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Second Quarter 2019 Earnings | July 25, 2019



Forward-Looking Statements

Certain statements in this presentation may be considered forward-looking statements. Words such as “expects”, “anticipates”, “estimates”, “believes” and similar expressions identify forward-looking statements. These statements 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) the level of indebtedness and changes in interest rates; (ii) industry conditions, including but not limited to changes in the cost or availability of raw materials, energy and transportation costs, competition, cyclicalities and changes in consumer preferences, demand and pricing for International Paper products; (iii) global economic conditions and political changes, including but not limited to the impairment of financial institutions, changes in currency exchange rates, credit ratings issued by recognized credit rating organizations, the amount of future pension funding obligation, changes in tax laws and pension and health care costs; (iv) unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation; (v) whether International Paper experiences a material disruption at one of its manufacturing facilities; (vi) risks inherent in conducting business through joint ventures; (vii) International Paper’s ability to achieve the benefits expected from strategic acquisitions, divestitures, restructurings and capital investments; and (viii) other factors that can be found in International Paper’s press releases and U.S. Securities and Exchange Commission (“SEC”) filings. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements are discussed in greater detail in International Paper’s SEC filings. International Paper does not assume and specifically disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Statements Relating to Non-GAAP Measures

During the course of this presentation, certain non-U.S. GAAP financial measures may be presented. A reconciliation of all presented non-GAAP measures (and their components) to U.S. GAAP financial measures is available on IP’s website at internationalpaper.com under Performance/Investors.

Ilim JV and Graphic Packaging Investment Information

All financial information and statistical measures regarding our 50/50 Ilim joint venture in Russia (“Ilim”) and our 21% ownership interest in a subsidiary of Graphic Packaging Holding Company, other than historical International Paper Equity Earnings and dividends received by International Paper, have been prepared by the management of Ilim and Graphic Packaging Holding Company, respectively. Any projected financial information and statistical measures reflect the current views of Ilim and Graphic Packaging Holding Company 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.”



Second Quarter 2019 Results

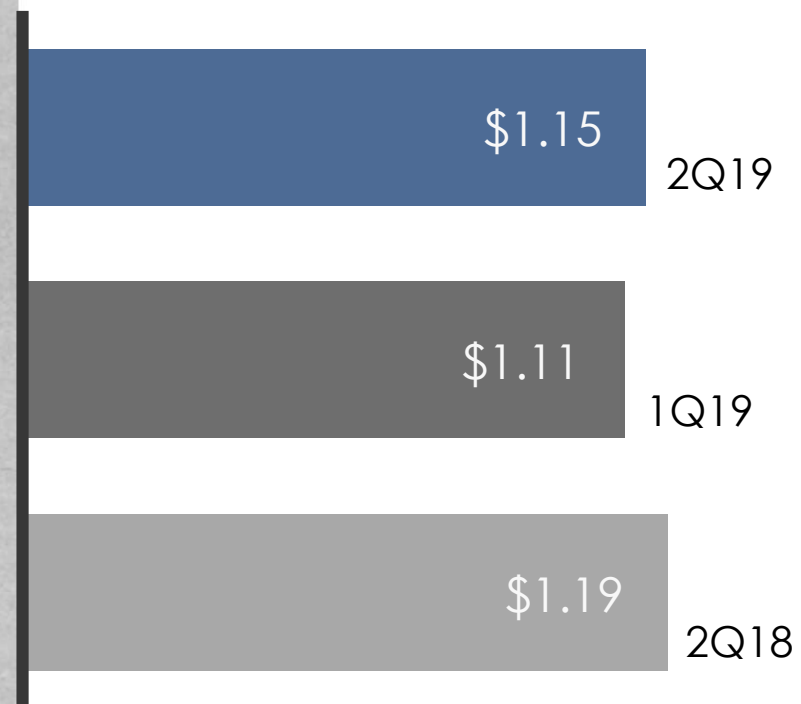
- Solid earnings and strong free cash flow generation in a more challenging environment
- Strong operational performance and cost management across all businesses
- Good execution of planned maintenance outages; ~75% completed 1H19
- Lower input and distribution costs
- Solid Ilim performance
- Share repurchases of \$231MM

See footnotes beginning on Slide 15

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Adjusted Operating EPS¹



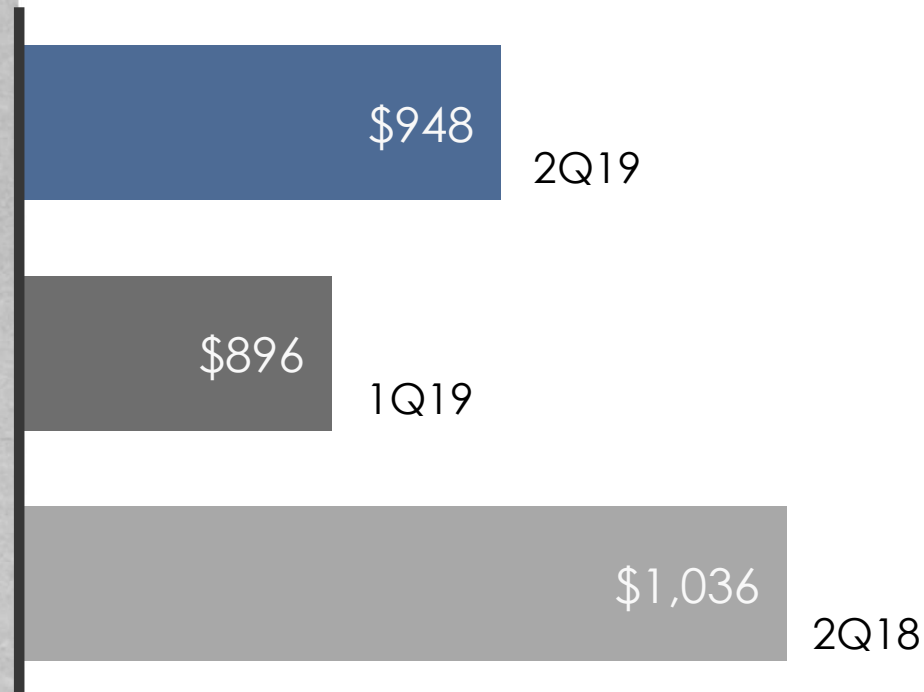
Second Quarter 2019 Financials



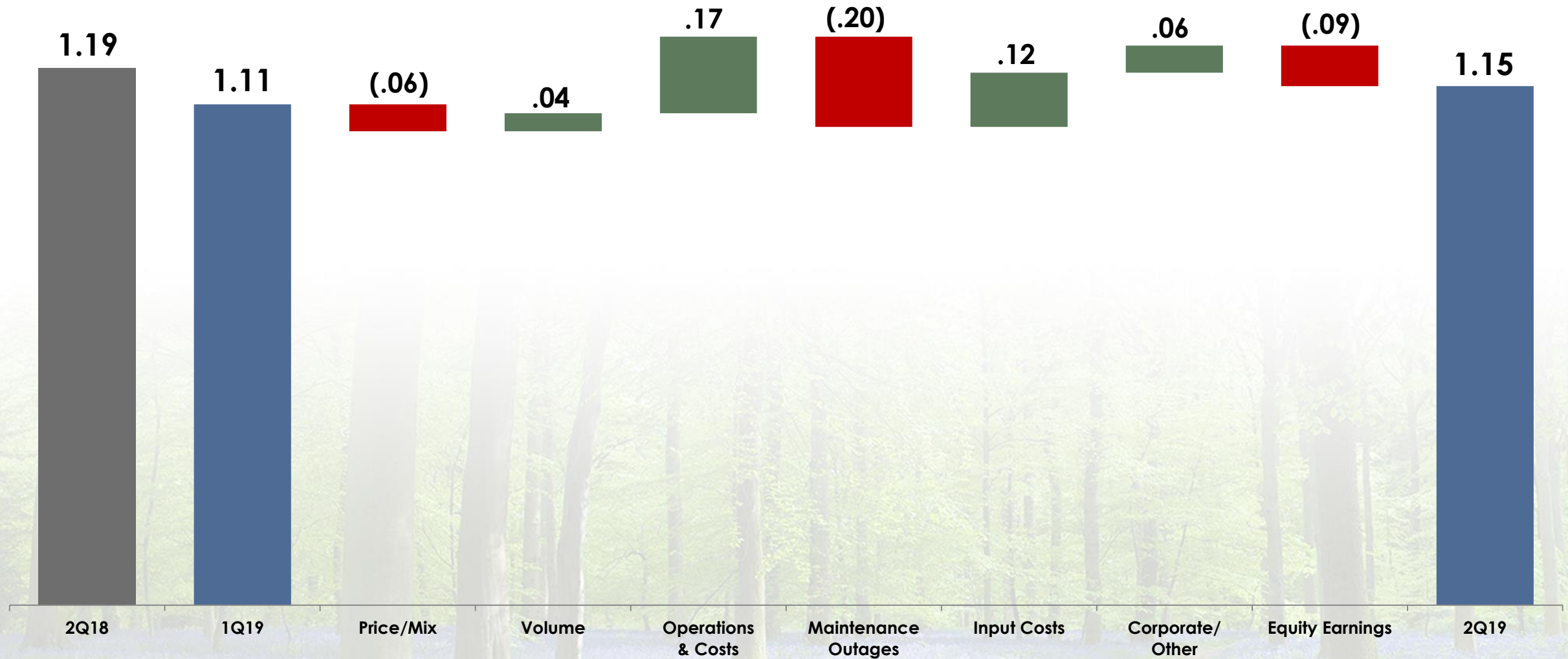
	2Q18	1Q19	2Q19
Sales (\$B)	\$5.8	\$5.6	\$5.7
Adjusted EBIT ¹ (\$MM)	\$706	\$582	\$628
Adjusted Operating EPS ²	\$1.19	\$1.11	\$1.15
Adjusted EBITDA ¹ (\$MM)	\$1,036	\$896	\$948
Adjusted EBITDA Margin ¹	17.8%	15.9%	16.7%
Equity Earnings (\$MM)	\$70	\$114	\$80
Free Cash Flow ³ (\$MM)	\$361	\$440	\$732

See footnotes beginning on Slide 15

Adjusted EBITDA¹
(\$MM)

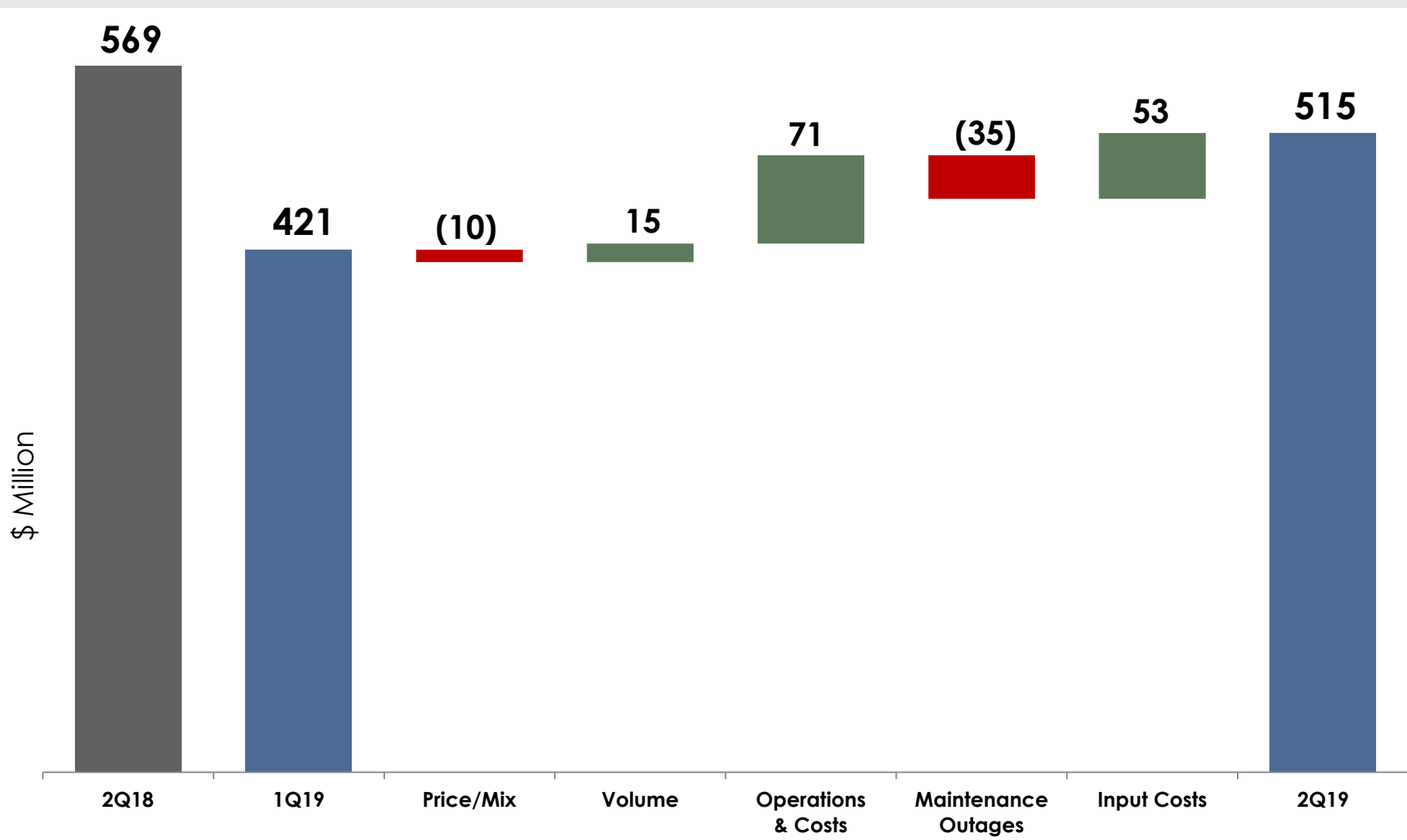


2Q19 vs. 1Q19 Adjusted Operating EPS¹



See footnotes beginning on Slide 15

Industrial Packaging | 2Q19 vs. 1Q19 Adjusted EBIT¹



See footnotes beginning on Slide 15

- IP U.S. Box Shipments -2.1% YoY (blended basis)
- Weak export containerboard shipments
- Optimized system and controlled spending
- Lower fiber and energy costs



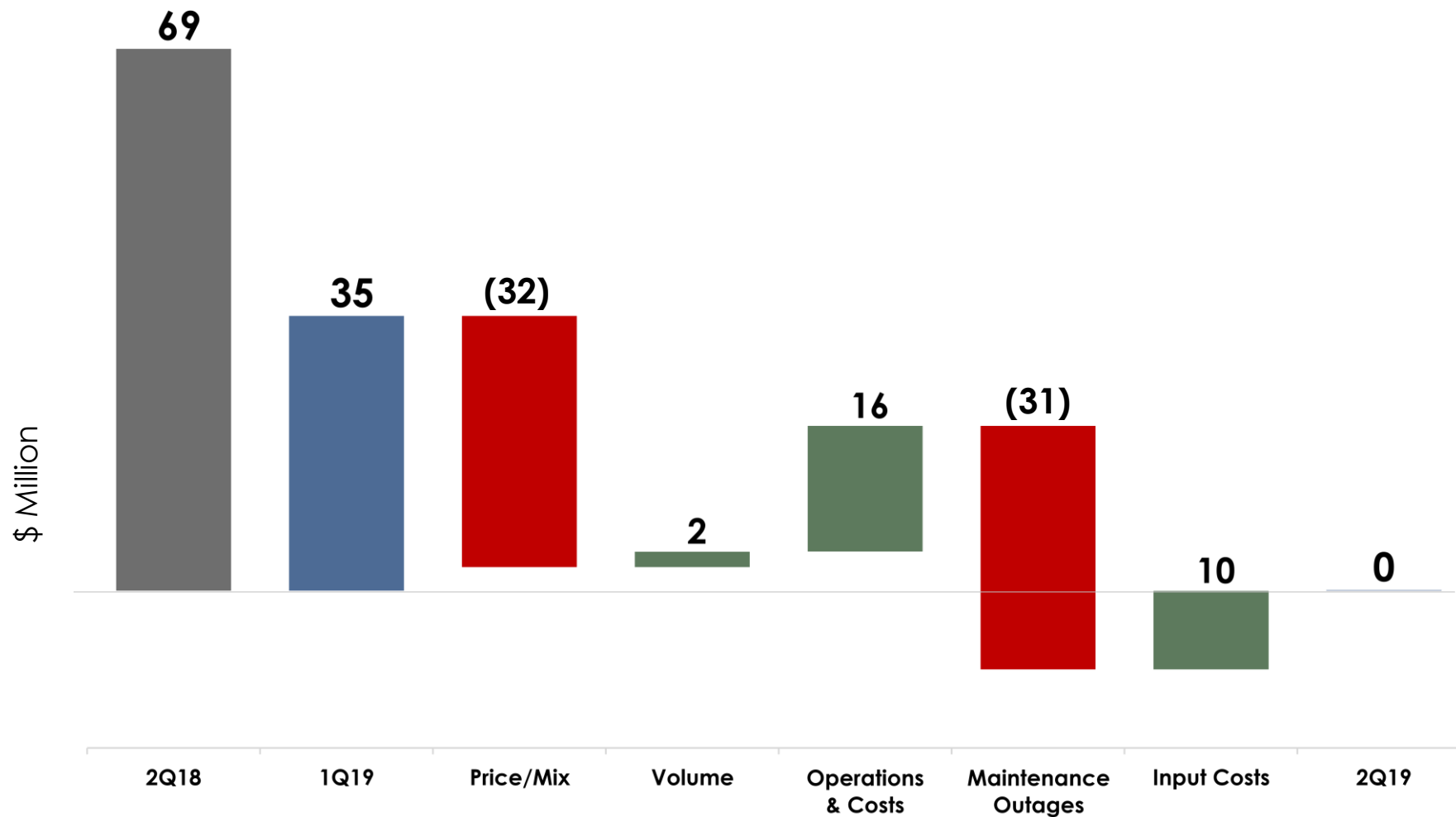
N.A. Corrugated Packaging Demand

	Customer Segment	% Industry Estimates ¹	IP Demand
Non-Durable Goods		75%	
	Processed Food	25%	Yellow
	Beverage	5%	Red
	Protein	10%	Green
	Fresh Produce	5%	Yellow
	Other Non-Durables	30%	Red
Durable Goods & Distribution		25%	
	E-commerce / Shipping & Distribution	15%	Green
	Durable Goods	10%	Red



See footnotes beginning on Slide 15

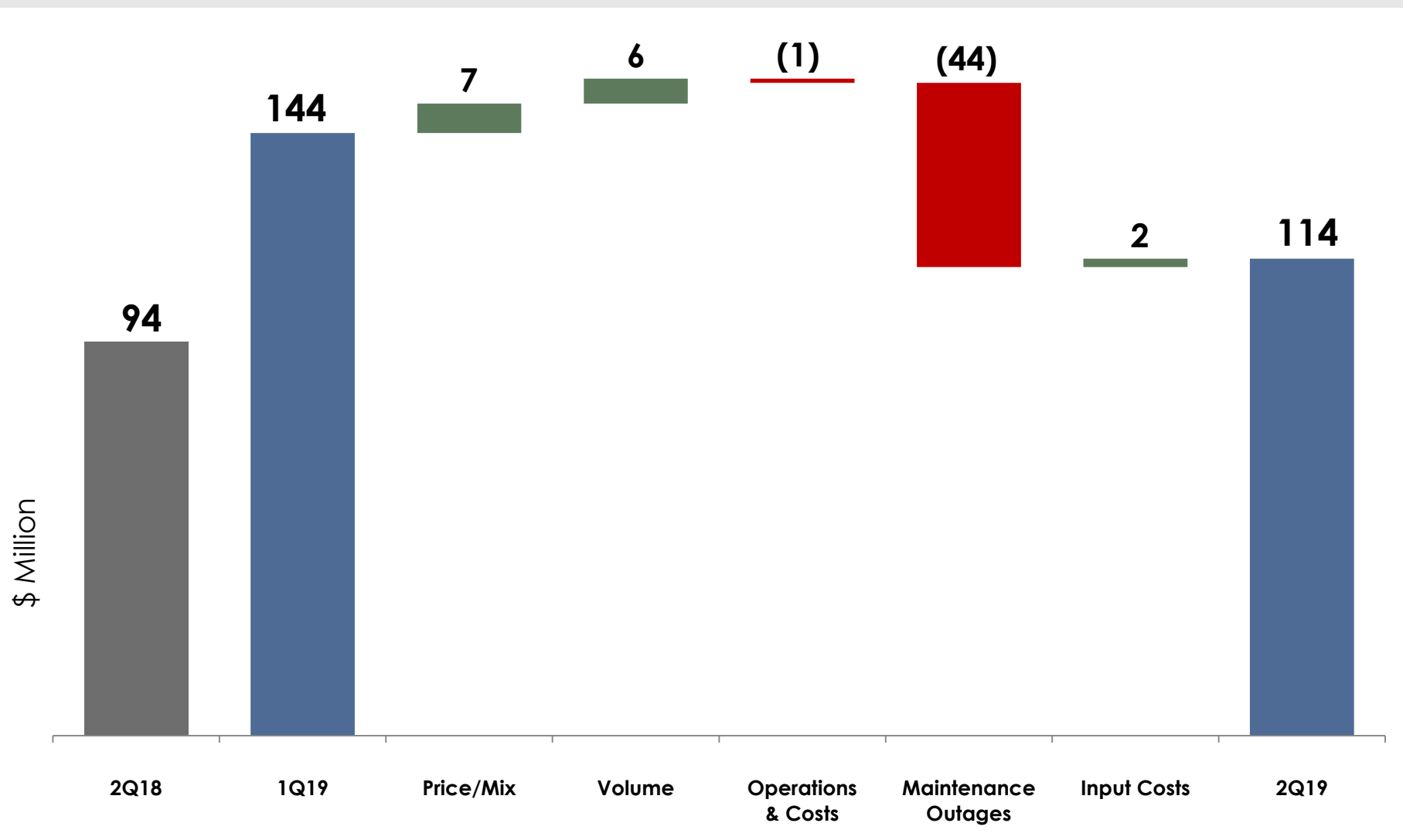
Global Cellulose Fibers | 2Q19 vs. 1Q19 Adjusted EBIT¹



See footnotes beginning on Slide 15

Challenging export environment
Solid operational performance
Completed ~80% of planned maintenance outages in 1H19
Lower wood and energy costs

Printing Papers | 2Q19 vs. 1Q19 Adjusted EBIT¹



See footnotes beginning on Slide 15



N.A. – strong performance in cutsize; challenging commercial printing

LatAm – stronger seasonal demand

Completed ~60% of planned maintenance outages in 1H19

ILIM Joint Venture

\$ Million	2Q18	1Q19	2Q19
Sales Volume (thousand metric tonnes)	831	819	806
Sales	\$698	\$620	\$594
EBITDA	\$209	\$306	\$238
F/X (Impact of USD Net Debt) ¹	\$(98)	\$52	\$16
Adj. Operating EBITDA ²	\$307	\$254	\$222
IP Equity Earnings (Loss) ³	\$57	\$101	\$67

See footnotes beginning on Slide 15



Solid operating performance with 40% EBITDA margin

F/X gain (non-cash) of \$0.02 EPS primarily on USD-denominated net debt in 2Q19

Received dividends of \$239 million in 2Q19

Third Quarter Earnings Outlook | Changes from 2Q19

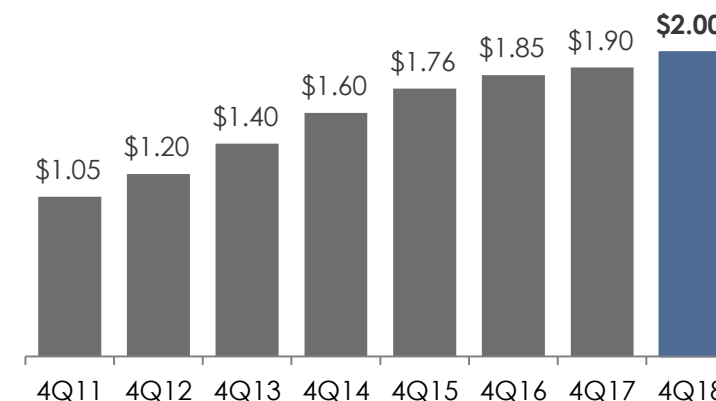
	Industrial Packaging 	Cellulose Fibers 	Printing Papers 
Price & Mix	Prior index movement and export pressure	Challenging export environment	Export pressure and mix impact
Volume	Seasonal improvement and export recovery	Stable	Seasonal improvement
Ops & Costs	Higher seasonal labor costs	Non-repeat of hurricane insurance recovery	Stable
Maintenance Outages	~\$68MM Lower	~\$52MM Lower	~\$33MM Lower
Inputs & Freight	Improved wood	Improved wood	Stable
Equity Earnings	- Equity Earnings from Ilim JV ~\$20MM¹ (includes ~\$10 million higher maintenance expense QoQ) - Equity Earnings from 21% ownership interest in GPI, less accounting basis adjustment		
Other	3Q19 corporate expense of ~\$20MM 3Q19 interest expense of ~\$130MM - Tax rate in line with full-year outlook of 24% - 26%		

See footnotes beginning on Slide 15

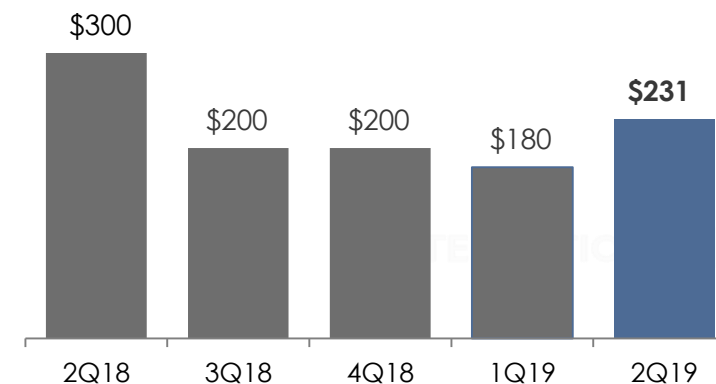
\$ Billion	2019 Outlook
Adjusted EBITDA ¹	\$3.9
Capex	\$1.4
Free Cash Flow	\$1.9
Dividend	\$0.8
Share Repurchase	\$1.1
Debt Reduction	

See footnotes beginning on Slide 15

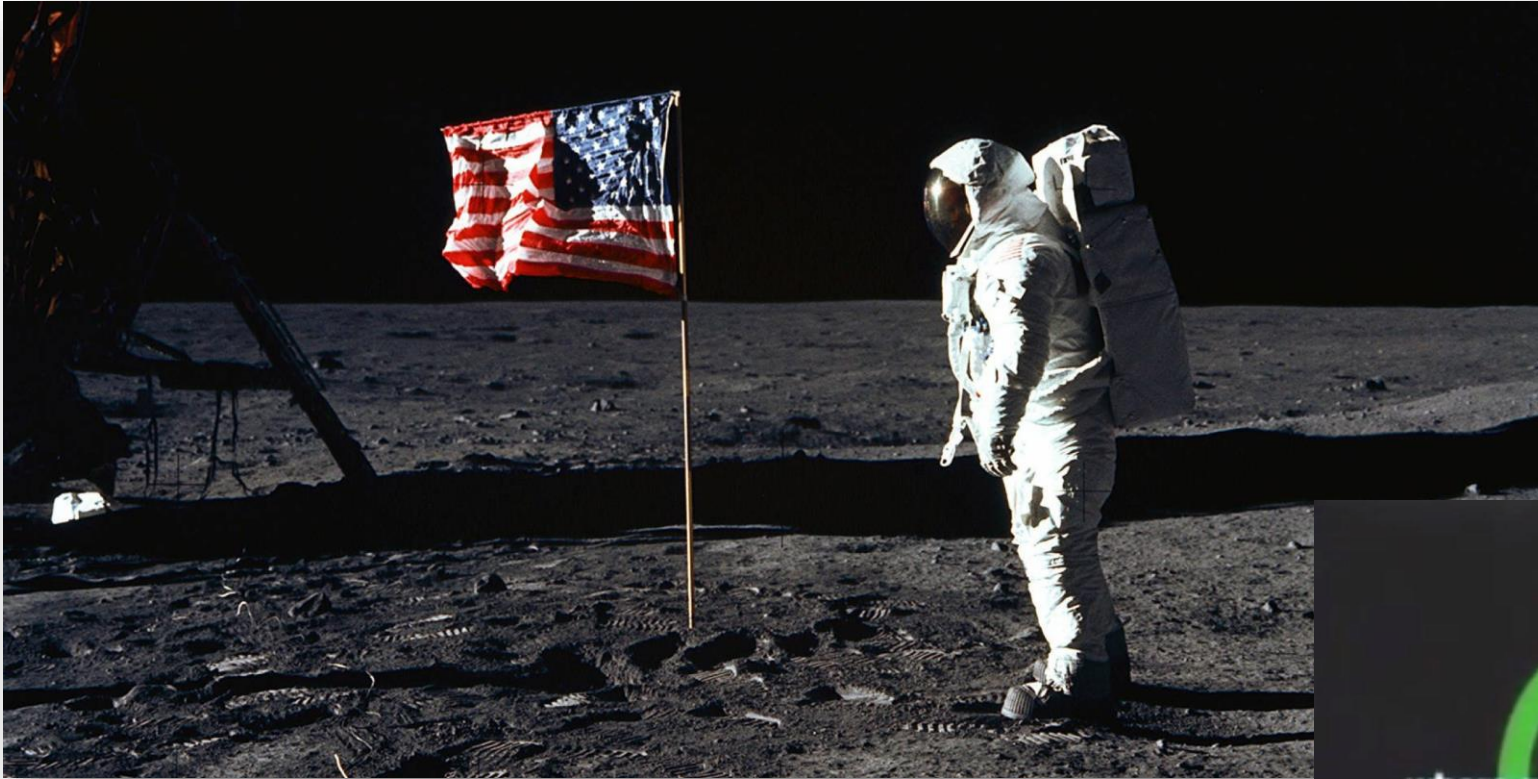
Annualized Dividend



Share Repurchases (\$MM)



CEO Perspective



Appendix | Contact Information



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Footnotes

Slide 3

¹ Adjusted operating EPS based on Adjusted Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)

Slide 4

¹ From continuing operations before special items and non-operating pension expense

² Adjusted operating EPS based on Adjusted Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)

³ See slide #18 for a reconciliation of cash provided by operations to Free Cash Flow

Slide 5

¹ Adjusted operating EPS based on Adjusted Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)

Slide 6

¹ Segment adjusted operating profit before special items

Includes European Coated Paperboard adjusted operating profit of \$17MM, \$22MM, and \$8MM for 2Q18, 1Q19, and 2Q19 respectively

Slide 7

¹ Source: 2018 Fibre Box Association North American Industry Classification System (NAICS) Report

Slide 8

¹ Segment adjusted operating profit before special items

Slide 9

¹ Segment adjusted operating profit before special items

Slide 10

Ilim JV results are on U.S. GAAP basis

¹ Represents F/X impact including amounts related to Ilim Group USD-denominated net debt (balance of ~\$0.5B as of June 30, 2019); Ilim Group's functional currency is the Ruble (RUB); Non-functional-denominated currency balances are measured monthly using the month-end exchange rate

² Before F/X impact including USD-denominated net debt

³ IP Equity Earnings (Loss) for 2Q18, 1Q19, and 2Q19 include after-tax F/X gains (losses) (primarily on USD-denominated net debt) of \$(39)MM, \$21MM, and \$7MM, respectively

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¹ Assumes stable F/X as of June 30, 2019

Footnotes

Slide 12

¹ From continuing operations before special items and non-operating pension expense

Slide 17

¹ From continuing operations before special items

Slide 23

¹ Excludes special items (Non-GAAP)

² Includes Ilim Joint Venture and Investment in Graphic Packaging and other investments

Slide 24

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 www.internationalpaper.com under Performance/Investors/Presentations and Events/Webcasts and Presentations.

¹ Excludes special items (Non-GAAP)

Slide 25

¹ A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Performance tab, Investors section

Slide 26

¹ Adjusted operating EPS based on Adjusted Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)

Slide 27

¹ Segment adjusted operating profit before special items

Includes European Coated Paperboard adjusted operating profit of \$17MM and \$8MM for 2Q18 and 2Q19, respectively

Slide 28

¹ Segment adjusted operating profit before special items

Slide 29

¹ Segment adjusted operating profit before special items



Key Financial Metrics¹

\$ Million		2017	2018	2019F
Maintenance Outage Expense		\$426	\$548	\$528
Capex	Maintenance & Regulatory	\$900	\$900	\$800
	Cost Reduction	\$100	\$150	\$200
	Strategic	\$400	\$550	\$400
Depreciation & Amortization		\$1,333	\$1,322	\$1,325
Net Interest Expense		\$577	\$536	\$510
Corporate Expense		\$91	\$67	\$70
Effective Tax Rate		30%	25%	24% - 26%

See footnotes beginning on Slide 15



Free Cash Flow

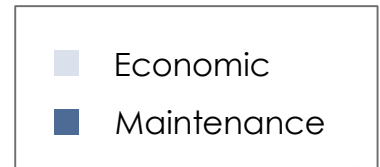
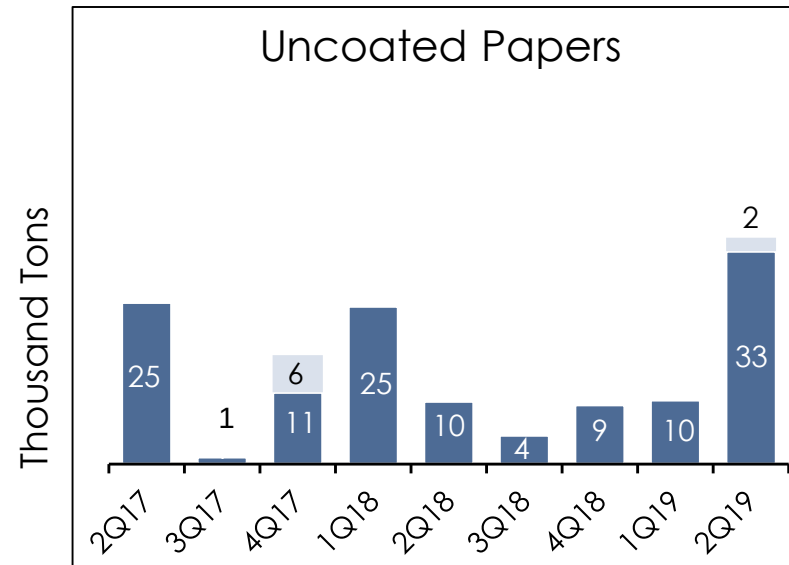
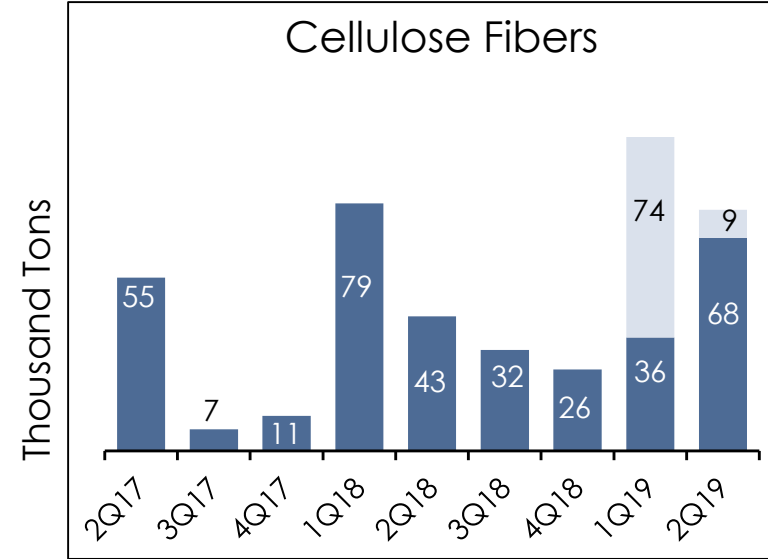
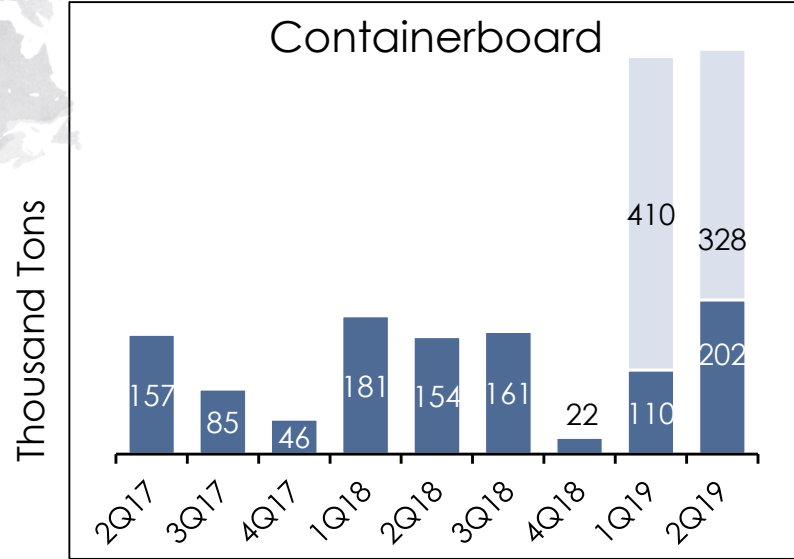
\$ Million	2016	2017	2018	2Q18	1Q19	2Q19
Cash Provided by Operations	\$2,478	\$1,757	\$3,226	\$801	\$733	\$1,067
Cash Invested in Capital Projects	\$(1,348)	\$(1,391)	\$(1,572)	\$(440)	\$(293)	\$(335)
Cash Contribution to Pension Plan	\$750	\$1,250	-	-	-	-
Kleen Products Settlement	-	\$354	-	-	-	-
Free Cash Flow	\$1,880	\$1,970	\$1,654	\$361	\$440	\$732



Maintenance Outages Expenses | 2019 Forecast

\$ Million	1Q19A	2Q19A	3Q19F	4Q19F	2019F
 Industrial Packaging	\$93	\$128	\$60	\$2	\$283
North America	\$93	\$120	\$57	\$2	\$272
Europe	-	-	\$1	-	\$1
Europe Coated Paperboard	-	\$8	-	-	\$8
Brazil	-	-	\$2	-	\$2
 Global Cellulose Fibers	\$38	\$69	\$17	\$11	\$135
North America	\$38	\$65	\$17	\$4	\$124
Europe	-	\$4	-	\$7	\$11
 Printing Papers	\$12	\$56	\$23	\$19	\$110
North America	\$12	\$35	\$18	\$9	\$74
Europe	-	\$20	-	\$8	\$28
Brazil	-	-	\$3	\$2	\$5
India	-	\$1	\$2	-	\$3
Total Impact	\$143	\$253	\$100	\$32	\$528

North American Downtime



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Special Items Before Tax | Continuing Operations

Special Items Pre-Tax \$(Million)		2Q18	1Q19	2Q19
Industrial Packaging	Multi-Employer Pension Plan Exit Liability		\$(16)	
	Gain on Sale of EMEA Packaging box plant		\$7	
	EMEA Packaging Restructuring	\$(26)		
	Other	\$(6)	\$(8)	\$(8)
Global Cellulose Fibers	Other	\$(3)	\$(3)	\$(2)
Printing Papers	India Impairment			\$(145)
	Riverdale Mill Conversion		\$(1)	\$(1)
	Other			\$(1)
Corporate	Smurfit Kappa Acquisition Bid Costs	\$(12)		
	Other			\$(1)
Total Special Items Before Tax		\$(47)	\$(21)	\$(158)

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Special Items Net of Tax

	1Q19		2Q19	
	\$ Million	EPS	\$ Million	EPS
Earnings Before Special Items	\$447	\$1.11	\$460	\$1.15
Special Items Net of Taxes:				
India Impairment			\$(143)	
Multi-Employer Pension Plan Exit Liability	\$(12)			
Riverdale Conversion	\$(1)		\$(1)	
Gain on Sale of EMEA Packaging Box Plant	\$6			
Tax Adjustments			\$(9)	
Other	\$(8)		\$(9)	
Total Special Items Net of Taxes	\$(15)	\$(0.04)	\$(162)	\$(0.41)
Non-Operating Pension Expense	\$(8)	\$(0.02)	\$(6)	\$(0.01)
Earnings from Continuing Operations	\$424	\$1.05	\$292	\$0.73

Adj. Operating Profits by Industry Segment | Continuing Operations

\$ Million	2Q18	1Q19	2Q19
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	\$490	\$418	\$334
Interest Expense, Net	\$133	\$133	\$121
Noncontrolling Interest / Equity Earnings Adjustment	\$(4)	\$(3)	\$(2)
Corporate Expenses, Net	\$30	\$21	\$3
Special Items, Net	\$47	\$21	\$165
Non-Operating Pension Expense	\$36	\$10	\$8
Adj. Operating Profit Before Special Items	\$732	\$600	\$629
Industrial Packaging ¹	\$569	\$421	\$515
Global Cellulose Fibers ¹	\$69	\$35	\$0
Printing Papers ¹	\$94	\$144	\$114
Total Adj. Industry Segment Operating Profit¹	\$732	\$600	\$629
Equity Earnings (Loss), net of taxes²	\$70	\$114	\$80

See footnotes beginning on Slide 15

Geographic Business Segment Operating Results | Quarterly

\$ Million	Sales			D & A ¹	Adj. Operating Profit ¹		
	2Q18	1Q19	2Q19	2Q19	2Q18	1Q19	2Q19
 Industrial Packaging							
North America	\$3,582	\$3,376	\$3,414	\$175	\$580	\$419	\$515
Europe	\$344	\$339	\$331	\$12	\$(17)	\$(15)	\$(7)
Europe Coated Paperboard	\$86	\$91	\$92	\$5	\$17	\$22	\$8
Brazil	\$56	\$57	\$58	\$1	\$(11)	\$(5)	\$(1)
 Global Cellulose Fibers							
Global Cellulose Fibers	\$692	\$689	\$661	\$66	\$69	\$35	\$0
 Printing Papers							
North America	\$493	\$496	\$486	\$20	\$25	\$57	\$41
Europe	\$302	\$309	\$321	\$12	\$15	\$47	\$29
Brazil	\$222	\$215	\$240	\$25	\$49	\$33	\$37
India	\$51	\$53	\$53	\$3	\$5	\$7	\$7

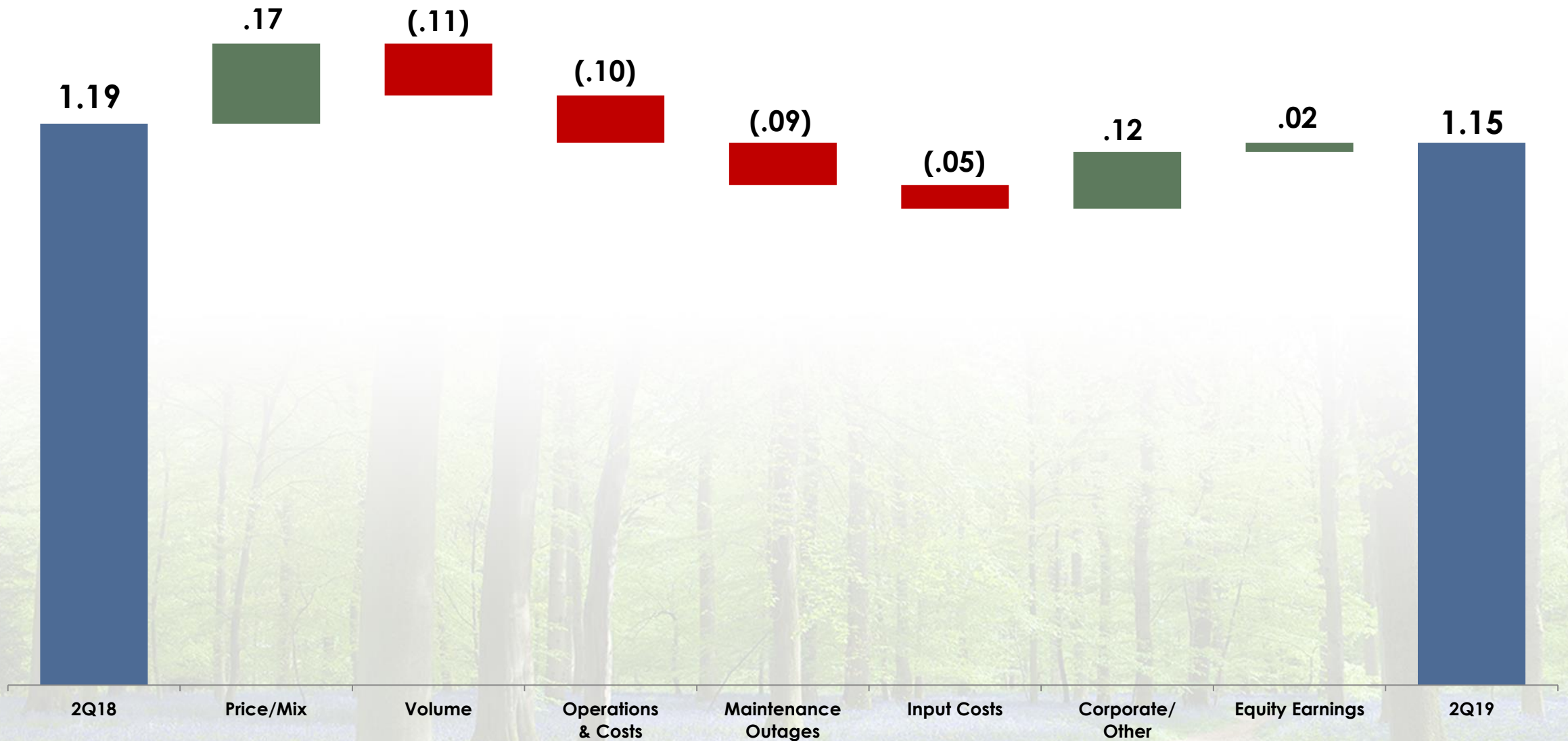
See footnotes beginning on Slide 15

2019 Operating Earnings

	Pre-Tax \$MM	Tax \$MM	Non- controlling Interest \$MM	Equity Earnings	Net Income \$MM	Average Shares MM	Diluted EPS ¹
Net Earnings from Continuing Operations							
1Q19	\$418	\$(106)	\$(2)	\$114	\$424	403	\$1.05
2Q19	\$334	\$(128)	\$6	\$80	\$292	398	\$0.73
Net Special Items							
1Q19	\$21	\$(6)	-	-	\$15	403	\$0.04
2Q19	\$165	\$4	\$(7)	-	\$162	398	\$0.41
Non-Operating Pension Expense							
1Q19	\$10	\$(2)	-	-	\$8	403	\$0.02
2Q19	\$8	\$(2)	-	-	\$6	398	\$0.01
Adj. Operating Earnings							
1Q19	\$449	\$(114)	\$(2)	\$114	\$447	403	\$1.11
2Q19	\$507	\$(126)	\$(1)	\$80	\$460	398	\$1.15

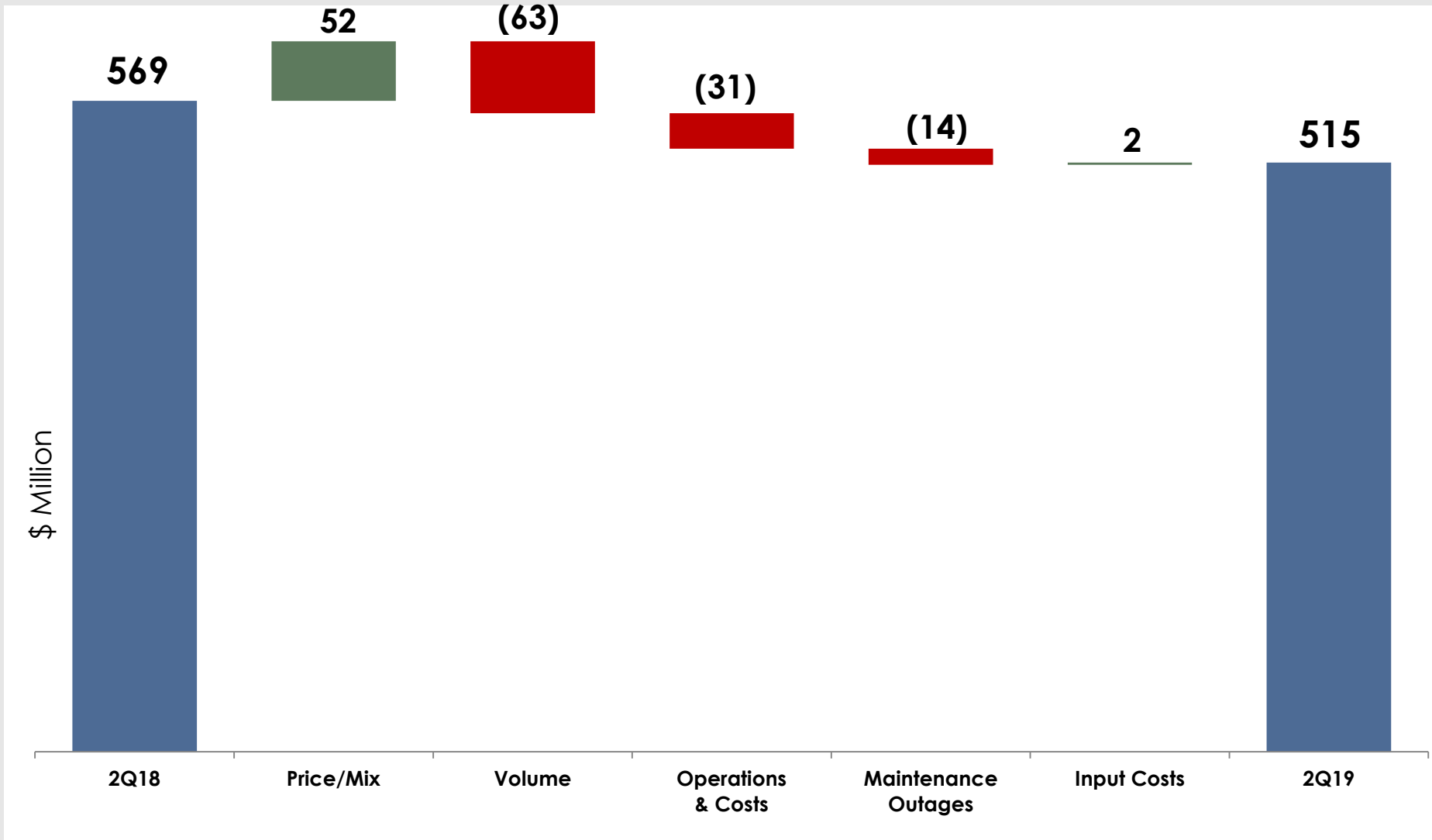
See footnotes beginning on Slide 15

2Q19 vs. 2Q18 Adj. Operating EPS¹



See footnotes beginning on Slide 15

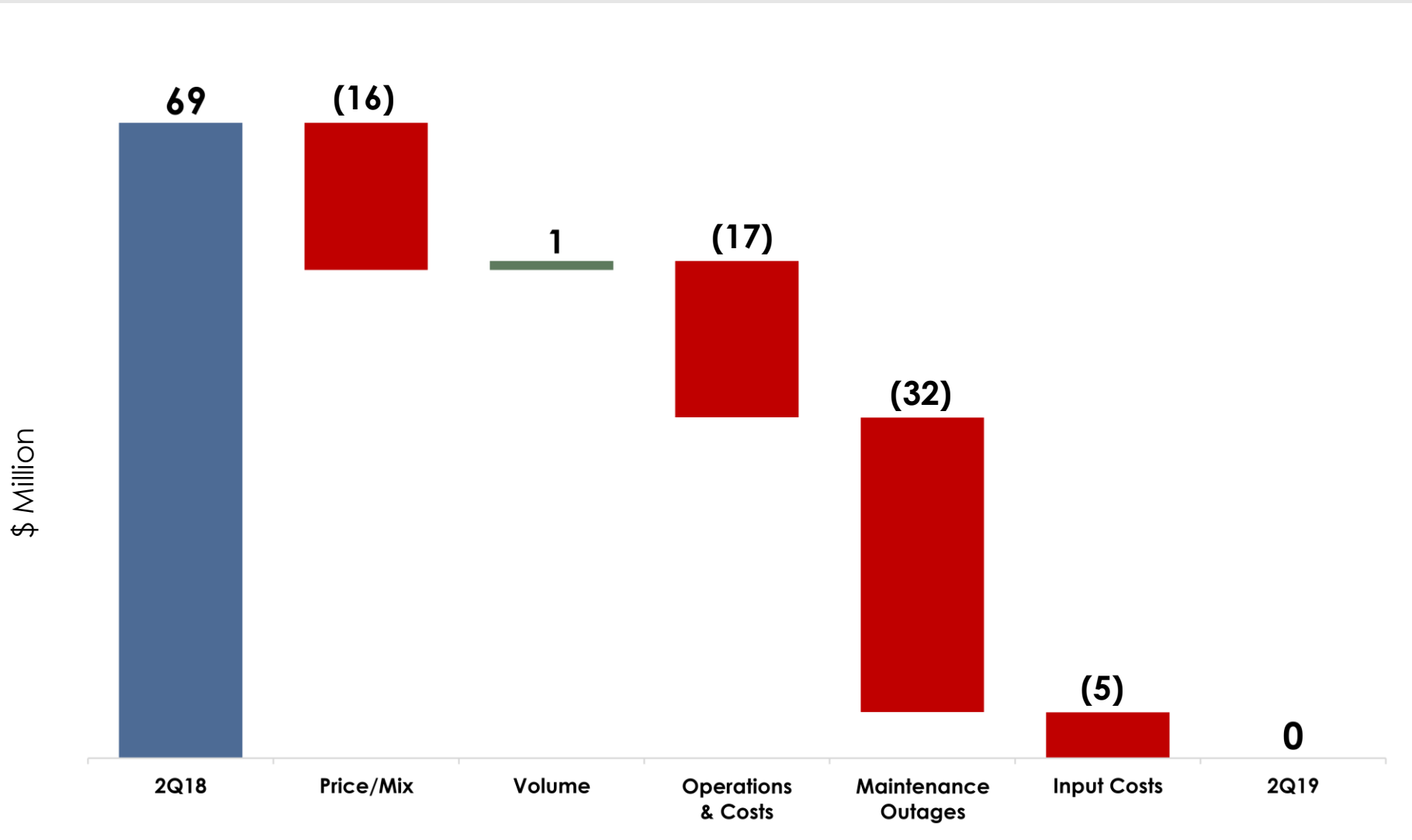
Industrial Packaging | 2Q19 vs. 2Q18 Adj. EBIT¹



See footnotes beginning on Slide 15



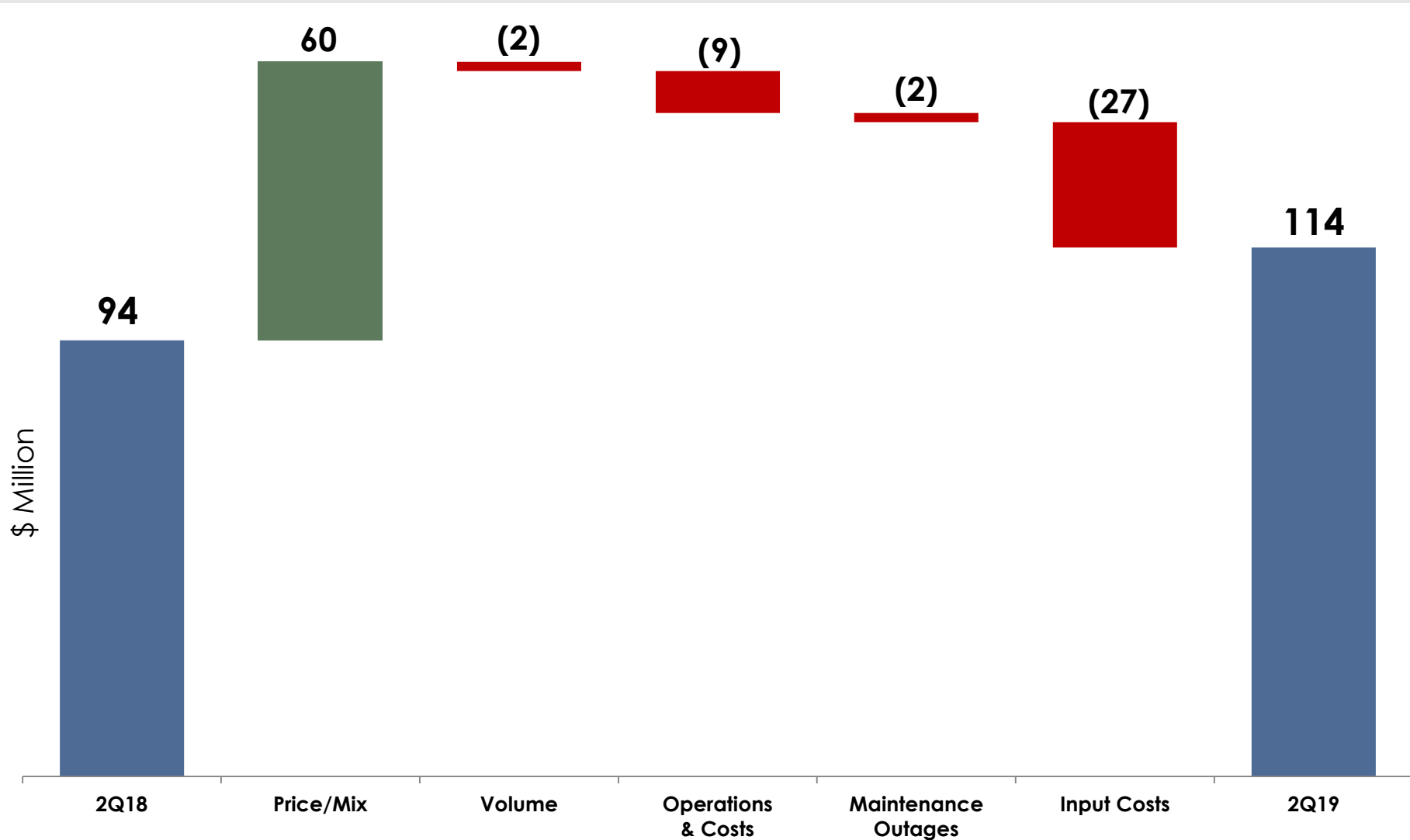
Global Cellulose Fibers | 2Q19 vs. 2Q18 Adj. EBIT¹



See footnotes beginning on Slide 15



Printing Papers | 2Q19 vs. 2Q18 Adj. EBIT¹

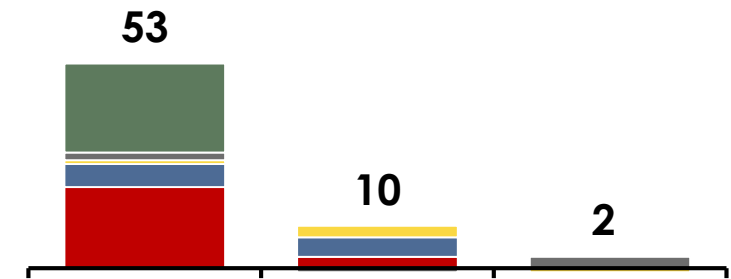


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Global Input Costs vs. 1Q19 | \$65MM Favorable, or \$0.12 per share

By Business



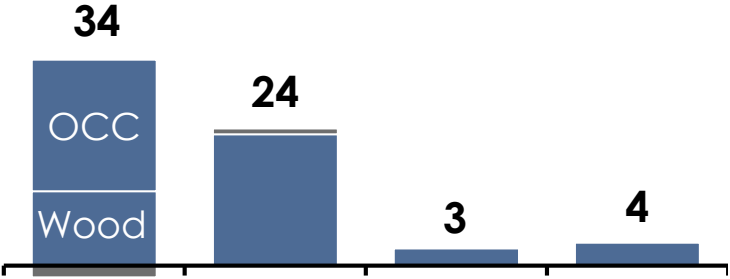
Industrial Packaging

Global Cellulose Fibers

Printing Papers

■ Energy ■ Wood ■ Chemicals ■ Freight ■ OCC

By Input Type



Fiber

Energy

Chemicals

Freight

■ North America ■ Outside North America

U.S. Average Cost vs. 1Q19

Wood	▼	1%
OCC	▼	22%
Natural Gas	▼	19%
Fuel Oil	▲	3%
Chemical Composite	▼	3%

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