



# INTERNATIONAL PAPER

Third Quarter 2021 Earnings  
October 27, 2021

### **Forward-Looking Statements**

Certain statements in this presentation that are not historical in nature may be considered “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “anticipates,” “believes,” “estimates” and similar expressions identify forward-looking statements. These statements are not guarantees of future performance and reflect management’s current views and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. Factors which could cause actual results to differ include but are not limited to: (i) developments related to the COVID-19 pandemic, including the spread of new variants of the virus, the effectiveness, acceptance and availability of vaccines and booster shots, and associated levels of vaccination as well as the possibility that strains of the virus may be resistant to currently available vaccines, impacts of government responses to the pandemic on our operations, including vaccine mandates, impacts of the pandemic on global and domestic economic conditions, including with respect to commercial activity, our customers and business partners, consumer preferences and demand, supply chain shortages and disruptions, inflationary pressures, and disruptions in the credit or financial markets; (ii) the level of our indebtedness and changes in interest rates; (iii) industry conditions, including but not limited to changes in the cost or availability of raw materials, energy sources and transportation sources, the availability of labor and competitive labor market conditions, competition we face, cyclical and changes in consumer preferences, demand and pricing for our products (including any such changes resulting from the COVID-19 pandemic); (iv) domestic and global economic conditions and political changes, changes in currency exchange rates, trade protectionist policies, downgrades in our credit ratings, and/or the credit ratings of banks issuing certain letters of credit, issued by recognized credit rating organizations, (v) the amount of our future pension funding obligations, and pension and health care costs; (vi) unanticipated expenditures or other adverse developments related to the cost of compliance with existing and new environmental, tax, labor and employment, privacy, and other U.S. and non-U.S. governmental laws and regulations (including new legal requirements arising from the COVID-19 pandemic); (vii) any material disruption at any of our manufacturing facilities or other adverse impact on our operations due to severe weather, natural disasters, climate change or other causes; (viii) risks inherent in conducting business through joint ventures; (ix) our ability to achieve the benefits expected from, and other risks associated with, acquisitions, joint ventures, divestitures and other corporate transactions, (x) information technology risks; (xi) loss contingencies and pending, threatened or future litigation, including with respect to environmental related matters; (xii) our ability to realize the anticipated benefits of the spin-off transaction; and (xiii) the impact of the spin-off transaction on the Company and the relationship between the two companies going forward, including the ongoing commercial agreements and arrangements between us and Sylvamo. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements can be found in our press releases and U.S. Securities and Exchange Commission filings. In addition, other risks and uncertainties not presently known to the Company or that we currently believe to be immaterial could affect the accuracy of any forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Statements Relating to Non-U.S. GAAP Measures**

While the Company reports its financial results in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), during the course of this presentation, certain non-U.S. GAAP financial measures are presented. Management believes certain non-U.S. GAAP financial measures, when used in conjunction with information presented in accordance with U.S. GAAP, can facilitate a better understanding of the impact of various factors and trends on the Company’s financial condition and results of operations. Management also uses these non-U.S. GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company’s performance. The non-GAAP financial measures in this presentation have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with GAAP. In addition, because not all companies use identical calculations, our presentation of non-GAAP financial measures in this presentation may not be comparable to similarly titled measures disclosed by other companies, including companies in our industry. A reconciliation of all presented non-U.S. GAAP measures (and their components) to U.S. GAAP financial measures is available on IP’s website at <http://www.internationalpaper.com/performance/presentations-events/webcasts-presentations>.

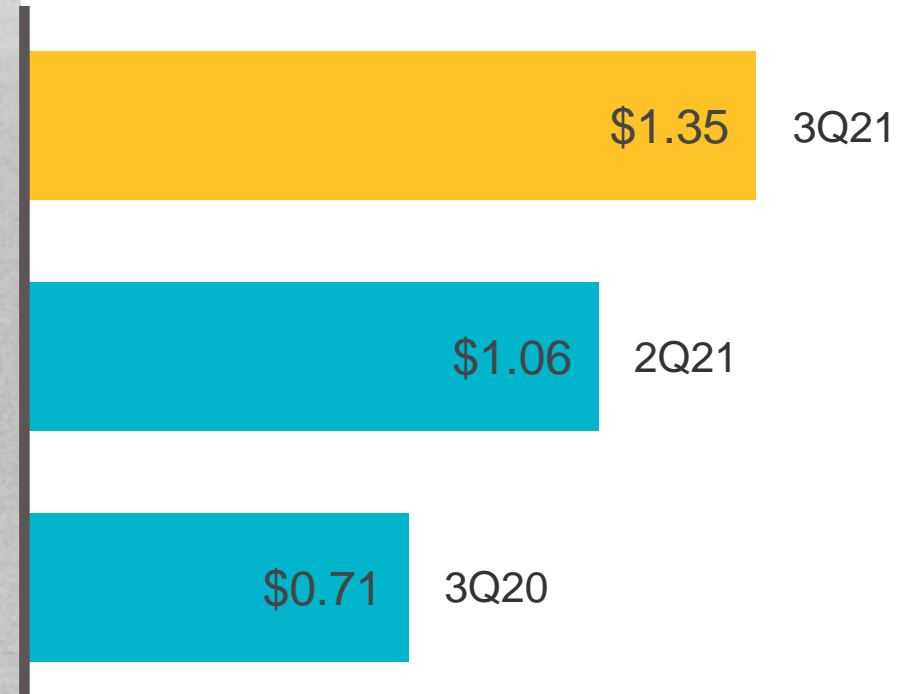
### **Ilim JV and Sylvamo Corporation Investment Information**

All financial information and statistical measures regarding our 50/50 Ilim joint venture in Russia (“Ilim”), and our 19.9% ownership interest in Sylvamo Corporation, other than historical International Paper Equity Earnings and dividends received by International Paper, have been prepared by the management of Ilim and Sylvamo Corporation, respectively. Any projected financial information and statistical measures reflect the current views of Ilim and Sylvamo Corporation management and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such projections. See “Forward-Looking Statements” above.

# Third Quarter 2021 Highlights

- Earnings growth and margin expansion
  - ✓ \$938MM Adjusted EBITDA<sup>2</sup>
  - ✓ \$519MM Free Cash Flow<sup>3</sup> generation
- Continued strong demand for corrugated packaging and solid demand for absorbent pulp
- Widespread supply chain constraints impacted volume
- Strong progress on price realization from prior increases
- Input costs significantly higher than anticipated
- Strong Ilim performance with equity earnings of \$95MM
- Strong cash generation
- Capital allocation:
  - ✓ Debt reduction of \$235MM
  - ✓ Dividends of \$199MM and Share repurchases of \$212MM
  - ✓ Printing Papers spin-off completed October 1

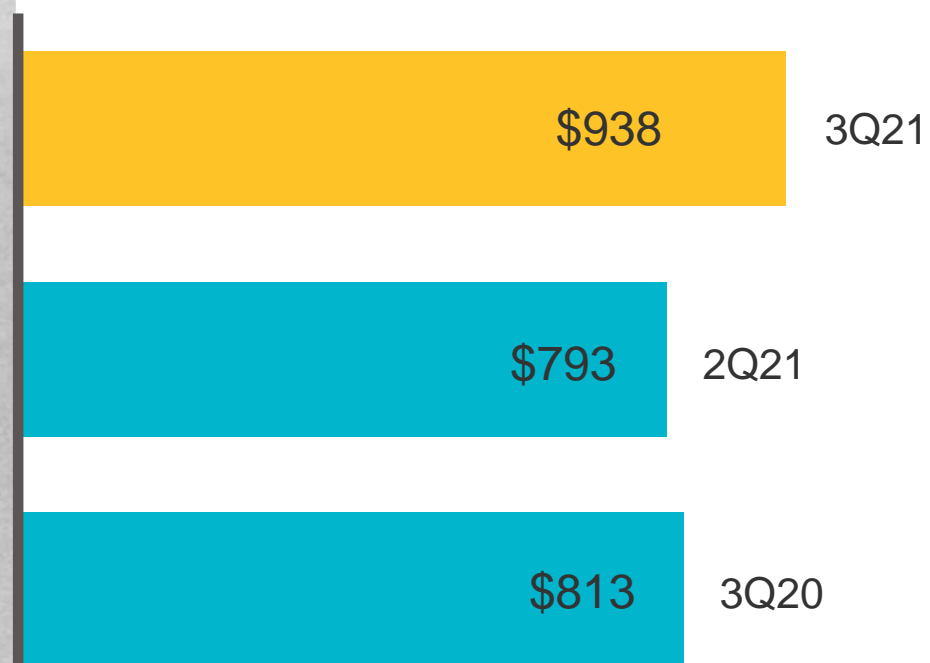
## Adjusted Operating EPS<sup>1</sup>



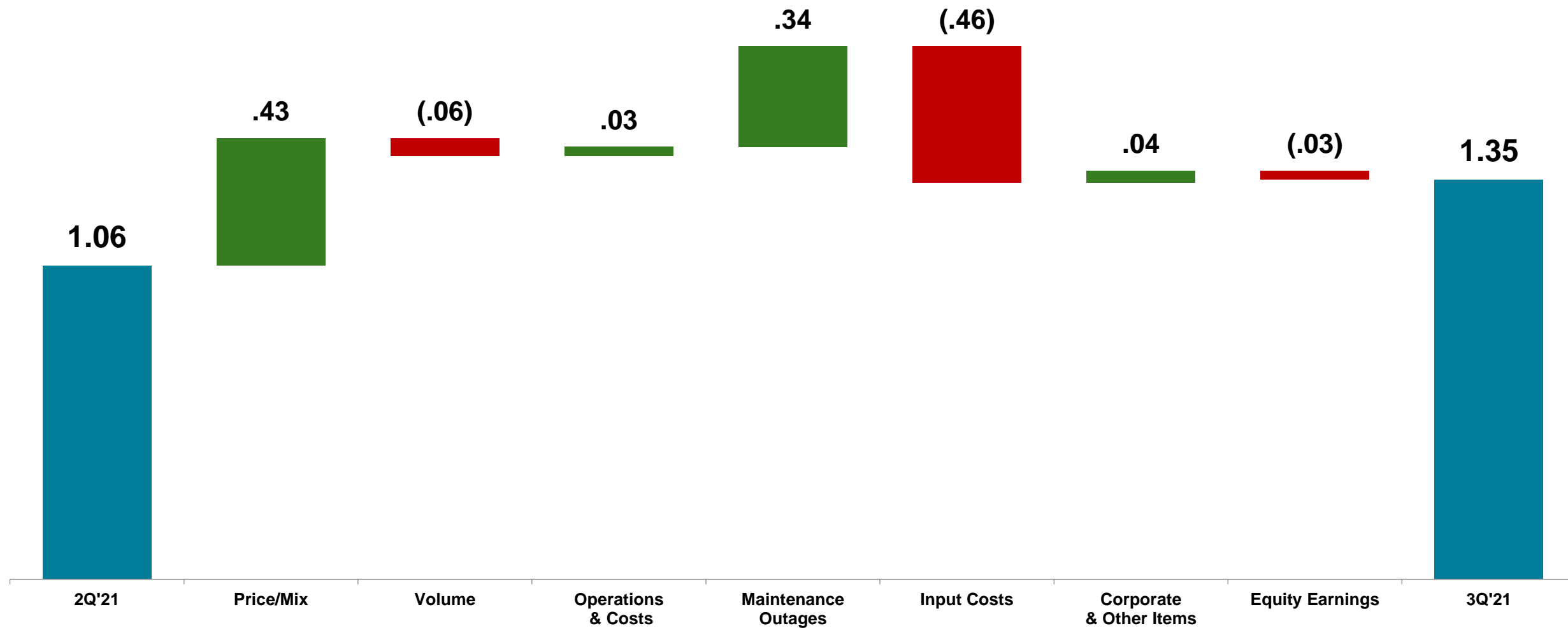
# Third Quarter 2021 Financials

	3Q20	2Q21	3Q21
Sales (\$B)	\$5.1	\$5.6	<b>\$5.7</b>
Adjusted EBIT <sup>1</sup> (\$MM)	\$493	\$487	<b>\$620</b>
Adjusted Operating EPS <sup>2</sup>	\$0.71	\$1.06	<b>\$1.35</b>
Adjusted EBITDA <sup>1</sup> (\$MM)	\$813	\$793	<b>\$938</b>
Adjusted EBITDA Margin <sup>1</sup>	15.9%	14.1%	<b>16.4%</b>
Equity Earnings (\$MM)	\$(28)	\$104	<b>\$94</b>
Free Cash Flow <sup>3</sup> (\$MM)	\$616	\$633	<b>\$519</b>

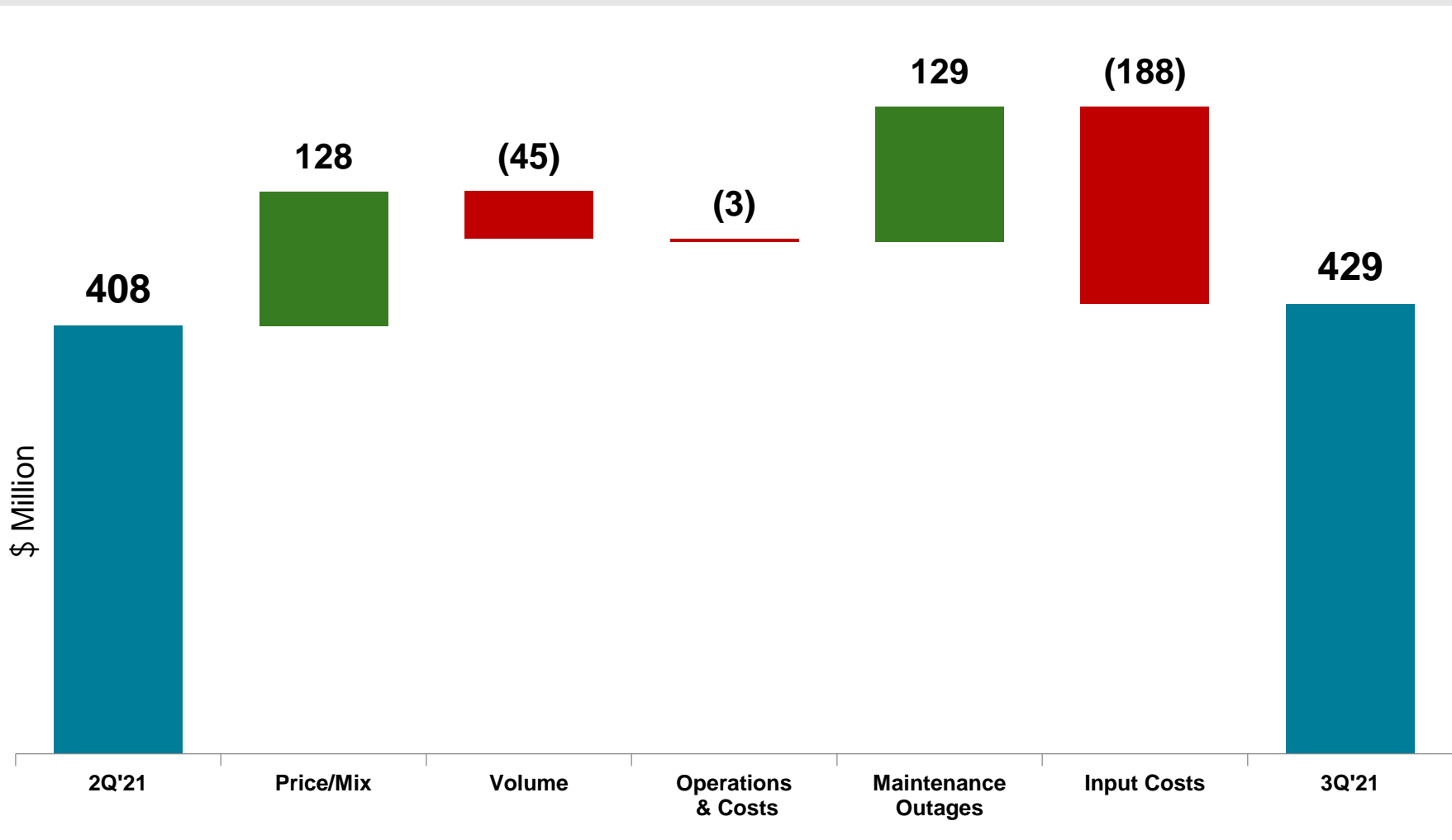
## Adjusted EBITDA<sup>1</sup> (\$MM)



# 3Q21 vs. 2Q21 Adjusted Operating EPS<sup>1</sup>



# Industrial Packaging | 3Q21 vs. 2Q21 Adjusted EBIT<sup>1</sup>



Strong demand across all channels

IP 3Q21: U.S. box shipments -1.7% YoY (daily); U.S. channels +1.3% YoY

Solid mill performance with inventory recovery late 3Q21

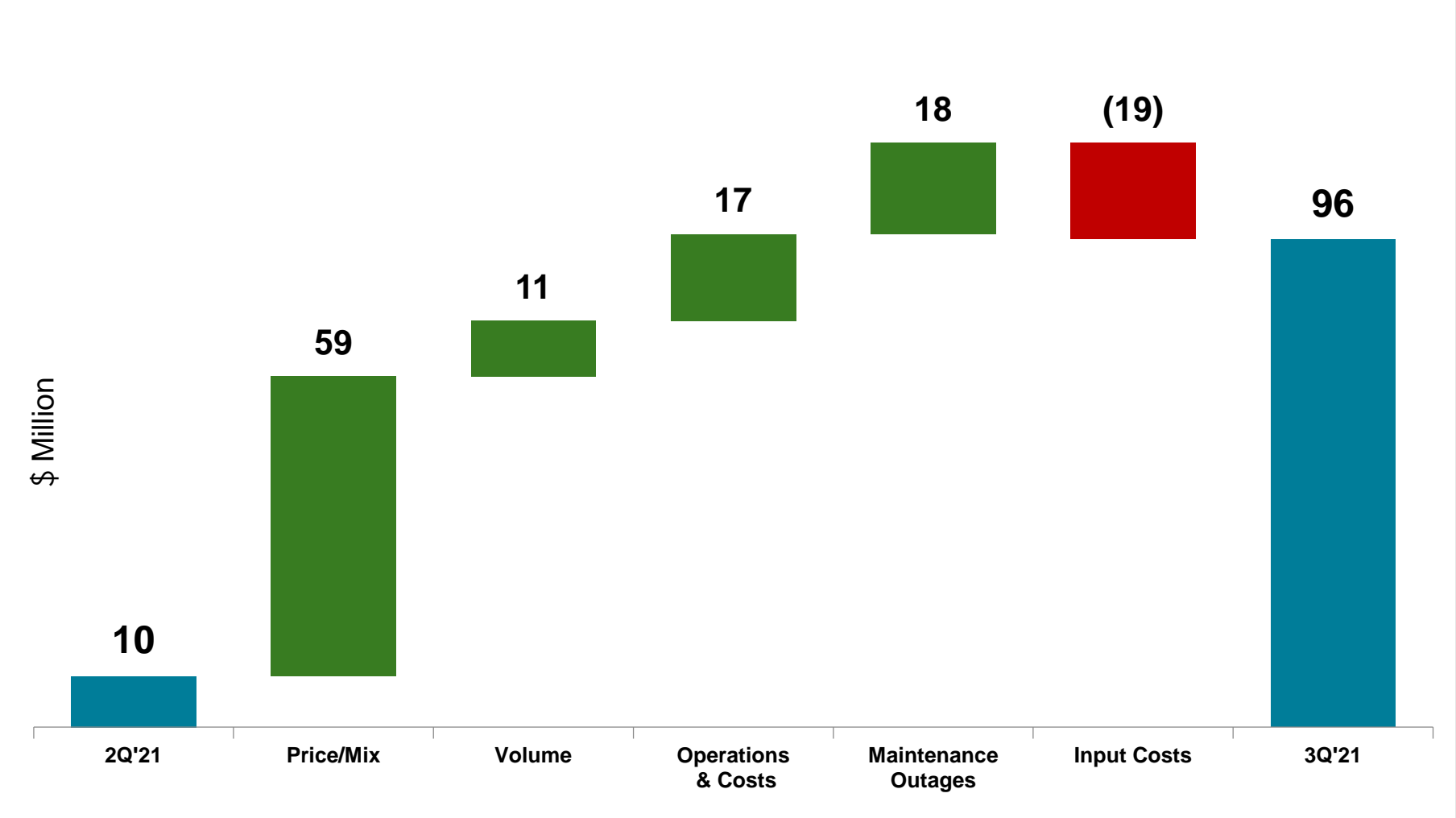
Supply chains remain stretched with significant operating cost impact

Substantial input cost pressure:

- N.A: OCC; energy; wood
- EMEA: energy; OCC

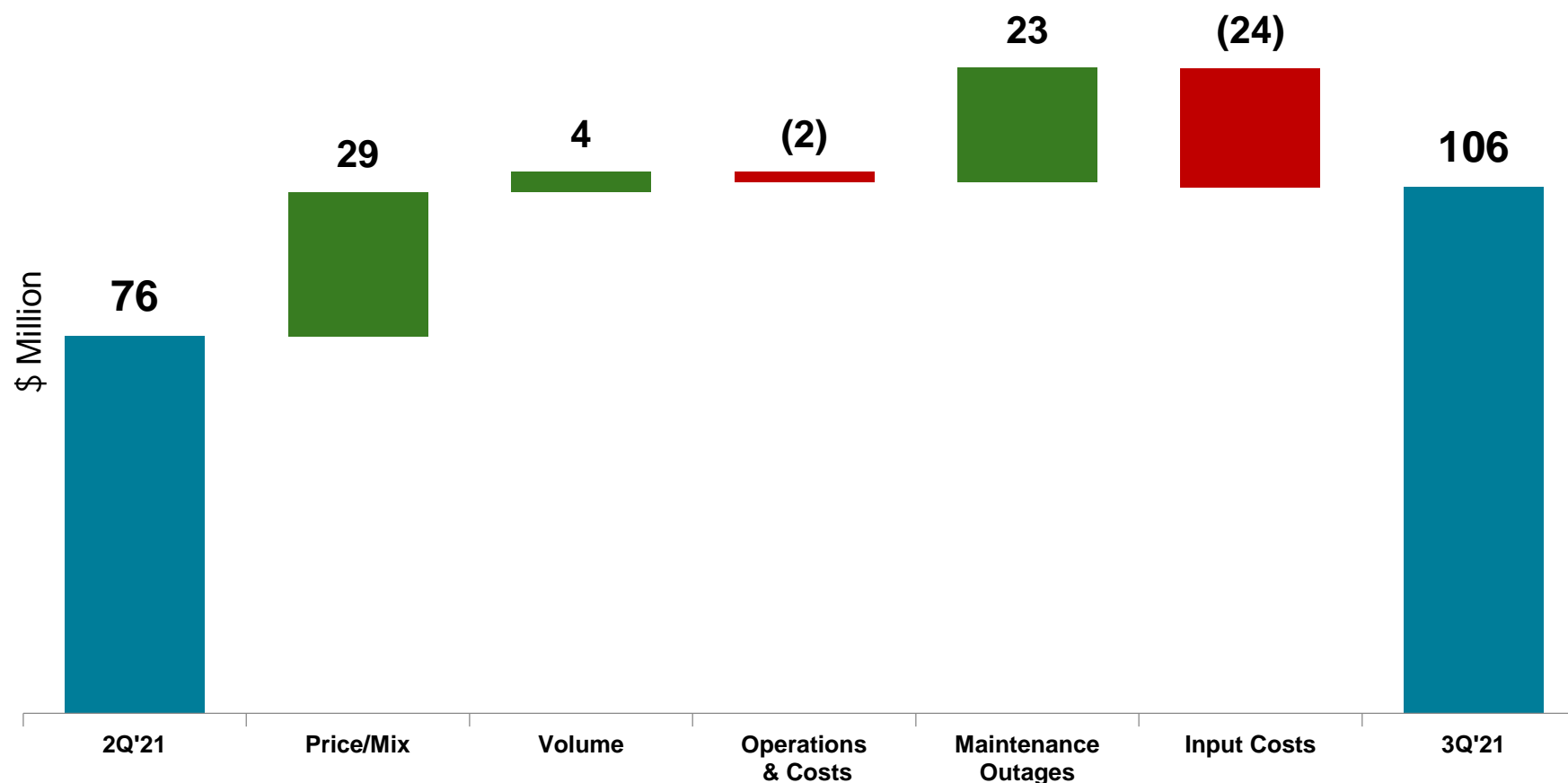


# Global Cellulose Fibers | 3Q21 vs. 2Q21 Adjusted EBIT<sup>1</sup>



- Solid demand and healthy backlogs for fluff pulp
- Strong price realization across all regions
- Solid mill performance
- Shipments and operating costs pressured by significant port congestion and vessel delays

# Printing Papers | 3Q21 vs. 2Q21 Adjusted EBIT<sup>1</sup>



Strong earnings momentum ahead of spin-off

## 3Q21 EBIT – Kwidzyn & Sylvamo

\$MM	Papers	Pkg.	Pulp	Total
Kwidzyn				\$7
Sylvamo <sup>2</sup>				\$127
Total	\$106	\$15	\$13	\$134

- Kwidzyn sale – August 6
- Sylvamo spin-off – October 1



# ILIM Joint Venture | 3Q21 vs. 2Q21



\$ Million	3Q20	2Q21	3Q21
Sales Volume (thousand metric tonnes)	878	907	<b>833</b>
Sales	\$498	\$733	<b>\$729</b>
EBITDA <sup>1</sup>	\$(21)	\$335	<b>\$318</b>
F/X (Impact of USD Net Debt) <sup>2</sup>	\$(138)	\$0	<b>\$0</b>
Adj. Operating EBITDA <sup>3</sup>	\$117	\$335	<b>\$318</b>
IP Equity Earnings (Loss) <sup>4</sup>	\$(33)	\$101	<b>\$95</b>

Price/mix improvement driven by price realization for pulp and containerboard

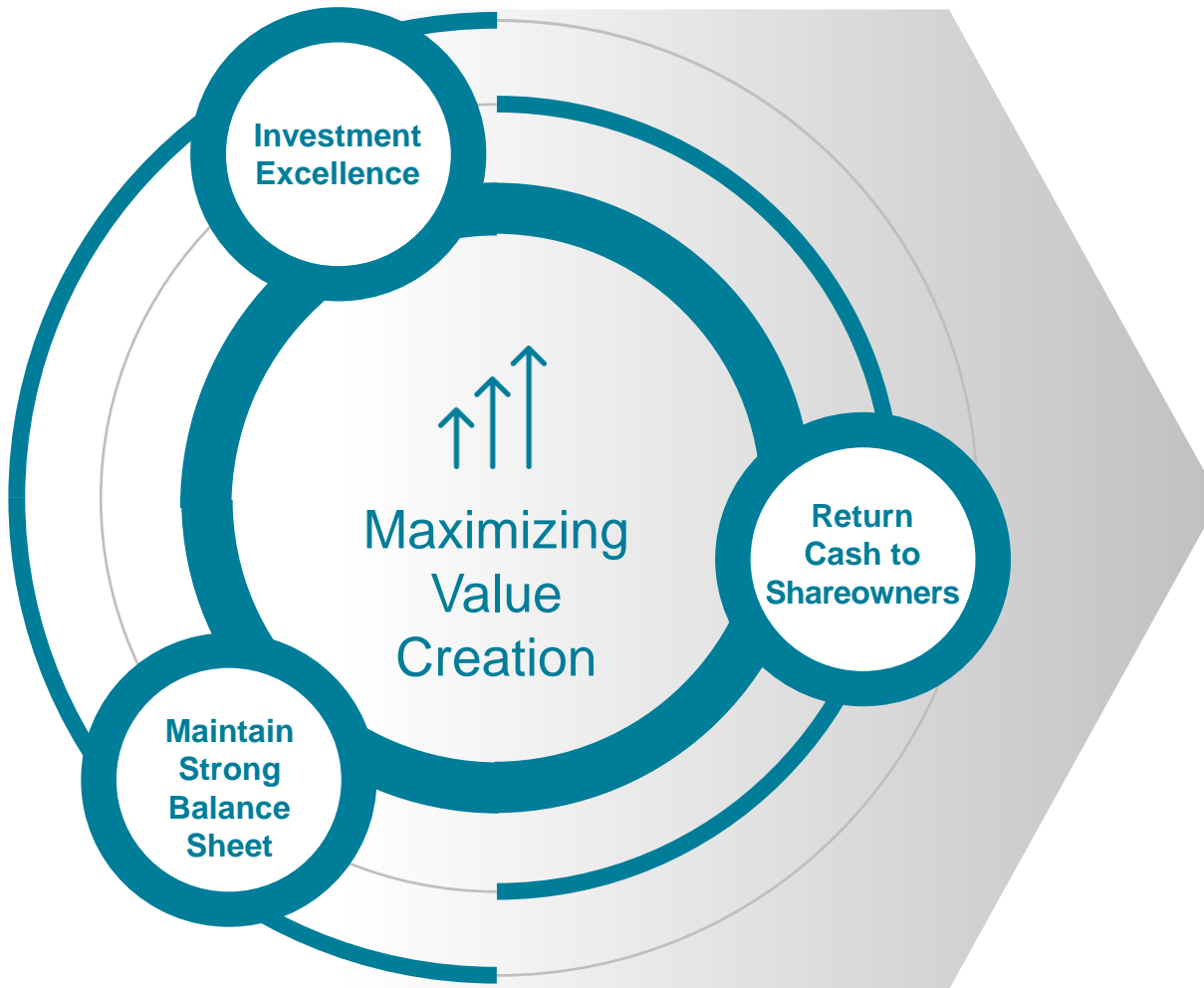
Lower volume due to high planned maintenance outages, as expected

3Q21 EBITDA margin 44%

# Fourth Quarter Earnings Outlook | Changes from 3Q21

	Industrial Packaging	Cellulose Fibers	
Price & Mix	Price realization (August 2021 increase)	Stable	
Volume	Strong seasonal demand	Port congestion	
Ops & Costs	Operating costs favorable (+) Non-repeats (-)	Non-repeats (-)	
Maintenance Outages	\$3MM higher	\$37MM higher	
Inputs & Freight	Higher	Higher	
Sylvamo & Kwidzyn Impact	\$15MM lower	\$13MM lower	Printing Papers \$106MM lower
Equity Earnings	<ul style="list-style-type: none"> <li>Ilim JV \$80MM<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>4Q21 corporate expense of \$30MM</li> <li>4Q21 interest expense of \$80MM</li> <li>4Q21 tax rate outlook of ~21%</li> </ul>	

# Capital Allocation Framework | Maximize Value Creation



## 3Q21 Highlights

### Further strengthened balance sheet

- Debt reduction of \$235MM, bringing year-to-date to \$1.1B
- Additional \$0.8B of debt repayment to be completed by the end of October 2021
- Pension plan fully funded

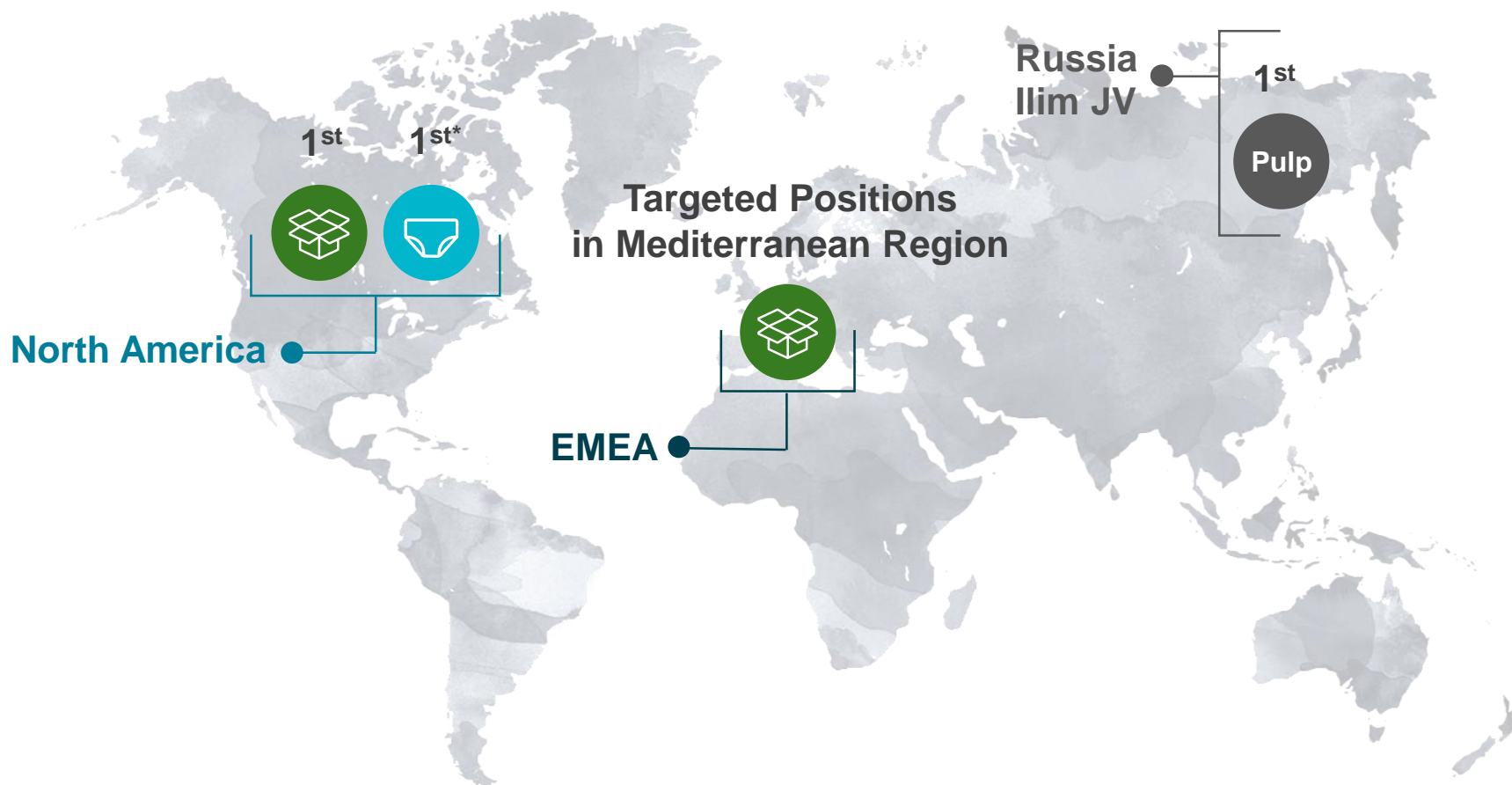
### Returned \$411MM to shareowners

- Dividend payout of \$199MM
- Share repurchases of \$212MM, bringing year-to-date to \$398MM
- Additional share repurchase program of \$2.0B approved October 2021, raising the total available authorizations to \$3.3B

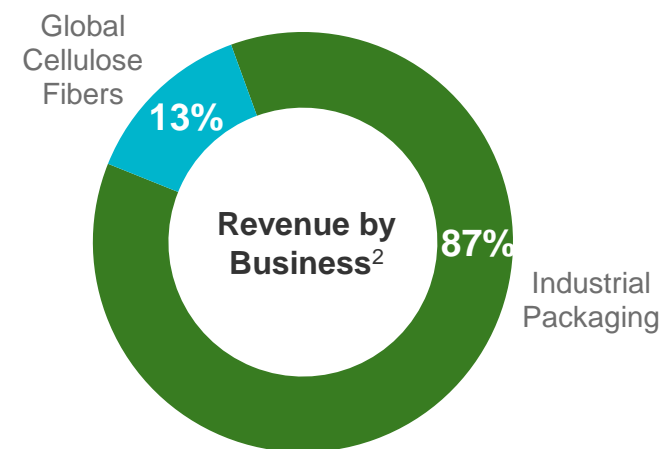
### Investing to create value

- 2021 Capex ~\$600MM

# Building a Better IP | Creating Value Through Focus



## IP 2020 Ex-Papers

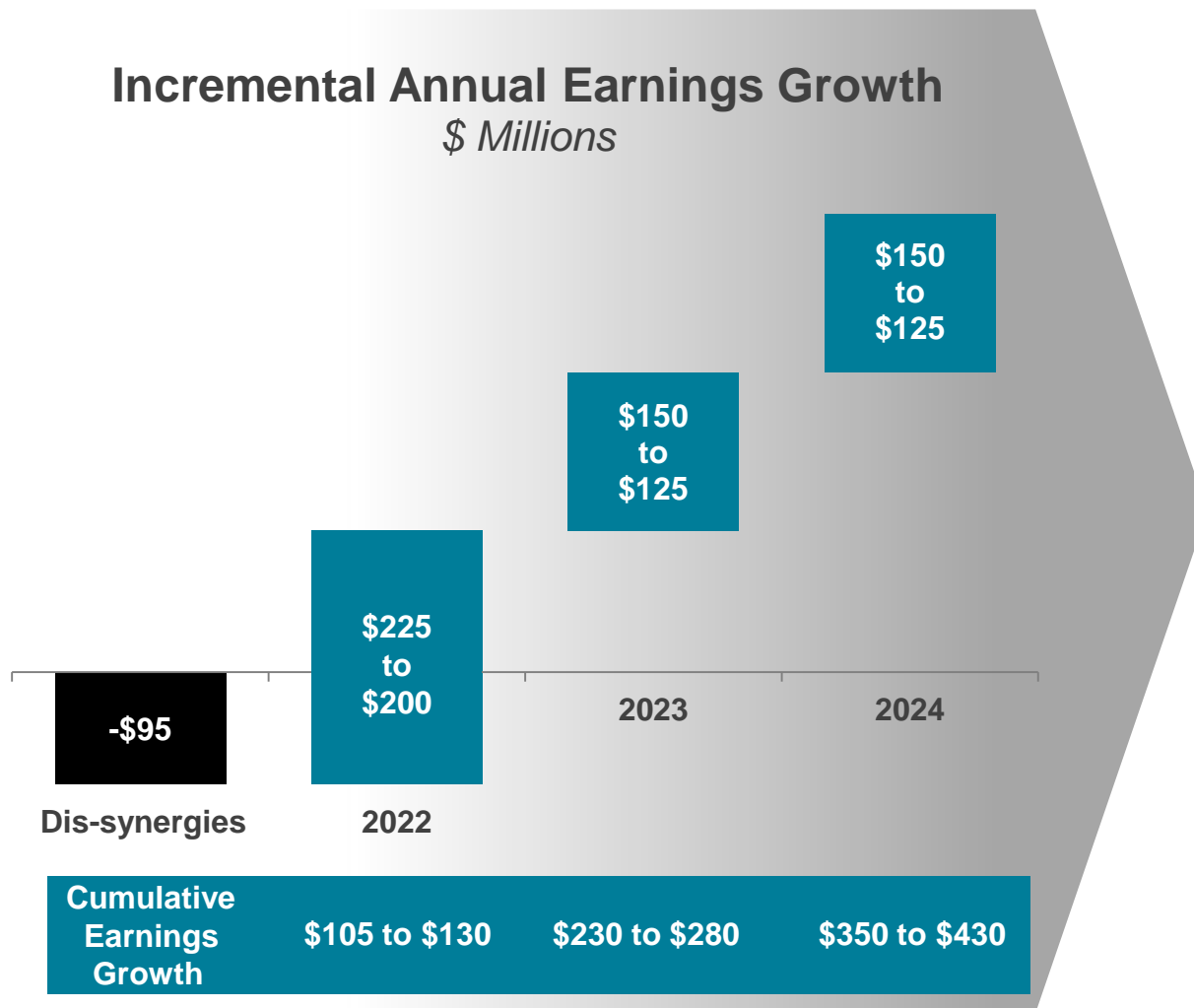


\$17B Sales<sup>1</sup>

~20,000 Customers

28 Mills | 220 Converting Facilities

# Building a Better IP | Accelerating Value Creation



**Initiatives deliver a net ~\$350 to \$430MM incremental earnings in 2024**

- Streamline and simplify IP
- Drive process optimization savings
  - Scale new tools and approaches
  - Leverage advanced technology and data analytics
- Accelerate profitable growth
  - Build on strength of corrugated packaging business
  - Drive meaningful improvement in GCF performance

# Contact Information

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# Footnotes

## Slide 3

<sup>1</sup> Adjusted operating EPS , a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings Attributable to International Paper (GAAP) before special items and non-operating pension expense (income))

<sup>2</sup> Before special items and non-operating pension expense (income) (non-GAAP)

<sup>3</sup> See slide #20 for a reconciliation of cash provided by operations to Free Cash Flow, a non-GAAP financial measure

## Slide 4

<sup>1</sup> Before special items and non-operating pension expense (income) (non-GAAP)

<sup>2</sup> Adjusted operating EPS , a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings Attributable to International Paper (GAAP) before special items and non-operating pension expense (income))

<sup>3</sup> See slide #20 for a reconciliation of cash provided by operations to Free Cash Flow, a non-GAAP financial measure

## Slide 5

<sup>1</sup> Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings Attributable to International Paper (GAAP) before net special items and non-operating pension expense (income))

## Slide 6

<sup>1</sup> Adjusted EBIT is Business Segment Operating Profit defined as earnings (loss) before income taxes and equity earnings, but including the impact of non-controlling interests, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Business segment operating profit is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280

## Slide 7

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# Footnotes

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<sup>2</sup> Third quarter Printing Papers segment earnings are not necessarily indicative of the third quarter earnings to be released by Sylvamo Corporation on November 10

## Slide 9

Ilim JV results are on U.S. GAAP basis

<sup>1</sup> A non-GAAP financial measure

<sup>2</sup> Represents F/X impact including amounts related to Ilim Group USD-denominated net debt balance; Ilim Group's functional currency is the Ruble (RUB); Non-functional-denominated currency balances are measured monthly using the month-end exchange rate

<sup>3</sup> Before F/X impact including USD-denominated net debt

<sup>4</sup> IP Equity Earnings (Loss) for 3Q20 includes after-tax F/X loss (primarily on USD-denominated net debt) of \$55MM

## Slide 10

<sup>1</sup> Assumes stable F/X as of September 30, 2021

## Slide 12

<sup>1</sup> 2020 full-year estimates

<sup>2</sup> Based on 2020 sales, excludes corporate and intercompany eliminations

## Slide 19

<sup>1</sup> Before special items

# Footnotes

## Slide 25

<sup>1</sup> Business segment operating profit defined as earnings (loss) before income taxes and equity earnings, but including the impact of non-controlling interests, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Business segment operating profit is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280

<sup>2</sup> Includes Ilim Joint Venture, Investment in Graphic Packaging and other investments

<sup>3</sup> Includes special items interest expense (income) of \$(1)MM for 3Q20, \$(28)MM for 2Q21 and \$8MM for 3Q21

<sup>4</sup> Excludes special items of \$1MM related to the allocation of EMEA Packaging – Turkey gain on sale to non controlling interest for 2Q21

## Slide 26

Does not reflect total company sales. Sales as reported is a U.S. GAAP metric. For North American Industrial Packaging, this metric includes Recycling Business Sales and Trade Sales. A reconciliation of this U.S. GAAP metric to a non-U.S. GAAP metric of Sales excluding these items for North American Industrial Packaging is available as a Non-GAAP reconciliation on our website at <http://www.internationalpaper.com/performance/presentations-events/webcasts-presentations>

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<sup>2</sup> Before special items

## Slide 27

<sup>1</sup> A non-GAAP reconciliation to GAAP EPS is available at <http://www.internationalpaper.com/performance/presentations-events/webcasts-presentations>

## Slide 28

<sup>1</sup> Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings Attributable to International Paper (GAAP) before net special items and non operating pension expense (income))

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# Footnotes

## Slide 30

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# Select Financial Metrics<sup>1</sup>




\$ Million		2019	2020	2021F	2021F Ex-Papers
Maintenance Outage Expense		\$518	\$454	\$588	\$508
Capex	Maintenance & Regulatory	\$750	\$430	~\$600	~\$550
	Cost Reduction	\$150	\$30		
	Strategic	\$400	\$290		
Depreciation & Amortization		\$1,301	\$1,286	\$1,230	\$1,120
Net Interest Expense		\$493	\$446	\$325	
Corporate Expense		\$54	\$(7)	\$75	
Effective Tax Rate		26%	25%	20 - 21%	

# Free Cash Flow

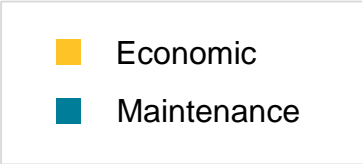
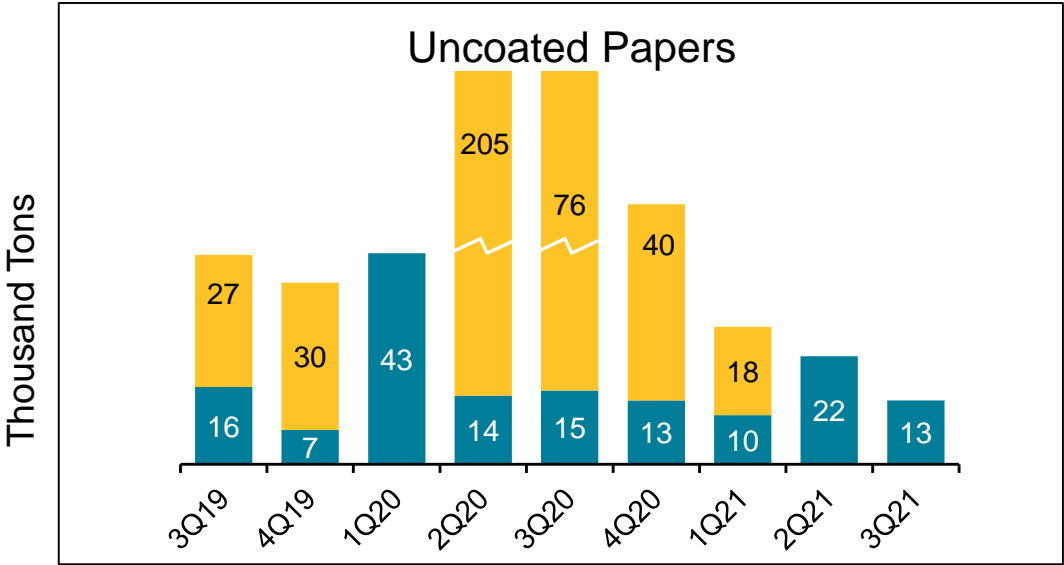
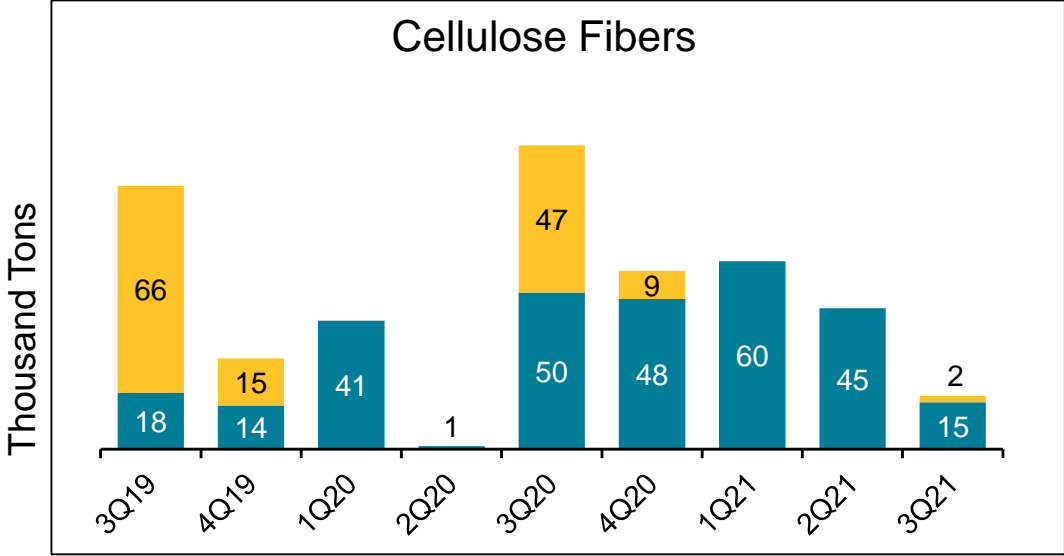
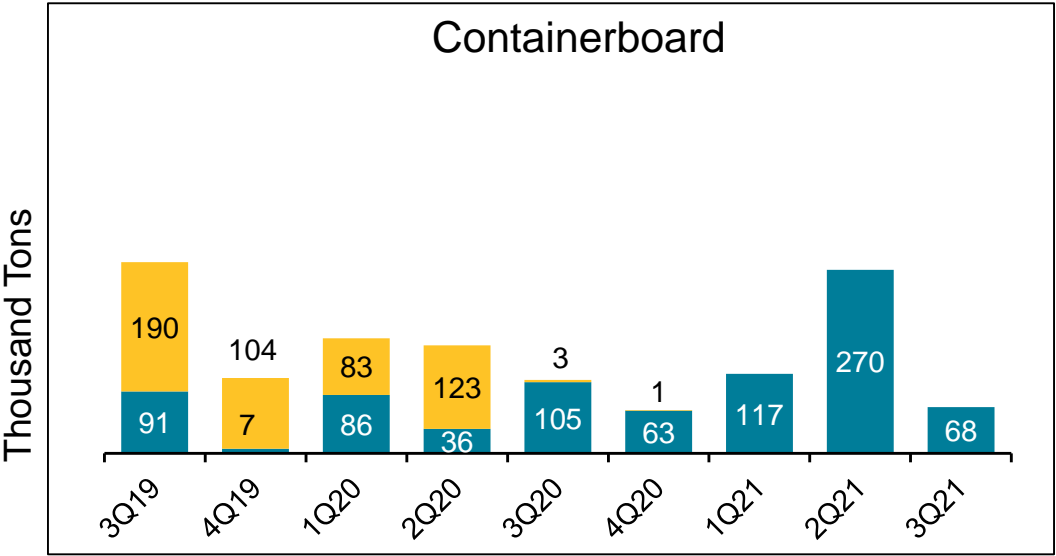
\$ Million	2018	2019	3Q20	2020	2Q21	3Q21
<b>Cash Provided by Operations</b>	<b>\$3,226</b>	<b>\$3,610</b>	<b>\$735</b>	<b>\$3,063</b>	<b>\$766</b>	<b>\$645</b>
Cash Invested in Capital Projects, Net of Insurance Recoveries	\$(1,572)	\$(1,276)	\$(119)	\$(751)	\$(133)	\$(126)
<b>Free Cash Flow</b>	<b>\$1,654</b>	<b>\$2,334</b>	<b>\$616</b>	<b>\$2,312</b>	<b>\$633</b>	<b>\$519</b>



# Maintenance Outages Expenses | 2021 Forecast

\$ Million	1Q21A	2Q21A	3Q21A	4Q21F	2021F
 <b>Industrial Packaging</b>	<b>\$91</b>	<b>\$174</b>	<b>\$45</b>	<b>\$48</b>	<b>\$358</b>
North America	\$91	\$166	\$43	\$47	\$347
Europe	-	-	\$2	\$1	\$3
Europe Coated Paperboard	-	\$8	-	-	\$8
 <b>Global Cellulose Fibers</b>	<b>\$47</b>	<b>\$38</b>	<b>\$20</b>	<b>\$56</b>	<b>\$161</b>
North America	\$47	\$36	\$19	\$56	\$158
Europe	-	\$2	\$1	-	\$3
 <b>Printing Papers</b>	<b>\$16</b>	<b>\$38</b>	<b>\$15</b>	<b>\$0</b>	<b>\$69</b>
North America	\$13	\$26	\$7	-	\$46
Europe	\$2	\$12	\$1	-	\$15
Brazil	\$1	-	\$7	-	\$8
<b>Total Impact</b>	<b>\$154</b>	<b>\$250</b>	<b>\$80</b>	<b>\$104</b>	<b>\$588</b>

# North America Downtime



# Special Items Before Tax | Continuing Operations

Special Items Pre-Tax \$(Million)		3Q20	2Q21	3Q21
Industrial Packaging	EMEA Packaging Impairment – Turkey		\$8	
	Brazil Packaging Impairment	\$4		
	Other	\$(1)		
Global Cellulose Fibers	Other			
Printing Papers	Foreign Value-Added Tax Credit Accrual		\$42	\$(7)
	Printing Papers Business Spin-Off Expenses			\$(4)
	Environmental Reserve Adjustment	\$(7)		
	Gain on Sale of Kwidzyn, Poland Mill			\$360
	Other	\$2		
Corporate	Printing Papers Spin-off / Building a Better IP		\$(28)	\$(53)
	Debt Extinguishment	\$(105)	\$(170)	\$(35)
	Foreign Value-Added Tax Credit Accrual		\$28	\$(8)
	Environmental Remediation Reserve Adjustment		\$(5)	\$(5)
	Real Estate – Office Impairment		\$(21)	
	Gain on Sale of Equity Investment in Graphic Packaging		\$130	
	Gain on Sale of La Mirada, CA Distribution Center			\$86
	Other	\$(2)	\$(7)	\$(4)
Total Special Items Before Tax		\$(109)	\$(23)	\$330




# Special Items Net of Tax

	3Q21	
	\$ Million	EPS
Earnings Before Special Items	\$532	\$1.35
<b>Special Items Net of Taxes:</b>		
Printing Papers Spin-off / Building a Better IP	\$(51)	
Foreign and State Taxes Related to Printing Papers Spin-Off	\$(27)	
Debt Extinguishment	\$(26)	
Foreign Value-Added Tax Credit Accrual	\$(10)	
Environmental Remediation Reserve Adjustment	\$(4)	
Gain on Sale of La Mirada, CA Distribution Center	\$65	
Gain on Sale of Kwidzyn, Poland Mill	\$350	
Other	\$(3)	
<b>Total Special Items Net of Taxes</b>	<b>\$294</b>	<b>\$0.75</b>
<b>Non-Operating Pension Expense</b>	<b>\$38</b>	<b>\$0.10</b>
<b>Net Earnings (Loss) Attributable to International Paper</b>	<b>\$864</b>	<b>\$2.20</b>

# Operating Profits by Industry Segment

\$ Million	3Q20	2Q21	3Q21
<b>Earnings (Loss) Before Income Taxes and Equity Earnings</b>	<b>\$282</b>	<b>\$432</b>	<b>\$916</b>
<b>Interest Expense, Net</b>	\$112 <sup>3</sup>	\$57 <sup>3</sup>	\$93 <sup>3</sup>
<b>Non-controlling Interest Adjustment</b>	\$0	\$0 <sup>4</sup>	\$(1)
<b>Corporate Items, Net</b>	\$(20)	\$7	\$12
<b>Net Special Items</b>	\$110	\$50	\$(338)
<b>Non-Operating Pension Expense (Income)</b>	\$(11)	\$(52)	\$(51)
<b>Business Segment Operating Profit</b>	<b>\$473</b>	<b>\$494</b>	<b>\$631</b>
Industrial Packaging <sup>1</sup>	\$469	\$408	\$429
Global Cellulose Fibers <sup>1</sup>	\$(59)	\$10	\$96
Printing Papers <sup>1</sup>	\$63	\$76	\$106
<b>Total Business Segment Operating Profit<sup>1</sup></b>	<b>\$473</b>	<b>\$494</b>	<b>\$631</b>
<b>Equity Earnings (Loss), Net of Taxes<sup>2</sup></b>	<b>\$(28)</b>	<b>\$104</b>	<b>\$94</b>

# Geographic Business Segment Operating Results | Quarterly

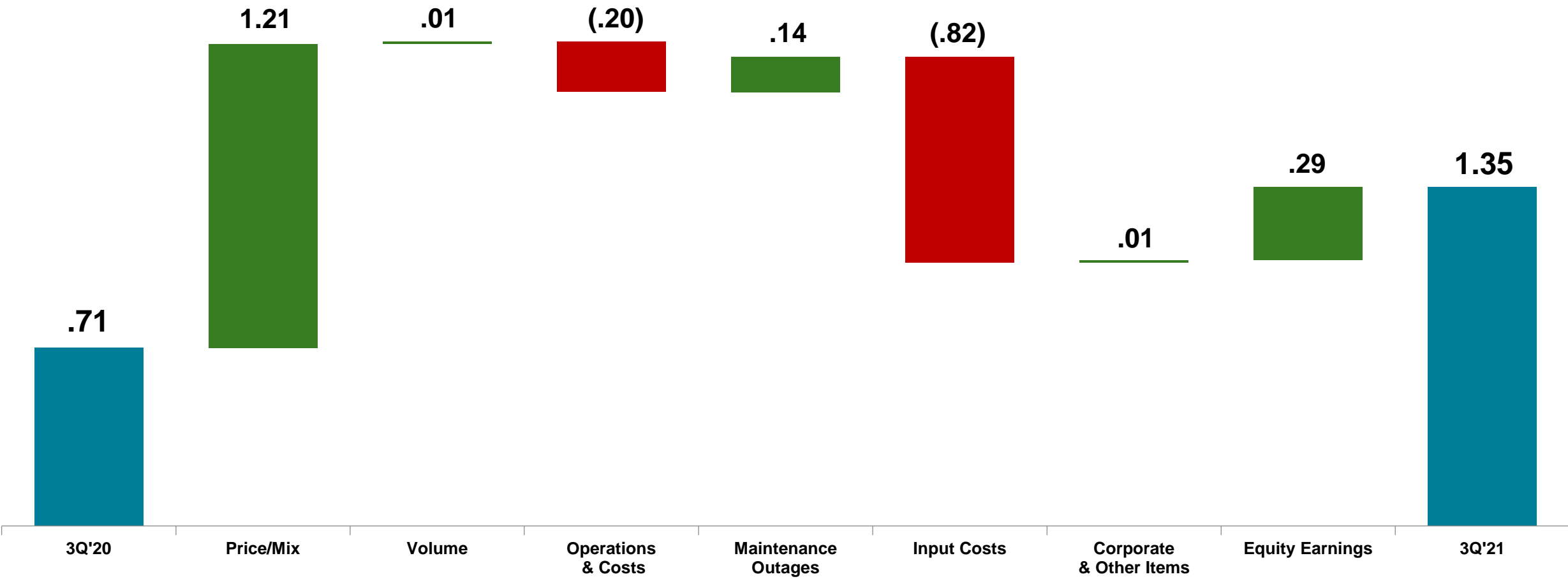
	\$ Million	Sales			D & A <sup>2</sup>	Business Segment Operating Profit <sup>1</sup>		
		3Q20	2Q21	3Q21		3Q20	2Q21	3Q21
 <b>Industrial Packaging</b>								
North America		\$3,351	\$3,587	\$3,738	\$188	\$455	\$377	\$418
Europe		\$306	\$394	\$331	\$16	\$3	\$12	\$(4)
Europe Coated Paperboard		\$90	\$102	\$52	\$2	\$11	\$19	\$15
Brazil		\$52	\$0	\$0	\$0	\$0	\$0	\$0
 <b>Global Cellulose Fibers</b>								
Global Cellulose Fibers		\$564	\$671	\$729	\$69	\$(59)	\$10	\$96
 <b>Printing Papers</b>								
North America		\$362	\$410	\$425	\$23	\$31	\$18	\$45
Europe		\$232	\$255	\$218	\$5	\$17	\$15	\$16
Brazil		\$150	\$189	\$200	\$14	\$15	\$43	\$45



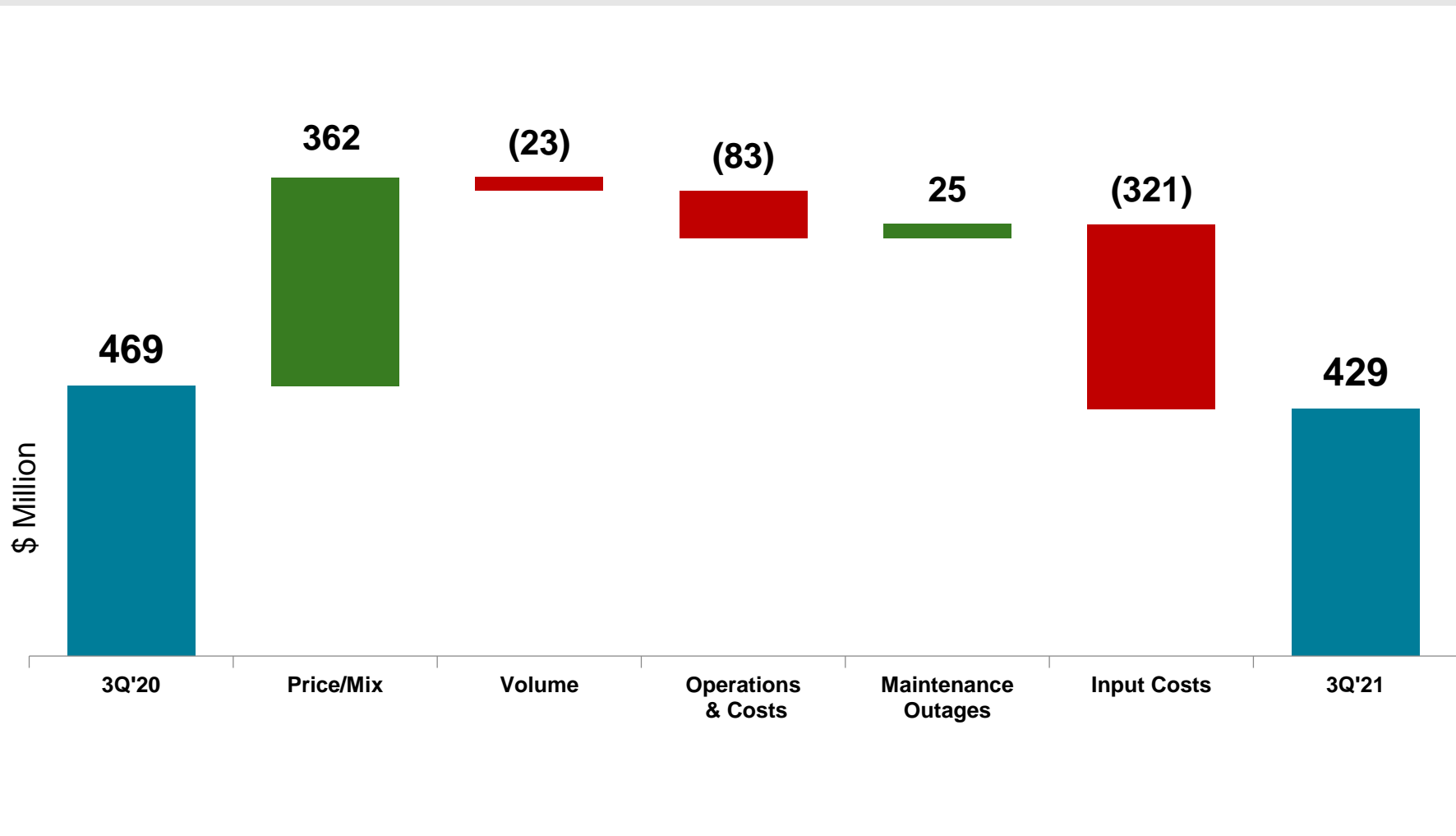
# 2021 Operating Earnings

	Pre-Tax \$MM	Tax \$MM	Non- controlling Interest \$MM	Equity Earnings	Net Income \$MM	Average Shares MM	Diluted EPS <sup>1</sup>
<b>Net Earnings from Continuing Operations</b>							
1Q21	\$399	\$(99)	-	\$49	\$349	395	\$0.88
2Q21	\$432	\$(102)	\$(2)	\$104	\$432	397	\$1.09
3Q21	\$916	\$(146)	-	\$94	\$864	393	\$2.20
<b>Net Special Items</b>							
1Q21	\$(17)	\$7	-	-	\$(10)	395	\$(0.02)
2Q21	\$22	\$5	\$(1)	-	\$28	397	\$0.07
3Q21	\$(330)	\$36	-	-	\$(294)	393	\$(0.75)
<b>Non-Operating Pension Expense</b>							
1Q21	\$(53)	\$13	-	-	\$(40)	395	\$(0.10)
2Q21	\$(52)	\$13	-	-	\$(39)	397	\$(0.10)
3Q21	\$(51)	\$13	-	-	\$(38)	393	\$(0.10)
<b>Adj. Operating Earnings</b>							
1Q21	\$329	\$(79)	-	\$49	\$299	395	\$0.76
2Q21	\$402	\$(84)	\$(1)	\$104	\$421	397	\$1.06
3Q21	\$535	\$(97)	-	\$94	\$532	393	\$1.35

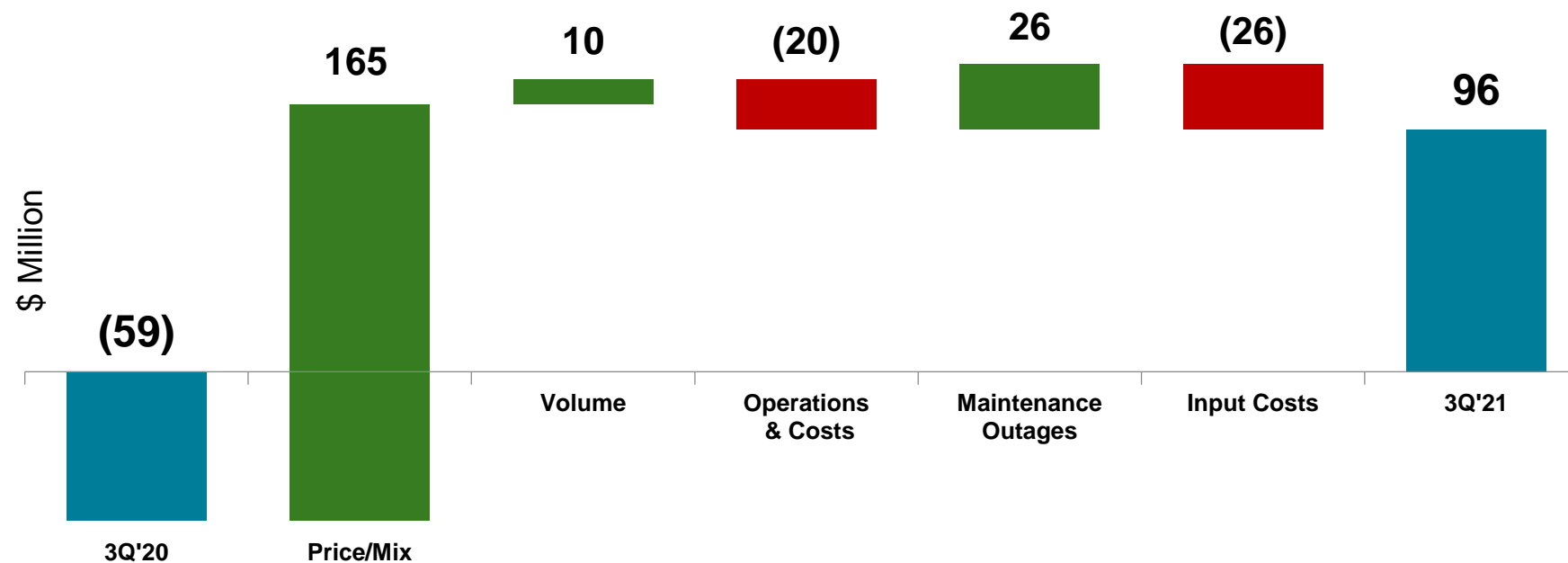
# 3Q21 vs. 3Q20 Adj. Operating EPS<sup>1</sup>



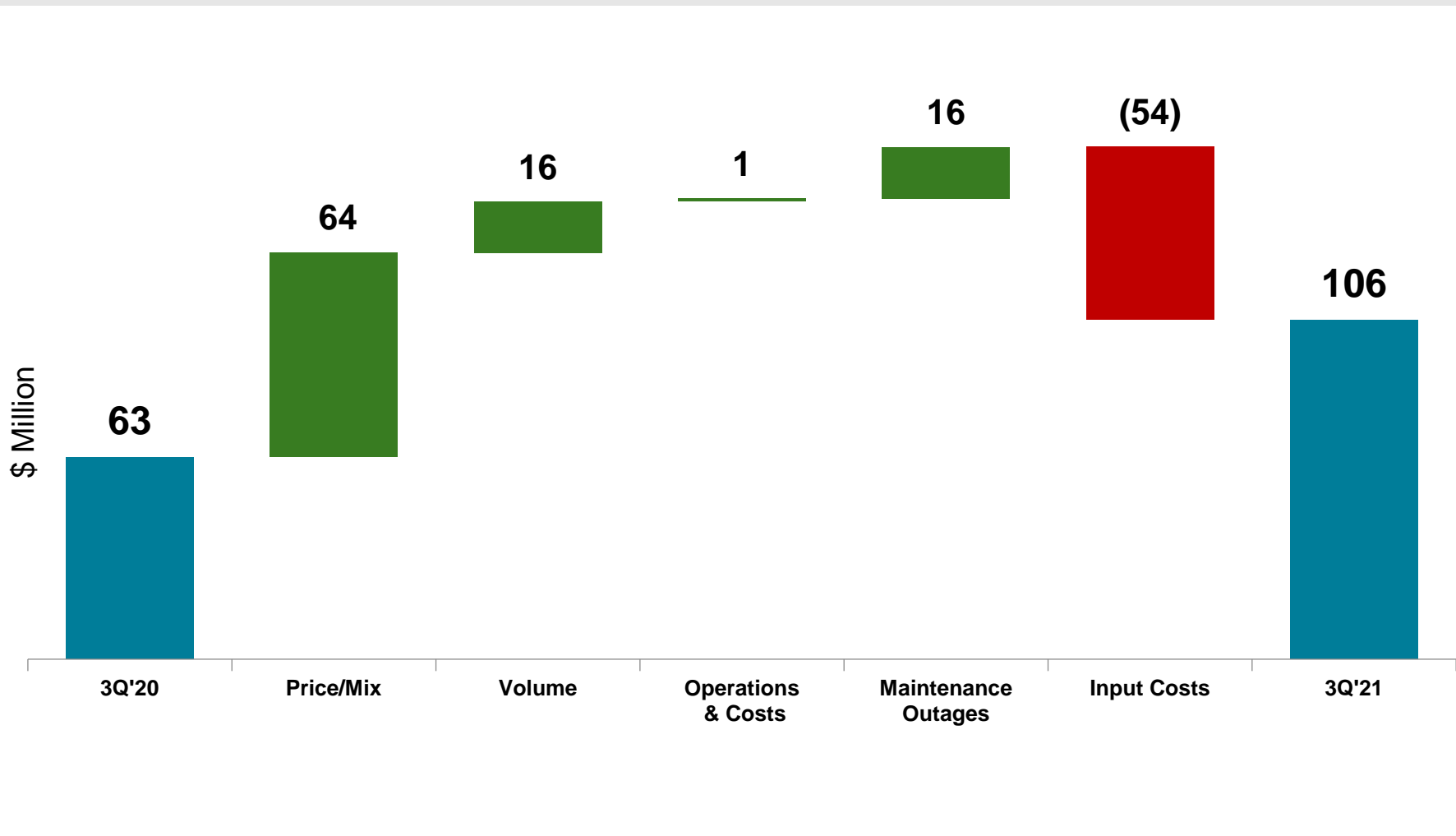
# Industrial Packaging | 3Q21 vs. 3Q20 Adj. EBIT<sup>1</sup>



# Global Cellulose Fibers | 3Q21 vs. 3Q20 Adj. EBIT<sup>1</sup>



# Printing Papers | 3Q21 vs. 3Q20 Adj. EBIT<sup>1</sup>



# Global Input Costs 3Q21 vs. 2Q21 | \$(231)MM Unfavorable, (\$0.46) per share

