14-Nov-2024

International Paper Co. (IP)

Baird Global Industrial Conference

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CORPORATE PARTICIPANTS

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

OTHER PARTICIPANTS

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Okay. Good morning, everybody. Thanks for joining us on day 3. My name is Ghansham Panjabi. I'm the packaging and coatings equity research analyst at Baird. It's a real pleasure to introduce International Paper, and from International Paper we have Andy Silvernail. Andy joined the company as CEO officially in May...

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

Yes.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

...in KKR and a very strong and successful career at IDEX. We also have Mark Nellessen from Investor Relations out in the back. So thank you for joining us. This is an uncovered company, so please feel free to send some questions in at I think it's Session 2 at rwbaird.com.

So with that, Andy, maybe we can open it up to you just to give us an introduction and some high level comments in International Paper.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

Yeah. So, so first of all, it's great to be here. I was talking this morning, I realized, I think the first time I came here was 1995. I was an analyst at Fidelity Investments right out of college. And so it's kind of fun to be back. So, I joined IP in May 1. I had about a 10-year run, running IDEX, and then spent some time in the private equity world. And about a year ago, just realized how much I missed running a scaled company and how much I enjoyed what's out there.

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And so I looked at a lot of different things and I saw IP, and what I saw in IP, my belief was something that was very misunderstood. And I believe that there was a core business within the business that was actually pretty special and that's the sustainable packaging business. And so in my diligence, which I really treated like an acquisition, I looked at it with that kind of data and really kind of ripped the company apart from all aspects of quality of the core business, the quality of team, where it was valued, et cetera, et cetera, and what the potential upside was.

I got very excited because it felt like, it wasn't understood. And what we've been doing here over the last six months is really to get at that core, to really get at that fundamental core of that business. And through the 80/20 methodology that I was fortunate enough to be exposed to and really kind of the combination of the 80/20 philosophy and the Danaher Business System is kind of how I think about things. That's really that the approach that I take at the, at the world.

And what we have found is really a very exciting core packaging business. And so in North America, the North American packaging business is about an 80% integrated business that has really good structural economics, better than I think people understand, certainly has the potential to be that, a bunch of noise around it in terms of other things that we do. A matrixed organization that was very hard to work through and work in, which we have obviously addressed and got at pretty quickly. And now the European packaging business.

So as we announced, we're looking at strategic alternatives for our global cellulose fibers business. So between that and the acquisition of DS Smith, we'll be exclusively a sustainable packaging business with leading positions in the US at about 30% market share and kind of tied for number 1 or a very close number 2 in Europe in the low-20s. And so exciting place to be, those are the places that money gets made in this business around the world. And so we're going hard.

Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

All right. Thank you, Andy. So it's rare that there's excitement in the packaging and [indiscernible] (03:44). You've found a way to...

[indiscernible] (03:47).

Andrew K. Silvernail

Chairman & Chief Executive Officer, International Paper Co.

Will you tell my kids that and tell them I'm actually really cool. I'm the box guy. That's what I try to tell them.

Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

So you've found a way to do that.

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QUESTION AND ANSWER SECTION

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

As you diligenced the industry, so most people look at it and say, you know what, you guys are 80% integrated, but others aren't. And so there's a lot of upstream capacity. There's foreign players that come into the US occasionally.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

True.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

When margins get high, capacity finds its way and so on and so forth. So as you did your diligence, how do you see International Paper as sort of a leader making a change to reduce some of the volatility that the industry has experienced over time?

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

So let me break that. I'll break that into two pieces, meaning, I want to say, piece one is what you should and shouldn't do. And piece two, which is then what you should do, why that's attractive. So I think that what you should and shouldn't do, I think what really is the places where my point of view that are very difficult to the things that drive a lot of volatility. So when you look at things that cause volatility in this industry, they tend to be things that are attached to, I need to dump volume somewhere. That's kind of how it ends up playing like. Somebody has – I have fixed overhead costs and I have a philosophy that this is a commodity and therefore I have to dot, dot, dot.

And so what that leads to is it leads to too much capacity in the industry. It leads to a fixed cost mentality that says I have to cover my fixed costs, which leads to when things are not going well, I chase things and I – and so you create and – has anybody here ever done the lean beer game? Raise your hand. No one's ever done that. You've got to be kidding me. We got to do that. Well, it's this whole process of looking how things flow through a system. So they teach it in business school, they teach it in lean manufacturing.

So what you end up doing is you end up having a push mentality that that when things are struggling, it causes these massive sine waves. So the question is, how do you get rid of the stuff that's truly a commodity and how do you focus on the stuff that is not. And the integrated packaging business is not. And it's not for really three big reasons. And then I'll get to strategically kind of what you do.

Number one, there is a portion of the customer base that is absolutely 100% price-sensitive and they will always be that, they are transactional buyers. You know what? You do business with them on your terms, right? And then there's a portion of the business that is super – you got to hold their hands. That is a good business, but it's a very distinctive model. And so you have to separate yourself. If you're going to play there, you have to come at it from a different model.

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And then you get 60% or 70% of the middle that actually really value the solution, they really value it. And the reason they do is the product that they're buying from you is pennies. And everything else that they're doing is dollars or tens of dollars or hundreds of dollars of thousands of dollars. And so your ability to actually serve them when they need it, how they need it, where they need it at a fair price, is a differentiated position. And structurally, where we have an advantage, we have two structural advantages. One is our box plant network. It's just where we're located around the geography. It is very different, our ability to serve a broad reach. And second, our virgin mill system is super differentiated because you can't recreate it. You fundamentally can't.

And so when you put those two things together and then you drive the three elements, a strategy that I'll talk about now, I think you have something pretty special. And because this whole business is done within 150 miles of a major geography. And so competition, unlike people's philosophy of a commodity competition is not global. It just fundamentally isn't. Competition is fundamentally local. It is structurally local.

So there are three things that really stand out. The first one is you do need to be the low cost producer, but that doesn't mean you're the low price player. And to be the low cost producer, it doesn't mean cost per ton. Cost per ton is irrelevant, is a totally irrelevant thing. What is relevant is cost per square unit of solution, cost per square foot, cost per square meter, that's what they're buying. And now if you drive cost per ton, yeah, that helps you, but you have the rest of the cost through the system is two-thirds of the other costs. And so I need to think about the entire delivery system. So I got to drive that. So as we presented our strategy a month ago to our board, how you actually think of that over a three-year period of time to radically change your cost per square unit of measurement is a big deal. And because of the structural advantages we have, we can get there. We can actually get to a position that is pretty differentiated.

The second is the customer will pay for service, and we've seen that very specifically. It's about a 3% to 5% premium, that they'll pay for premium service. That's a lot of money. That's a huge amount of money. And the third one is actually having strength locally. So where you're going to compete, the regions that you're going to compete, those 150 miles play where you can win. Don't mess around. Don't mess around in places that you basically just flush the assets like we talked about before.

And so our focus – and by the way, it's the same in the US – Europe and the US, it's the same. It's a little bit different because of the country boundaries, but it's fundamentally the same. And so our focus on what I think is a good – let's be honest, it's not a great structural business. It's not the structural business. I had at IDEX, but I knew that coming in. I wasn't kidding myself. And you apply it with a – I'm going to be a packaging company, not a commodity paper company. And then you drive those three elements of strategy. That gets fun.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

Sounds good. So again, I don't cover this, relying on consensus estimates. But earnings for the company in 2018 were roughly $5 in EPS, Street's at about $24 for this year.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

That's things. A few things happened. If you just look at the – let's look at symptoms and then we'll talk diagnosis. So symptoms, if you look at the core business, the things that we still own today, we have lost market share, so we've lost market share. So our customers have gone for a solution elsewhere. And when you dig into it, it really comes down to service. So if you look at this – you have all these structural advantages. Well, what it comes down to is we lost the service edge. And because we are competitive in the market, if anything, we're a market –

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negative market leader in price, if anything. And so we need to be smart about that. But we lost our service edge. We stopped investing in the right things and that's problematic.

And so if you look at that market share, kind of that slow dribble, dribble, dribble of market share, it's fundamentally an under-investment story and a focus story. Up until a month ago, we had a huge matrix structure in Illinois. We had a massive organizational matrix structure. It was a structure that was set up for a global commoditized business with multiple business lines. That's what it was set up for.

The problem with the matrix organization is decision-making. So we're in a matrix organization. If you and I both run a business and we have a third person who's a supply chain person, we're negotiating for that person's time and we're negotiating together, we're negotiating [ph] between that (11:12) person, we're negotiating with that person's boss. And that when you have a matrix organization, it eats up massive amounts of capacity. In and of itself, you go, wow, it's not really that much cost. It's not really – the scope of a $20 billion business, it's not that much cost. It's a killer in decision-making. It's a killer in how people apply their time, it's a killer in how capital gets reallocated. And so as you see problems around service and investment, the organization is unable to adapt and to change.

So that's one big one. And there was lots of cost creep in there. And then we have just been incredibly undisciplined around cost. I mean, just fundamentally. So as you're losing market share, you can't make decisions, and you're fundamentally undisciplined around cost. That's how you get there.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

Okay. That's a good segue into 80/20. This is a operating philosophy I've seen with other companies ITW and so on and so forth. First off, before we get into the construct of what it is and how you're going to apply it and how you're going to get 39,000 plus employees to do it. How does it – has it actually worked in a commoditized industry? That's something I was thinking about.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

Yeah. Well, so first we're just going to disagree on a commoditized industry. So we'll start there. I think that is a fundamental – I'm not kidding myself. Obviously, we have commoditized inputs. There's no doubt about that. But we have in the sustainable packaging business, it is not a global paper business. That's a really important thing. If you think it is, this is probably not a great investment for you, just to be honest, because that's not how we're going to treat it.

And so the answer is, is I've seen this now. We had 40 businesses at IDEX. I have touched over 100 businesses with the methodology. I have yet to see where it doesn't work. And the reason it doesn't, I say that is not because it's a magic elixir. There's no magic here. 80/20 is fundamentally about an incredibly rigorous, data-based approach to find out what matters most and to moving people and resources towards it.

And I was having coffee with the young executive this morning, and we were talking about this. And by my estimate, about 10% of companies are good at this practice. And whether you call it 80/20 or not, by my estimate, super good at saying this is what matters most, and I'm going to ruthlessly move people, energy, time and money towards it. And I mean, I think some of you have heard this story before.

When I was at IDEX in 2014 or so, we did a – we actually looked at 40 businesses and we asked ourselves, we went back to three years of budgeting and we asked ourselves how have budgets changed in those 40

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businesses over three years? And the answer was almost none. If you actually looked at where dollars were spent to where dollars were moved, the answer was almost none. And we were considered a pretty good business at the time. And so if you think of it in a strange way, if you think of it as alpha and beta, you can't get alpha if you don't have beta. It's impossible. It's mathematically impossible.

And so you have to find ways of creating beta. Change. You got to create rates of change. And you want to have positive change, obviously. And what 80/20 does is it says, I'm going to move resources to create rates of change. That's what I'm going to do. And very few companies have the courage to do it. And it has nothing to do with actually the type of company, because it's the same in a non-profit. It's the same in your family. It's the same.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

Okay. And you mentioned sine waves earlier which I haven't heard a long time in this industry. How long does it take the organization to buy into this, just based on your experience? Is that exponential?

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

So I'm learning that myself a little bit. So I was talking with some of the private equity folks I've done some work with. And they asked me actually the other day, they asked me, what's the big difference or what did you learn in your time of doing that? And what I learned there was how fast you can go, if you're not emotionally attached to the things that you have to change. And it's the thing that they do incredibly well.

So my time at KKR, what I learned from them is their ability to understand what the levers of change and therefore value are, to focus exclusively on those and to pull really hard. And if you don't let the most important things break, nothing else really kind of matters. And so you can move a lot faster than you think you can. And so as an example. So at our last earnings call between two weeks before the earnings call and the earnings call, we announced the change in the matrix structure, the consolidation of a number of plants in a mill, the strategic options of a business, and we were able to pull that off in a relatively short period of time, because you're not really breaking anything regrettable and I don't want to – please don't take that lightly. People's lives are at stake and you're impacting people and I take that unbelievably seriously. But a structure that doesn't allow you to win is not treating people well. And so when you look at that and you say that structure makes no sense, people can't win. Yeah, you're going to have some bumps and it won't be perfect, but you can move really fast and if you're moving the resources towards your most valuable customers, if you're moving your capital towards those things that drive the best returns, then the things that are going to invariably fall through the cracks are not that big a deal.

So you can move a lot faster than you think you can. Now, that being said, will the person in shipping at our Rome facility in Georgia know what the heck 80/20 is? Not today. I get that. However, if you change the system and the system says you have to ship all your 80s products before you can ship your 20s products, then they're living it. They just don't know it's there. And so it's a combination of influence. But systems are even more important...

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

That's the propagator.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

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That is the propagator.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

Great. All sounds good. What's been done so far.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

Well, let's see. We bought a $10 billion company. We're selling the $2.5 billion company. We've announced almost $250 million of structural cost change, and we have laid out a path of a couple billion dollars of improvement, which I think is it's going to be – it's hard work, it's a lot of hard work. That's absolutely not a layup, but you can see how you can do it.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

Okay. All right. So in the last call, you call it $230 million in EBITDA contribution from three different initiatives, Enterprise, North American Packaging Solutions, and Global Cellulose Fibers.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

Yes.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

Maybe just quickly expand on those.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

Yeah. So if you just kind of think generally on the enterprise side, you're looking at the matrix in Memphis, so making the fundamental changes there, which we have executed. I am incredibly proud of what the team did in a very difficult situation and in a very short period of time. Obviously, you have a big chunk there. Really focusing on what I'm going to call lighthouses within the North American packaging business, so you can prove that you can have some pretty remarkable results in a short period of time.

So we've got two places to – what I'll call complexes, geographies around the country where we are experimenting with volume and mix allocation in box plants to really see what's possible. And we're finding some pretty awesome results on productivity, and service levels are changing pretty radically.

One example I gave was in working with the customer, we figured out how to take 1,300 changeovers out of a plant by just working, by coordinating with the customer. Those are real, that's real productivity, that's real time, and it changes the service levels. And we're also going to do lighthouses around a couple of different mills, because you have a couple of different mill types. So we're going to do that in 2025 and then really focus on what I'll call our 80s account management strategy.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

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Let's take a couple of questions from the audience. The first one is on [ph] RESI (19:34). I'm just going to paraphrase a little bit in terms of [ph] RESI (19:37) a change associated with that being the index that your customers use.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.
A

Yeah. Yeah. Look, it is what it is. People have a different opinion of it. If you look at [ph] RESI (19:48) long-term, it is, it's not the enemy. It functions well, it's built into major contracts. And so I think it's appropriate. People have asked me about do I think it should change? Do I think I should get involved in changing it? That's just not high on my priority list right now. We've got a lot of other things to do that we can really control. And so it's fine.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.
Q

All right. Any questions in the audience? Go ahead.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.
A

Please – who. Go ahead.

Q

So when you look at the US box over the last 30 years or so, been a lot of ups and downs. But I think [indiscernible] (20:30). I just want to get a sense of how you think about the longer-term growth rate [ph] of the industry here (20:36). And then when you think about the share that you've lost over the last few years, how do you expect to regain that?

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.
Q

Maybe just to repeat the question...

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.
A

Yeah. So the question was, if you kind of look at the long-term trends of growth of the box business, how do I think about that, North America in particular? And I'll include Europe in that, too, because I think that's an important part of that conversation. And then how do we recapture share. Is that – did I capture that? So generally I think that it's about a 1% growth industry over long periods of time and in terms of the US and Europe for a little bit different reasons. But in terms of volume.

The good part is, is that long term over prior – long term over time you keep up with inflation, which is a good thing on the top line. So it's a business you can have modest, but reasonable growth. That's how I would say if I kind of structurally look at the business. In terms of market share, market share is all about those regional density questions overlaid by a national account strategy or a global or a regional account strategy call if you're calling Europe. So don't call it national in Europe.

So it's looking at that big middle that I talked about, that 60%, 70%, which I think is our sweet spot and really driving around how do I change that service equation? Have a great service at a fair price, right. And you can get

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a small premium, as I mentioned in there by driving that. But that's not done a nation at a time. It's done a region at a time. It's done a box plant at a time. So those lighthouses that we're talking about, if you look at the two geographic lighthouses we're doing on the box plant side right now, you're seeing 98-plus percent on-time delivery. Phenomenal service, I'll knock wood on that, and we're actually seeing – we're starting to see small wins. And so you've got to do it like that. You combine that with driving that low-cost position and I like that combo kind of put together.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

Go ahead.

Q

In terms of your merger with DS Smith (22:40-22:47)

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

So the question is, would the consolidations happen? How different does that [ph] miss my (22:53) opinion on what is different? So one of the things that excited me when I was doing my diligence on the industry is I asked kind of two questions. One is structurally, do I like where the industry is today versus 10 years ago and what do I think structurally it's going to look like 10 years from now? And it looked a lot better versus 10 years ago, and it looks a lot better looking 10 years forward. And I think part of that is, is you have really good competitors and what I mean by good competitors is they know how to compete, they know how to drive the right things, service levels and innovation and things that we want to have driven in the industry at fair prices, doing the right, the right way. And so I like that structural dynamic, I think we have – look Smurfit Westrock. They're going to be a good competitor. Smurfit did a great job in Europe. PCA is a great competitor. I like that. I like great competitors. It raises that game.

The US is a little more consolidated than Europe will be and it always will be. I think that's the nature of it. But I would not think of it as much on a US versus pan-European, as I would kind of market by market. That's how I would think about it. And I think that's what really matters when you get to it. And so I think the structural dynamics are favorable over the next decade.

Q

Andy, usually the – some of the themes that you're talking about the incredibly undisciplined around cost and a few other things, often can be a manifestation of things that are happening outside the company with the clients, how relationships have evolved with them, [ph] are they (24:44) highly transactional relationships. [indiscernible] (24:50) saying we need all these things in order to eat, survive [ph] and we're (24:57) running in a thousand directions. Is that a cause of anything going on and are you doing anything about [indiscernible] (25:04)?

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

So, are our customers the problem, is that the question?

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Q

Or the relationships with the customers?

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

Yeah. I think to say no would be inaccurate. But I think we're the cause. I don't think they're the cause. Customers express their needs and you choose whether or not to fulfill them. And when it flips the other way around, you have a problem. And I don't think – if you look at DS Smith as an example, DS Smith is incredibly good with the customer. They're phenomenally good with the customer. And because they go and live in the customer shoes, they don't live with the procurement officer, they're actually trying to solve the customer's problem. And I think that's incredibly powerful. It's simple but very powerful.

And we've lost some of that in North America. And so I think that the ability of bringing some of that insight, bringing some level of process discipline to DS Smith is going to be good. And I say some level because you can have process for process' sake and we have a bunch of that at IP. We do have too much process for process sake. It's like, what's the process for. And so I'm actually pretty encouraged by – we're a really important supplier. And in North America and in Europe, we are a really important supplier. Us not being a good supplier is not good for anyone. And so bringing that quality of service, say, quality and service delivery to bear, doing that in a way where we actually bring strength to a market, I think is a good thing for everybody.

And so I'm encouraged by our ability to do that in a very focused way. And that happens a customer at a time. So we have 8,000 customers in the US, less than 100 make up 50% of sales and 300 make up 80% of sales. You can know them by name. This is not some big – I don't need AI to help me here. And so from that perspective, it's you got to get in and you got to work intimately with them.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

Andy, the last couple of minutes that we have, DS Smith, you already have a business in Europe, but you're making a bigger bet in Europe. And just given our coverage, Europe has disadvantage of energy and slower growth and so on, and there's some serious challenges...

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

True.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

...in terms of legacy issues and so on. What gives you comfort on increasing your exposure?

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

Yes. So, look, there are two places in the world where you can make money in this business, it's the US and Europe. So there's the two places you can make money. And when I look at the growth trends that we've – the question earlier for different reasons, right? One of them is you're driving materials conversion in Europe fast and

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then you're driving materials conversion. So as an example, non-plastic solutions, that's further ahead and more aggressive in Europe.

The economic equation from the customer backward is a little bit different in Europe. And the reason being is they're much more fast moving consumer goods oriented, because people are buying often buying things off shelf in package, right? And that's been done really around labor issues. If you look at what kind of labor issues and cost issue, therefore, cost and productivity issues, that's going to happen in the US. It is happening. If you go into a Costco, that's often how you buy in Costco today as an example.

And so you have a little bit different dynamics. But the structural economics are similar. Absolutely, you have more input issues in Europe, no doubt about it. And if anyone says differently the math doesn't support that. And so you are going to have a little bit more around that. And I mean I think I think 2025 is kind of soft. That's the reality of Europe but I like the long-term trend.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

Okay. In the last minute, maybe using your 80/20 skillset. How do we go from $2 billion to $4 billion?

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

Yeah. So I think it's – I think it's 60% cost and 40% commercial basically. So you got to net about $1.2 billion and the $800 million commercially, there's a little bit of volume in there. Getting the mix right is going to be very, very important. But we don't need [ph] RESI (29:23) to up-step $80. We think we're $20 to $40 away from mid-cycle somewhere in there. And then on the cost side specifically, it's a mix of you have to look hard at footprint, you have to look hard at footprint. You have to look hard at inputs and you have to look hard at structural cost.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Q

And just to close out, you've made some comments about Europe in 2025, how does the US look like?

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

A

I think pretty decent. I think it takes a little bit of time. If you look at where industrial production has been, as I talked to the people that I'm close to still – well, I'll call it, short cycle business, it looks a little better in that if you look at kind of the book to bill and short cycle businesses, it starts to look a little bit better in there. So I think the second half of next year is decent.

Ghansham Panjabi
Analyst, Robert W. Baird & Co., Inc.

Andy, thank you so much.

Andrew K. Silvernail
Chairman & Chief Executive Officer, International Paper Co.

Thank you.

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Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

...for your time together. The next presenter will be Mobileye Global. So [indiscernible] (30:18).

Andrew K. Silvernail

Chairman & Chief Executive Officer, International Paper Co.

Thank you very much. Appreciate it. Thank you all.

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