 %
FQ1 2026	0.24	0.28	▲16.67 %
FQ2 2026	0.40	0.42	▲5.00 %

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Call Participants

EXECUTIVES

Jill Koval
Director of Investor Relations

Nathan D. Lowe
Chief Financial Officer

Scott E. Huckins
President, CEO & Director

ANALYSTS

Andrea Faria Teixeira
JPMorgan Chase & Co, Research Division

Brian Christopher McNamara
Canaccord Genuity Corp., Research Division

Lauren Rae Lieberman
Barclays Bank PLC, Research Division

Peter K. Grom
UBS Investment Bank, Research Division

Presentation

Operator

Greetings. Welcome to Reynolds Consumer Products, Inc. Second 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 Second 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 non-GAAP to 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. We delivered a solid second quarter, executing our pricing actions as planned, holding or growing share across the majority of our categories and driving earnings growth through numerous productivity initiatives. In a highly promotional environment where consumers remain under pressure, our performance reflects the strength of our brands, the value consumers see in our products and the quality of execution from our teams.

A few highlights from the quarter. We are executing well against our previously stated priorities. Significant productivity is being achieved across our entire supply chain with a large portion coming from our manufacturing operations. This enables further investment in R&D, innovation and growth, which we expect to continue in the back half. We delivered distribution wins across both Hefty Waste & Clean-Up and Hefty Storage & Organization as evidenced by the volume and revenue performance in each segment. Each business is overcoming highly promotional environments and the private label losses we've previously communicated.

On the e-commerce front, Hefty Ultra Strong trash bags ranked among the top 5 products sold across all categories on Amazon Prime Day, while our Hefty food bags grew e-commerce sales approximately 30% from the year-ago period, meaningfully outpacing the category. These results validate our digital positioning and reflect growing brand visibility across digital channels.

Turning to our business units. In Reynolds Cooking & Kitchen Essentials, we continue to execute our pricing strategy in order to recover higher commodity costs while delivering profitable growth through manufacturing and supply chain productivity. The foil category continues to absorb the impact of cumulative pricing actions taken over the past 2 years, and Reynolds Wrap performance has remained broadly in line with the category on a year-to-date basis. The share performance variability between Q1 and Q2 is largely a function of shifts in promotional timing. We attribute the resilience of our performance in the foil category to both our strategy of more frequent but smaller pricing changes and the fact that Reynolds Wrap consumers use foil for many applications across cooking, prep, storage, and portability resulting in a lack of one-for-one product substitutability. At the same time, Reynolds Parchment Paper and several other products across the Reynolds Kitchens portfolio delivered share gains, highlighting the strength of our broader cooking portfolio.

Sales performance in our Hefty Waste & Clean-Up business remained resilient despite ongoing competitive pressure. Hefty branded growth and distribution gains offset the impact of previously communicated private label distribution losses, resulting in stable retail volume performance. Importantly, the Hefty brand maintained share in a highly promotional environment, supported by strong consumer loyalty, improved distribution and velocities across key retail partners and momentum in e-commerce.

Hefty Home & Tableware delivered strong profitability in the quarter with adjusted EBITDA increasing despite continued volume pressure in foam. Ongoing manufacturing productivity and the disciplined execution of our RGM capabilities drove meaningful margin expansion and top-line growth in other areas of our portfolio. We continue to enjoy the strong performance of the Hefty brand with solid market share gains in party cups. Zoo Pals delivered a strong consumer response during Amazon Prime Day, and our John Cena Strong Choice marketing campaign continues to reinforce Hefty's value proposition with consumers, carrying the message of strength and reliability across the broader portfolio.

Our Hefty Storage & Organization business continued to build on its momentum, delivering record second quarter revenues and strong volume growth. Retail volumes increased 8%, driven by the strength of both our Hefty and store brand food bag businesses with Hefty food bags gaining share during the quarter. Through expanded distribution across key customers, we more than offset the impact of previously communicated private label distribution losses, which were the most pronounced in this business.

Turning to the broader environment. The consumer backdrop remains largely consistent with what we described in April and at the beginning of the year with some incremental signs of strain. Employment remains relatively healthy, but consumers are navigating real spending pressure as evidenced by higher borrowing costs, rising credit card delinquencies and meaningful trade-offs across household budgets. What we're seeing across the marketplace is a consumer who is deliberate and value-oriented with purchasing behavior that varies by income level. Even consumers who are willing to spend are concentrating their purchases on products that deliver value through a clear combination of functionality, convenience, and affordability. We believe our portfolio is well positioned for this environment given the nature of our categories and the everyday value our products provide. The continuing deployment of our revenue growth management capabilities gives us the tools to respond to this environment while preserving strong value propositions for consumers and helping our retail partners drive traffic.

During the second quarter, we supported our retail partners through a series of in-store and online activations and seasonal programs. These include our America 250 limited edition products in foil and tableware as well as Reynolds Kitchens countertop prep paper in-store demo campaigns. Together, these efforts increase the visibility of our brands, encouraged trial and helped drive traffic in our categories. While value remains paramount, consumers continue to respond meaningfully to innovation. Fun Foil and our color and scent platforms in Waste are resonating with consumers seeking differentiated solutions. We are focused on winning the highest value occasions with our core and growth consumers, and we see real evolution in occasion-based purchasing behavior versus product-based purchasing behavior. This is likely linked to the ongoing increases in omnichannel and now agentic shopping. This is one factor leading to our expanded investment in our digital capabilities with some strong early proof points in our results that I described earlier.

Looking ahead, we expect the consumer and operating environment to remain pressured through the second half of the year. Commodity markets remain volatile, consumers continue to make deliberate value choices and the promotional intensity remains elevated. What gives us confidence is the resilience of our categories, our brands and the strength of our execution. Consumers continue to need the products we make. And when they look for value, both our Reynolds and Hefty brands, along with the store brands we supply are positioned to meet these needs. Our strong retail partnerships, industry-leading service levels in the high 90s and continued investments in our brands and capabilities remain important points of differentiation.

Our priorities for the back half of 2026 are straightforward. We're focused on capturing the growth opportunities in front of us, monitoring the pricing actions already in market and continuing to drive productivity and operational improvements across the business. Given the combination of pricing actions for commodities and the state of the consumer, we remain nimble in our management of the business as demonstrated in the first half of the year. We remain focused on controlling what we can control, supporting our customers, investing in our brands, driving incremental productivity, and executing our plans. These priorities have served us well through this dynamic environment, and they continue to position us to deliver profitable growth and long-term value creation.

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. Second quarter results were in line with our expectations and reflect solid execution in a challenging environment. Productivity gains across the supply chain with particularly strong performance in our manufacturing operations allowed us to fund investments in growth and other business priorities while delivering strong year-on-year increases in gross profit, EBITDA, and EPS in the quarter.

Our supply chain initiatives have helped drive a 200 basis point gross margin improvement, continuing to build from the 50 basis points we delivered in the first quarter. We are now over 12 months into executing against our automation pipeline, and this is also contributing to our improved profitability. Adjusted EBITDA of $171 million increased $8 million or approximately 5% versus the prior year. This marks 3 consecutive quarters of EBITDA growth against a backdrop of rising raw material costs and a challenging consumer environment.

Q2 revenue of $944 million was up 1% versus the second quarter of 2025, reflecting price increases and retail sales volumes in line with category performance or 1 point better than our categories, excluding foam. Non-retail revenues also grew modestly year-over-year. Adjusted EPS of $0.42 increased 7%, reflecting flow-through of improved profitability in the quarter. For the first half of 2026, adjusted EBITDA of $302 million represents 8% growth versus the prior year period on revenue of $1.8 billion, up 4%. Gross profit grew $38 million and margin improved 120 basis points in the first half despite the dilutive effects of pricing to recover commodity costs, which reflects the compounding benefit of our productivity initiatives. In many respects, the first half sales performance is a better indicator than the second quarter taken in isolation, given the shift in Easter and numerous other changes in our promotional calendar.

On a year-to-date basis, we outperformed the categories by 1 point on volume, more than overcoming a 2-point headwind from private label distribution losses that took effect in January. We generated $173 million in operating cash flow in the first half, up from $147 million in the comparable period last year, driven by stronger net income. We continue to deliver strong free cash flow despite commodity pressure and have increased capital expenditures by 25% year-to-date versus the prior year period, reflecting continued investment in growth, automation and other cost reduction projects.

Turning to our full year outlook. We are increasing our revenue guidance to reflect higher pricing to recover commodity headwinds as well as reflecting the first half retail volume outperformance. Given the North America-centric nature of our business, the impacts of the Iran conflict are generally limited to higher commodity costs and the effect of a more uncertain environment on consumer demand. We now expect approximately $400 million of commodity headwinds on an annualized basis, up from $200 million when we reported in April, reflecting changes in commodity rates from the end of March to where markets settled at the end of June.

At the same time, the productivity initiatives we are driving across our supply chain that we've discussed over the past year continue to gain traction with incremental benefits helping offset both commodity inflation and potential elasticity from our second half pricing actions, supporting confirmation of our full year EBITDA and EPS guide. We are increasing our full-year '26 net revenues outlook to low single-digit growth compared to 2025 net revenues of $3.721 billion from a previous guide midpoint of down 1%. In the back half, we expect pricing to be a larger contributor to revenue while factoring in incremental demand pressure from corresponding elasticities. We continue to expect non-retail revenue to be flat for the year.

As mentioned, our earnings guidance is unchanged with net income and adjusted net income expected to be in the range of $331 million to $343 million, EPS and adjusted EPS of $1.57 to $1.63 and adjusted EBITDA of $660 million to $675 million. Our confidence in these ranges reflects the progress we delivered in the first half while being thoughtful about the macroeconomic uncertainty that could impact the second half.

For the third quarter, we expect net revenues to be approximately flat compared to third quarter 2025 net revenues of $931 million. Net income and adjusted net income are expected to be in the range of $79 million to $83 million in the third quarter. We expect adjusted EBITDA between $160 million and $165 million by comparison to third quarter 2025 adjusted EBITDA of $168 million, and earnings per share and adjusted earnings per share in a range of $0.37 to $0.39.

Turning to capital allocation. Our leverage sits at the lower end of our target at 2.1x net debt to EBITDA, and we maintained a disciplined, albeit unchanged approach. We still see meaningful opportunities in front of us to invest in the business, continue to assess organic and inorganic growth opportunities, all targeted at driving long-term shareholder value. Additional deleverage and returning capital to shareholders through our quarterly dividend remains an important pillar of our capital allocation.

In closing, the first half results demonstrated that our strategy is working as we outperformed our categories, expanded margins and grew earnings in a challenging environment in spite of a pressured consumer and sharply escalating raw material costs. Our focus for the second half is unchanged: continue to deliver improved performance in all areas of the business while remaining agile to react to external factors swiftly. We are also investing in the future. Productivity gains from lean deployment and automation are expanding margins and the savings they generate help fund reinvestment back into the business. That self-reinforcing cycle is how we create durable value for shareholders today and over the long term.
With that, we're happy to answer 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 Scott, maybe just to start, I'd love to get some perspective on kind of the waste bag category, some broader thoughts on your strategy now that we're halfway through the year? And maybe how this informs your view on what to expect in the back half?

And then my second question, Nathan, you touched on the strong gross margin performance in the quarter, but you did touch on the $400 million of annualized cost pressures versus the $200 million previously. So I'd just be curious how you see gross margin evolving from here, just given the moving pieces?

Scott E. Huckins
President, CEO & Director

Good morning, Peter. Thanks for the questions. I'll start with waste and then Nathan will comment on your second question. But I'd say as we reflect on the first half, we feel good about the strategy that we've deployed in waste. And I think a few key data points support that view, Peter. First, despite the promotional environment, we've held share in the category. Second, we've actually enjoyed low-double-digit increases in distribution in our Hefty branded waste bag business, which we're very pleased with. Third, we drove 2 points of both volume and sales growth in the branded business. And lastly and importantly, during this period of time, velocities are actually up in both dollars and units. And so as we reflect on the strategy, we certainly think that our performance brand philosophy is working and the consumer value proposition remains intact. Nathan will pick up on the second one.

Nathan D. Lowe
Chief Financial Officer

Yes, absolutely. It's probably good to just go back to the start of the year and think about what we guided to. So we guided down retail volumes for the year, EBITDA essentially flat year-over-year, with some investments in SG&A to fund a number of strategic initiatives. But what underpinned all of that was improvement in the profitability of the business in the form of expanded gross profit on lower volumes. So yes, that has flown through in the form of margin rate expansion in the first half of the year. What remains true in the back half of the year is we've continued to focus on those productivity initiatives that will drive profitability, but I would expect the incremental pricing that's taking effect in July to be a numerical headwind to margin rate.

Operator

Our next question is from Andrea Teixeira with JPMorgan.

Andrea Faria Teixeira
JPMorgan Chase & Co, Research Division

I just want to basically start clarifying the comment about the trash bags. Is that also evident of you gaining more shelf space? Any color there? And then my real question is regarding the pricing that you took and then how the elasticity has played out? I understand that this has been a process of recovering margin and profitability. But just any color on how you're seeing the consumer making those choices between your value proposition within the brands and then against private label, if you can comment on those across your portfolio?

Scott E. Huckins
President, CEO & Director

Sure. So I think your first question -- and good morning, Andrea, your first question is about waste and share and distribution. So the comments that I was offering is that as we look back on the first half, we held share in waste. The second comment was that we had low double-digit increases in distribution. So we like that data point in terms of what that suggests for the future. I'd say the environment remains elevated from a promotional standpoint. But I'd say it moderated a bit between Q1 as we transition into Q2. So at the same time, we would expect there will be all kinds of pricing changes in the resin categories, plural, probably coming to shelf right about now. So we need to be on the lookout and see how that evolves, both on the brands and store brands.

I think your second question is really about pricing generally, private label, and gap. So I think what we'd say there is to recap, we've had several consecutive quarters of smaller price increases in foil, the most recent in market in July. And then across the balance of the portfolio for all things with the resin substrate, those are really our first initiations of cost recovery, also in July. So essentially, the full portfolio, we've attempted to price to level against the input costs in the business. And so difficult to predict what the near-term result is, just given, as I said, we've got a number of observations watching how both brands and store brands price in this environment. But I think as we look back using foil as at least a proxy because we've been doing this for 6, 7 quarters in a row, I think we've demonstrated an ability to be quite rational in our pricing approach, monitoring closely the gaps to the store brand and being nimble in our response.

Andrea Faria Teixeira
JPMorgan Chase & Co, Research Division

Scott, this is super helpful. Can I just double-click on the pricing front? And indeed, we've seen you kind of gradually taking pricing on the foil side. Can you remind us like cumulative, how much that was over the last 6 to 7 quarters that you put it out? And then in resin, how much was your price increase in July?

Scott E. Huckins
President, CEO & Director

I guess probably the easiest way to answer it would be, if you think about on aluminum and if you look at the price volume mix table in the public reporting, in round numbers, you'd see about 20 points of pricing in each of Q1 and Q2. And then I'd say, as we look at total company, we kind of take Nathan's comment of about $400 million of incremental commodity exposure divided by our retail revenue, that would suggest a low double-digit level of pricing across the business.

Andrea Faria Teixeira
JPMorgan Chase & Co, Research Division

Okay. Super helpful. And then it's -- obviously, you're still gaining share because it seems like competitors are taking pricing at a similar level. Is that fair to assume?

Scott E. Huckins
President, CEO & Director

I'd say it's -- you probably have 2 buckets. I'd say from a share perspective as, again, we look at the first half, I'd say we've held share in foil, held share in waste. Materially, the rest of the business grew share. So food bags, party cups, parchment, and Reynolds Kitchens would be the share gainers. And so again, as we reflect on that in light of the state of the consumer and the quantum of pricing and commodity headwinds, we're pretty pleased with the outcome.

Operator

Our next question is from Lauren Lieberman with Barclays.

Lauren Rae Lieberman
Barclays Bank PLC, Research Division

Great. I wanted to just get more detail around the promotional timing differences that you mentioned in the release for Cooking & Kitchen. Any way to kind of quantify the impacts as we think about go-forward elasticity, that would be helpful?

Scott E. Huckins
President, CEO & Director

Sure, Lauren. Thanks for the question. So I think what we're trying to relay is you had 2 macro factors in foil affecting timing. One, the Easter timing shift, which I know you and all of us know about. But also two, we had promotions that we ran in the second quarter of last year that really ran in the first quarter of this year. So you end up with a pretty wonky year-over-year compare between Q1 and Q2. How I look at it is when I look at the entirety of the business in the first half, we are right in line with the category. And then I think a really important data point, which you may have already looked at is if you look at the last 4 weeks, so that would have been after the expiry of the promo comp timing differences, the results at retail look a lot like the total year-to-date results. So you kind of see a smoothing, if you like, of recent performance relative to the volatility you would have seen in Q1 and Q2.

Lauren Rae Lieberman
Barclays Bank PLC, Research Division

Okay. Okay. Great. And then just one more question was on recent aluminum weakness. So I know you talked about incremental pricing as part of the plan. You gave us the $400 million as a commodity cost inflation number. But just broadly curious on your thoughts on recent aluminum weakness and if that impact has been factored into your pricing plans at all? And how does private label manage through that, do you expect?

Nathan D. Lowe
Chief Financial Officer

Yes. I mean we definitely saw some easing in aluminum late in Q2. It really varies across our basket of commodities, what is happening. What's true across all of them is we finished at the end of Q2 at a rate higher than where we entered Q2, but relative to the high during the second quarter, they generally were a little softer by the end of Q2. We just go back to what Scott said, we stick to our guns. We've got the pricing in the market. We just got to stay agile as we see how any elasticities play out and respond accordingly.

Operator

[Operator Instructions] Our next question is from Brian McNamara with Canaccord Genuity.

Brian Christopher McNamara
Canaccord Genuity Corp., Research Division

I wanted to drill down on elasticities, particularly in 75 square foot foil. Scott, I know you mentioned earlier in the year that the, kind of, the $5 tipping point from 2022 is more like $6 at the time. I think you said that in February. And we've observed foil prices at retail kind of move from the high $4 to high $5 range in January to about $6 to $7 range broadly today. Has that goalpost moved again? And how does that factor into your pricing plans and expected volumes in H2? And related, how are price gaps to private label today? And has there been any movement there?

Scott E. Huckins
President, CEO & Director

Brian, good question. Thank you. I guess what we would say is you're right that I think historically, the company would have commented on a price threshold of $5 being important. I think what we've seen over time is, one, if you look across all of grocery and you ask yourself, what has been the change in the average item, our research suggests that plus 30%, plus 40%. So that was the data point I may have shared previously that spoke to, $5 itself may not be the absolute answer. Number two is, certainly at least as important as the absolute price point would be the gap to private label, which I know we've commented on several times.

I'd say, one, the gaps to private label still remain constructive, which I describe as the gaps are generally less than $1, meaning the difference between the Reynolds Wrap brand and the private brand is less than $1. I would say, two, the gaps have expanded a bit as we watched the second quarter. But again, as I was saying a moment ago, what we've seen is the last 4 weeks, which would pick up the period of time we had our last round of pricing, we've seen the category remain really, really resilient. I think the math is volumes are down 4%, 5%. Retail takeaway dollars are up low-double-digits. And so I think that suggests that our strategy has been proven resilient and somewhat successful so far. But again, with new pricing in market, as we've said, we certainly want to look at the data each and every week and be prepared to be nimble.

Operator

There are no further questions in the queue. I would like to turn the conference back over to management for closing remarks.

Scott E. Huckins
President, CEO & Director

Thank you, operator. And we appreciate everyone's interest in Reynolds Consumer Products. And on behalf of our 6,000 teammates, we wish everybody a great day.

Operator
Thank you. This will conclude today's conference. You may disconnect at this time, and thank you for your participation.