

## Q2 2025 Earnings Call *(Corrected version)*

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### ✓ **Event Details**

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### ✓ **Company Participants**

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

Scott Edward Huckins - Reynolds Consumer Products, Inc., President, Chief Executive Officer & Director

Nathan D. Lowe - Reynolds Consumer Products, Inc., Chief Financial Officer

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### ✓ **Other Participants**

Kaumil Gajrawala - Analyst

Andrea Teixeira - Analyst

Robert Ottenstein - Analyst

Peter Grom - Analyst

Brian C. McNamara - Analyst

Jim Abbott - Analyst

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## **MANAGEMENT DISCUSSION SECTION**

### **Operator**

Greetings. Welcome to the Reynolds Consumer Products Incorporated Second Quarter 2025 Earnings Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. 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**

Thank you, operator. Good morning and thank you for joining us for Reynolds Consumer Products second quarter earnings conference call. Please note that this call is being webcast on the Investor Relations section of our corporate site at [reynoldsconsumerproducts.com](https://reynoldsconsumerproducts.com). Our earnings press release and Investor deck are also available.

With me on the call today are Scott Huckins, our President and Chief Executive Officer; and Nathan Lowe, our Chief Financial Officer. Following 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 contain forward-looking statements, which 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. The company does not intend to update or alter these forward-looking statements to reflect events or circumstance arising after the call.

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, which can be found on the Investor Relations section of our site.

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

### **Scott Edward Huckins**

Thank you, Mark, and good morning, everyone. I will review performance and how we were driving our business before passing the call to Nathan to review the financials, our guide and our plans for capital allocation.

We delivered another solid quarter in line with our expectations in a challenging consumer and operating environment. Commercially, we delivered volume growth across the overwhelming majority of our categories, while categories like foam performed as expected. We gained share in multiple areas, including Hefty waste bags, private label food bags and Hefty party cups. Product innovation remained a major contributor to volume and share gains as we scaled recent innovation and launched new products. We continue to prioritize investment in products, such as Hefty Fabuloso scented waste bags, Hefty ECOSAVE compostable cutlery, Reynolds Kitchens Air fryer cups and many other new products.

Financially, we delivered results consistent with our expectations while starting to implement pricing to offset higher input costs. Nathan will speak more to our results and cost efforts where we are making progress in building a more nimble and responsive business. And strategically, we remained on task, advancing multiple work streams to drive long-term growth and structural margin expansion, building on our competitive advantages as a US-centric business. A part of this work is adding some key new members to the team, which I will speak to in a few minutes.

In terms of the operating environment, two data points offer perspective on the consumer climate that RCP and others are operating. First, US consumer confidence is down 15 points in the first half of 2025, and even more so on the expectations index. Second, SNAP benefits are used by approximately 15% of US households, which is similar in any given RCP category. And as you know, those benefits are being reduced.

In this context, we continue to lead our categories by meeting the consumers' need for affordability, value and convenience. Our response is wide ranging, including new opening price points, varied pack sizes, in both premium and non-premium offerings. Examples include parchment in 25-square-foot packages and revised counts of Hefty waste bags and Hefty party cups. We have also expanded distribution of Hefty Press to Close food bags, advancing the Hefty brand at a competitive price point in a large and important consumer segment. Much of this demonstrates that our emphasis on Hefty as the brand providing strong consumer value is working, evidenced by our share gains across many segments of our business.

The need for convenient ways to cook and enjoy food at home is also growing, driven by demographic changes in food away from homes, continued outpacing of food at-home cost. In response, RCP is gaining and expanding distribution on items prioritizing cooking and convenience, while also infusing a little fun. Reynolds Kitchens parchment is demonstrating strong growth and gaining momentum, driven by increased demand for unbleached parchment in air fryer liners. Reynolds Kitchens parchment cooking bags are showing strong early adoption and sell-through at major retailers. Reynolds Wrap limited edition Fun Foil

performed well during the 4th of July and will be part of a broader ongoing seasonal offering. And Hefty Extra Deep Paper Dishes are off to a solid start.

We are also spending even more time in the field with our retail partners to align even more closely on consumer trends and shared objectives. This means price pack shifts and product innovations, such as those I mentioned, as well as more forward-looking conversations about our categories and shelf sets. These conversations are also contributing to our success, adapting to broader shifts in shopping behavior, including strong outperformance online as an example.

Turning to the long term. In February, I outlined the work we are doing to drive incremental growth and margin beyond 2025. Those programs are proceeding well and are on track to begin delivering benefits late this year. Two growth-related initiatives and one of our supply chain projects are worth highlighting. In the area of revenue growth management, we have a big opportunity to implement trade programs generating higher returns for our retail partners in RCP alike. We have begun using new tools and processes to unlock this potential and are encouraged by early wins, trialing replanned promotions. We see a lot of opportunity in this area to migrate trade dollars from lower returning programs to higher returning programs for the mutual benefit of RCP and our retail partners.

Stronger product innovation across our portfolio is a priority and includes upping our game in sustainable product offerings. The Atacama acquisition gives us proprietary technology that we are now commercializing. Hefty ECOSAVE cutlery is entirely compostable and was recently introduced at two of the US' largest retailers. Early results are very encouraging, and the potential could be significant. Hefty ECOSAVE cutlery is as durable as traditional disposable tableware, competitively priced and has the potential to transform the approximately \$1 billion retail cutlery segment by offering consumers biodegradability without sacrificing the functionality that they expect.

In the area of supply chain, we are doing many things, including responding to the changes coming out of Washington. One noteworthy highlight is the onshoring of production of smaller product offerings that are winning with consumers and benefit from a shift to US manufacturing by RCP. Our team is doing an excellent job executing against our strategic initiatives and I am confident that our newest members will help us drive even better commercial, operational and financial performance. Our new Chief Commercial Officer, Carlen Hooker, joins us from Church & Dwight and is leading us in unlocking more of the distribution, growth and revenue growth management opportunities available to our strong brands and product portfolio. Our new Head of Hefty Tableware, Ryan Clark, comes to us from Post Holdings and is leveraging his experience, implementing plans to improve revenue and profit trends for this important business.

In closing, we are executing well in a challenging operating environment. We are meeting consumers and retailers' needs with Reynolds Hefty in-store brand products in packages that are affordable, functional and provide a little fun too. We are offsetting near-term cost pressures through pricing and productivity. And we are making our US-centric business even stronger, investing in clearly defined programs to drive incremental growth in margin beyond 2025.

Nathan, over to you.

**Nathan D. Lowe**

Thank you, Scott, and good morning, everyone. I am pleased to report our second quarter financial results, which are in line with the expectations we provided in April and delivered in a challenging operating environment. In the second quarter, net revenues were \$938 million, an increase from \$930 million in the year-ago period. Retail revenue of \$887 million was flat with retail revenue in the second quarter of 2024 and

better than our initial projections as retail volume grew modestly, excluding a more than 1-point headwind from foam products.

As Scott mentioned, we grew share in multiple categories. And our non-retail revenues increased to \$51 million. Second quarter adjusted EBITDA of \$163 million was at the high end of our range and compares to \$172 million of adjusted EBITDA in the year-ago period. Lower retail volume and the timing of pricing actions relative to input cost increases were partially offset by reductions in SG&A. Adjusted earnings per share was \$0.39 versus \$0.41 in the year-ago period when excluding a discrete tax benefit of \$0.05 per share. It is also worth noting that second quarter 2025 adjusted EPS excludes \$0.05 of strategic investments in revenue growth and operational cost savings initiatives, as well as CEO transition costs.

Before turning to the guide, it's important to elaborate on our gross profit and SG&A performance. The gross profit decline is not representative of ongoing profitability given our implemented and in-flight pricing, which is designed to fully recover commodity and tariff impacts. In terms of SG&A, a high year ago comparison contributed to the reduction this quarter. That said, we have also adjusted SG&A to current operating conditions with the intent of lowering our cost base and creating a more agile structure.

Looking ahead, we continue to execute in a challenging operating environment, and yet we remain confident in the 2025 earnings expectations that we provided to you when reporting the first quarter results. We are reiterating our outlook for net revenues to be down low-single digits by comparison to 2024 net revenues. Adjusted EBITDA in a range of \$650 million to \$670 million and adjusted EPS of \$1.54 to \$1.61 for the year. As a reminder, our full-year expectations for adjusted EBITDA and adjusted EPS continue to exclude debt refinancing costs recognized in the first quarter and approximately \$25 million to \$35 million of pre-tax costs to execute strategic initiatives and CEO transition costs.

Key features of our expectations include the following: pricing representing full recovery of increased commodity and tariff costs; continued retail volume performance in line with or better than our categories; non-retail revenues are expected to be flat for the year and the third quarter, implying a low-single-digit decrease in the fourth quarter; and continued discipline in all areas of controllable costs, including SG&A. In the third quarter, we expect net revenues to be down low-single digits by comparison to third quarter 2024 net revenues of \$910 million, including sequentially accelerating price growth to offset higher input costs. We expect adjusted EBITDA in a range between \$160 million and \$170 million by comparison to third quarter 2024 adjusted EBITDA of \$171 million. We expect adjusted EPS in a range of \$0.37 to \$0.41 versus \$0.41 in the year-ago period.

Now, turning to cash flow and capital allocation. Net leverage was 2.4 times EBITDA at the end of Q2 and inside our target range of 2 times to 2.5 times, positioning us well to continue investing against our pipeline of attractive investment opportunities. We are pleased to report a \$30 million increase in capital spending by comparison to the first half of 2024 and now expect a \$30 million to \$40 million increase for the year. This increase in capital reflects investment in high return projects to support growth, drive margin expansion and deliver a more robust earnings model beyond 2025. A key focus of these investments is automation and other high return initiatives.

I am also pleased with the progress we are making in operational productivity without capital, driven by a range of continuous improvement initiatives and advancements in predictive maintenance. In closing, we remain confident in our earnings expectations for 2025, and we are executing programs to increase RCP's long-term growth, earnings and cash flow potential. We see significant opportunities to create value in our business and are focused on unlocking more of that value.

With that, let's open the floor for your questions. Operator?

## QUESTION AND ANSWER SECTION

**Operator**

Thank you. We'll now be conducting a question-and-answer session. Thank you. And our first question today comes from the line of Kaumil Gajrawala with Jefferies. Please proceed with your questions.

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**Analyst:**Kaumil Gajrawala

**Question – Kaumil Gajrawala:** Hey, everybody. Good morning. A couple of questions. I guess the first one on investment areas, Nathan, as you had mentioned. If you could maybe just prioritize a bit more specificity, and obviously your leverage is where you like it to be, you're looking to deploy capital. What are some of the areas that you see as new and incremental opportunities that you can pursue that maybe you weren't able to a couple of years ago?

**Answer – Nathan D. Lowe:** Yeah. Thanks for the question, Kaumil. Similar to what we've been talking about really since the start of the year is we've spent a lot of time building out an automation capital pipeline in particular for multiple years of high return investments there. So that's a major priority, I would say, within – in deployment of capital. And the other, which is more recent, is just looking at opportunities to re-shore any manufacturing that may be overseas on some of the smaller product categories that we previously were importing. So that's a new source of return, but another good spot to deploy capital.

**Question – Kaumil Gajrawala:** Got it. And then how about from the maybe the innovation or branding side, is it being – are new categories or maybe more innovation that's perhaps even further from the core something that's on your mind or something that's being pursued already?

**Answer – Scott Edward Huckins:** Hey. Good morning, Kaumil. It's Scott. I think two thoughts. I mean, one, we continue to invest behind Hefty scented waste bags in the Fabuloso more (00:20:07). I think that continues to deliver really solid performance. And so investing behind that we think is wise. We're talking about a quarter where retail takeaways were on the order of plus 10. So we feel like, continuing to feed that is smart.

And I'll go back to one of the comments I made in terms of more recent innovation, which would be Hefty ECOSAVE cutlery. We're focused on those sorts of items in the sustainability part of the business, because generally we see some deficiencies either in the value proposition, meaning those items are super premium priced or the quality frankly is inferior. So we think this concept of affordable sustainability is also appropriate to invest behind, but that would be a larger one and a smaller one as examples.

**Question – Kaumil Gajrawala:** Makes sense. Thank you, guys.

**Answer – Scott Edward Huckins:** Thanks, Kaumil.

**Operator**

The next question is from the line of Andrea Teixeira with JPMorgan. Please proceed with your question.

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**Analyst:**Andrea Teixeira

**Question – Andrea Teixeira:** Thank you, operator, and good morning, everyone. I was hoping if you can explain a little bit more, Scott and Nathan, on the gross margin. And of course, we understand the pressures and the issues with aluminum and the tariffs. Of course, everything has been moving around, but embedded in your guide, what are you looking ahead and how to think about the pricing and the cadence of pricing to offset that and what are you embedding in terms of elasticity for the price increases? Thank you.

**Answer – Nathan D. Lowe:** Yeah, maybe I'll cover sort of the cost headwinds, the pricing and the development of that through the year. And I'd imagine Scott would want to talk a little bit about elasticities. So, as we said, on the April call, we're expecting a roughly 2 to 4 points of cost headwinds from commodities and tariffs through the year, that remains true. And similarly, as the guide contemplates full recovery of that, we're similarly anticipating 2 to 4 points of pricing. The guide also that we have maintained our revenue guide, but would expect an interplay between volume and price. So there is some quantum of elasticity baked into the guide. And I don't know if you want to elaborate on that.

**Answer – Scott Edward Huckins:** Thank you and good morning. All I'd add to – I think Nathan's comments are correct. And all I'd add is just maybe a couple of comments around aluminum. Obviously, we've watched it as you tracked the business in the category, you see, aluminum costs up quite a bit from April, which may or may not be obvious though. As we've been watching the category, we've started to see fairly sharp price increases in store brand aluminum foil. And that's important because not only are the absolute price points relevant, so are the gaps, and so we're looking at a price gaps that are well inside of a dollar, meaning that's constructive, some are even approaching parity, to flagship brands. So the point would be that we consider that in the guide, as Nathan shared, but it's important to understand that the relationship of price and cost at the consumer level between, our branded offering and store brands. So I'd want to add that to just the narrative around elasticities.

**Answer – Nathan D. Lowe:** Yeah. And I should circle back to the specific question you started with around Q2 as well. That was the timing of recovery of those increases in costs versus when the pricing is coming through is the majority of the year-over-year decline in gross profit.

**Question – Andrea Teixeira:** So just to understand and then I have a follow-up on the top line. The – to understand like the cadence of it, so we should be seeing now in the third quarter kind of like a better balance between the pricing and the gross margin to recover, but fully recover, probably only going to happen in the fourth quarter.

And then my question, on the top line, I also wanted to kind of dig into the trash bag commentary. I think you mentioned, and it implies that as if you gained share in the branded. I just want to make sure that we all in this call understand. And then conversely, on the food bags, you gained share in the private label, the store brand that you produced. Is that fair to infer?

**Answer – Scott Edward Huckins:** Yeah. On the share questions, Andrea, we picked up roughly a 1 point of share in Hefty branded waste in the quarter. We also picked up share in in-store brand food bags in the quarters, that would be accurate.

**Answer – Nathan D. Lowe:** Yeah. And back to the additional questions on gross profit, I'll point back to the 2 to 4 points, right? So we're talking about 2 to 4 points of headwinds and 2 to 4 points of pricing recovery for

the year guide. So I'd say that that would contemplate a recovery throughout the year, all else being equal. As for Q3, important to look at the timing of SG&A last year as well, as you're thinking about what is underlying the EBITDA guidance for Q3. So in Q3 guided EBITDA, this year, that looks a lot like our Q2 performance would imply a better gross profit outcomes in the third quarter.

**Question – Andrea Teixeira:** Great. Thank you so much. Appreciate all the answers. I'll pass it on.

## Operator

Thank you. Our next question comes from the line of Rob Ottenstein with Evercore ISI. Please proceed with your questions.

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**Analyst:**Robert Ottenstein

**Question – Robert Ottenstein:** Great. Thank you very much. You guys started the call off talking about weak consumer confidence, citing third-party sources. I'd love you to talk a little bit more about what you're actually seeing in terms of consumer purchase patterns, value-seeking behavior. And then in that context, what gives you the confidence that you will actually be able to successfully execute on your price increases? Perhaps touching on, the competitive behavior that you're seeing. We heard yesterday from Procter that they're seeing increased promotions in a number of their categories. You've heard from others about stepped up couponing. So love to get a sense of what gives you the confidence that you'll be able to execute effectively your price increases. Thank you.

**Answer – Scott Edward Huckins:** Yeah. Good morning, Robert. I'll start and Nathan may add. I'll see if I can go in order. So on price increases, we've generally executed those that have been nominated to the marketplace consistent with expectations. There will be incremental pricing that takes place in the third quarter. Again, remaining confident. And I think its pricing power of the brands, particularly that that gives us confidence, I think, to directly answer that question.

Interestingly, I think you're getting at, call it, promotional depth or levels of promotion. And as we look at the business, it's actually quite consistent with a year ago's quarter. We don't see, taken as a whole, any major inflection across promotion in the business. And then maybe just for completeness, we also see consistent stability in brand, store brand mix. A lot of folks have asked about, if we see evidences of trade down, etcetera. And I go back to the categories remain quite stable on that basis.

In terms of consumer, I think it'd be fair to say, consumer remains under pressure that that had been our view, as we started the year as I think you point out. We cited the statistics just to put context around, the evolution of consumer confidence, which I think we all understand, has softened through the year. So therefore, consumers certainly would be seeking value.

Two trends that I think are interesting would be, you continue to see club gain share at retail. What's interesting is that the most pronounced gain in that is actually the lower income demographic that that may not be intuitive, but again, I think it speaks to value-seeking. Similarly, if you look at online and we're pleased with our developments there as well, you see all demographics picking up online activity. But again, I'd go back to – you also see a fair amount of growth in that behavior among lower income demographic. So hopefully that's responsive to the collective set of questions, but we're feeling like our original outlook. I think the bottom line is on the state of the consumer ends up largely intact.

**Question – Robert Ottenstein:** Okay. Thank you very much.

**Operator**

Thank you. Our next question is from the line of Peter Grom with UBS. Please proceed with your questions.

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**Analyst:**Peter Grom

**Question – Peter Grom:** Thanks, operator. And good morning, guys. I just had a question on category growth. Last quarter, you kind of cited that you were anticipating a more challenging year ahead. I mean, just given what we're kind of seeing from a category perspective, your performance, has that thinking evolved at all as you look out to the balance of the year?

**Answer – Scott Edward Huckins:** I'll start, Nathan may add. But I'd say our view remains intact. At any given quarter you may see, slight differences versus a full-year expectation. But I think that full-year expectation remains kind of following the discussion to the previous question. I think our view of the consumer has held up quite well, performance of the categories taken as a whole are about what we thought. So we – therefore, we stuck to, our overall outlook in terms of the top line and category performance.

**Answer – Nathan D. Lowe:** Yeah. And I think just to add to that, I think that was, a revenue comment as we talked about as more pricing comes into the categories, we could see a trade-off between price and volume, but our outlook for retail revenues remain intact to Scott's point.

**Question – Peter Grom:** Okay. That's really helpful. And then I just had a question on, retail inventory destocking. You're hearing it from a wide range of consumer goods companies across a number of different categories. So was there any impact as it relates to, retail inventory destocking in the quarter? And, Scott, you kind of touched on, some of the faster growing channels being clubbed, which tend to be more efficient from an inventory perspective. So I wasn't sure if you're starting to see kind of a more natural headwind that's kind of occurring as that channel shift plays out.

**Answer – Scott Edward Huckins:** Good question. I would say in the quarter, taken as a whole, destocking was a neutral impact on the company. Certainly, that doesn't mean that literally every single item or category is unaffected, but materially, it was not a large event in the quarter or any material event in the quarter. But my observation of how to think about it is when we think about what happened in Q1, in rough math, it sort of feels like retailers took about a week's worth of supply out of the channel, and that's just persisted. And so perhaps that speaks to foot traffic or, variables like that. But we did not see anything substantive in terms of destocking in Q2.

**Question – Peter Grom:** Great. Thanks so much. I'll pass it on.

**Operator**

Thank you. Our next question is from the line of Brian McNamara with Canaccord Genuity. Please proceed with your questions.

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**Analyst:**Brian C. McNamara

**Question – Brian C. McNamara:** Hey. Good morning, guys. Thanks for taking the question. So in Q1, you mentioned retailer destocking as a headwind. I was hoping you could give us an update on destocking overall and whether at the retailer level or consumers kind of pantry de-loading, and how that's impacting your view on volumes for the back half?

**Answer – Scott Edward Huckins:** Sure. As I mentioned in the – to the last question, I'd say Q2, we just did not see, taken as a whole, any material impact from destocking. So our kind of working assumption is that, the destocking that we did see in Q1 is, flows through the balance of the year. It didn't get better. It didn't get worse. And I was trying to explain to the – for the previous caller was that, the math looks to me like retailers taken as a whole on average took on the order of a week, stocks, out of the chain. And so our operating assumption is that that sticks and flows through to the year. We don't see anything in the business again materially that tells us that the destocking is getting better or worse. As I said in Q2, taken as a whole, it was completely neutral.

**Operator**

Thank you. Our next question is from the line of Jim Abbott with Barclays. Please proceed with your questions.

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**Analyst:**Jim Abbott

**Question – Jim Abbott:** Good morning, everyone. So I just wanted to get some color on the promotional environment and trash. We see solid volume performance there, solid share gain that you're speaking about. But we do see, at least in Nielsen, an uptick in promotions, and we also see, pricing down in that price volume mix table in your release. I know you spoke that, overall promotional environment has kind of held steady. But I guess how do you disaggregate what's driving the share gains in trash between the higher promotions or the innovation that you've spoken to? Thanks.

**Answer – Scott Edward Huckins:** I think you're getting at promotional environment and trash. And so when we look at, our level of promotion in this second quarter versus the prior year second quarter within a 1 point. So when I referred to it (00:34:23), we don't see a step change in that. That was the basis. You correctly called out in the price volume mix table, in Hefty Waste & Storage, we had a net effect of 1 point of price, but to be fair, in part that's informed by some distribution gains invested behind both Waste and frankly, Storage. So I just go back to the macro point, which is nothing significant certainly year-over-year in our business in that category.

**Question – Jim Abbott:** Got it. Thank you. And then just on the tariff headwind that you were speaking to last quarter, I think it was \$100 million to \$200 million. Obviously, that changes by the day, I would think. But how are you thinking about that headwind now versus back in, a few months ago when the tariff rate on at least China was a lot higher? Thanks.

**Answer – Nathan D. Lowe:** Yeah. No, good question. It's back to the 2 to 4 points, really. As we said in April, roughly a 2- to 4-point headwind. If you said what made that up back when we spoke in April versus what it is now, it would have changed a little bit. I'd say that aluminum makes up a bigger part of the headwind. And as the tariff rates have settled out in many cases to a lower absolute rate more recently, that probably come down a little bit. But net-net, it's about the same headwind as we thought it would have been when we spoke in April.

**Operator**

Thank you. Our next question is a follow-up from the line of Brian McNamara with Canaccord Genuity. Please proceed with your questions.

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**Analyst:**Brian C. McNamara

**Question – Brian C. McNamara:** Yeah. Thanks for taking the follow-up. I guess gross margin is a pretty tough one to model for your company overall just given the various puts and takes. And I know gross margin was asked earlier in the call. I'm just curious, I guess, a skeptic would say, you missed on gross margin or gross profit by \$10 million. You made it up on kind of cost cuts in the SG&A line. How should we think about that in the back half of the year?

**Answer – Nathan D. Lowe:** Yeah, I mean the guide contemplates a similar amount of pricing recovery in the year as we have cost increases. So I mean 2 to 4 points of cost headwinds and 2 to 4 points of the pricing recovery. Of course, that's not – it wasn't a one-to-one relationship in Q2, just as, yeah, really the phasing of the development of pricing coming into the market versus the timing of when those higher costs started flowing through to the P&L. Of course, with the higher revenue performance in Q2 as well, we were pulling through some of that higher cost inventory before we had the pricing in market. Hopefully, that explains it.

**Question – Brian C. McNamara:** Great. And then just finally on the innovation front, I think you mentioned the parchment cooking bags are off to a good start. I'm curious how the air fryer cups are doing. I think both those innovations made a lot of sense to us. I think you talked – you launched them about a month ago.

**Answer – Scott Edward Huckins:** Thank you. Our cooking and baking colleagues will be pleased with that question. We're happy, net across that portfolio. A lot of folks are well aware of the prominence of the Reynolds Wrap brand and probably less so, across some of those other offerings. But we're very pleased with how that innovation has taken, perform. And as I think I mentioned a bit in prepared remarks, where we're specifically investing behind that because, again, we certainly, as all of you know, we see a greater degree of inflationary costs in eating away from home than in-home. And so we think that being nimble and innovative in cooking at home is value created. And so we continue to be pleased with that.

**Question – Brian C. McNamara:** Great. Thank you.

**Operator**

Thank you. At this time, this concludes our question-and-answer session. I'd now like to turn the floor back over to management for closing comments.

Yes. Thank you, operator, and thank you to our analysts and investors for your time and your interest in our business. We would also like to thank our 6,400 colleagues at Reynolds Consumer Products for executing well in this environment and doing the work to unlock even more of our potential. So with that, I wish everybody a great day.

**Operator**

This will conclude today's conference. Thank you for your participation. You may now disconnect your lines and have a wonderful day.