



INTERNATIONAL PAPER

Third Quarter 2019 Earnings | October 31, 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, cyclicity 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 21.6% 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.”



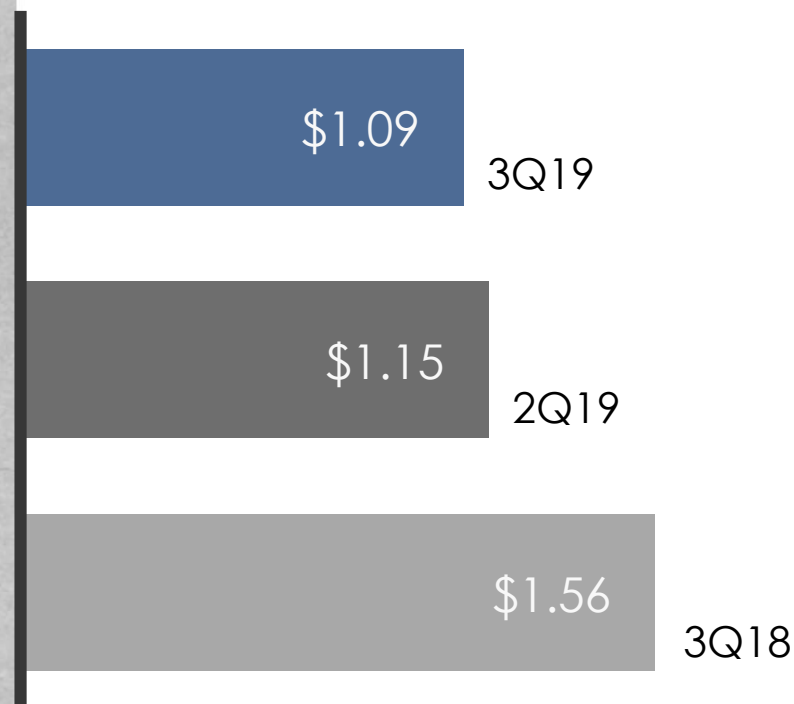
Third Quarter 2019 Results

- Solid earnings and continued strong free cash flow generation in a challenging environment
- Exports under pressure from supply/demand conditions
- Strong operational performance and cost management across all businesses
- Capital allocation actions:
 - ✓ Debt repayment of \$383MM
 - ✓ Share repurchases of \$74MM

See footnotes beginning on Slide 15



Adjusted Operating EPS¹



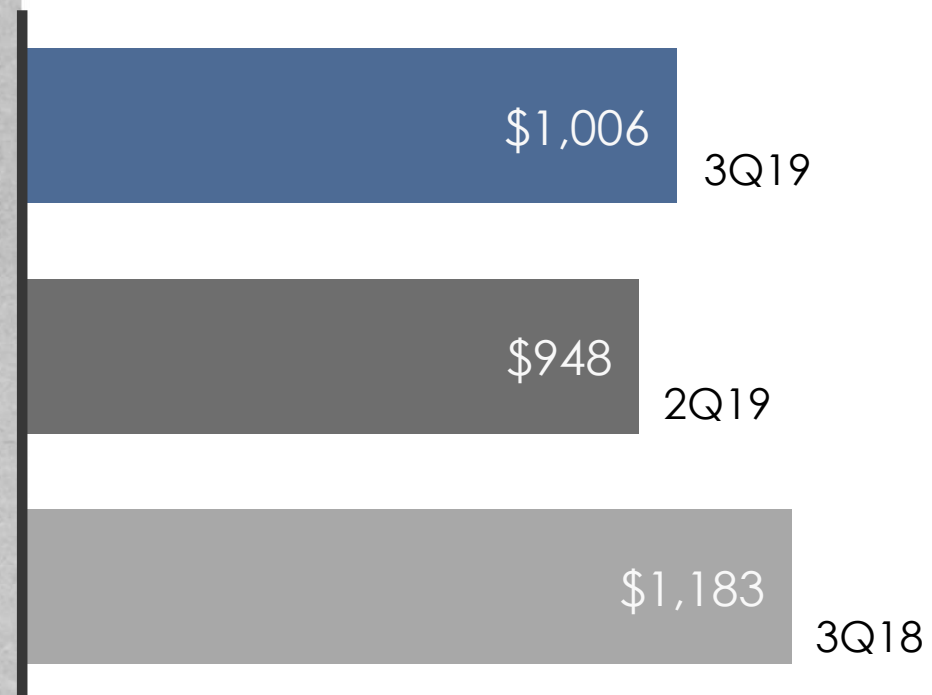
Third Quarter 2019 Financials



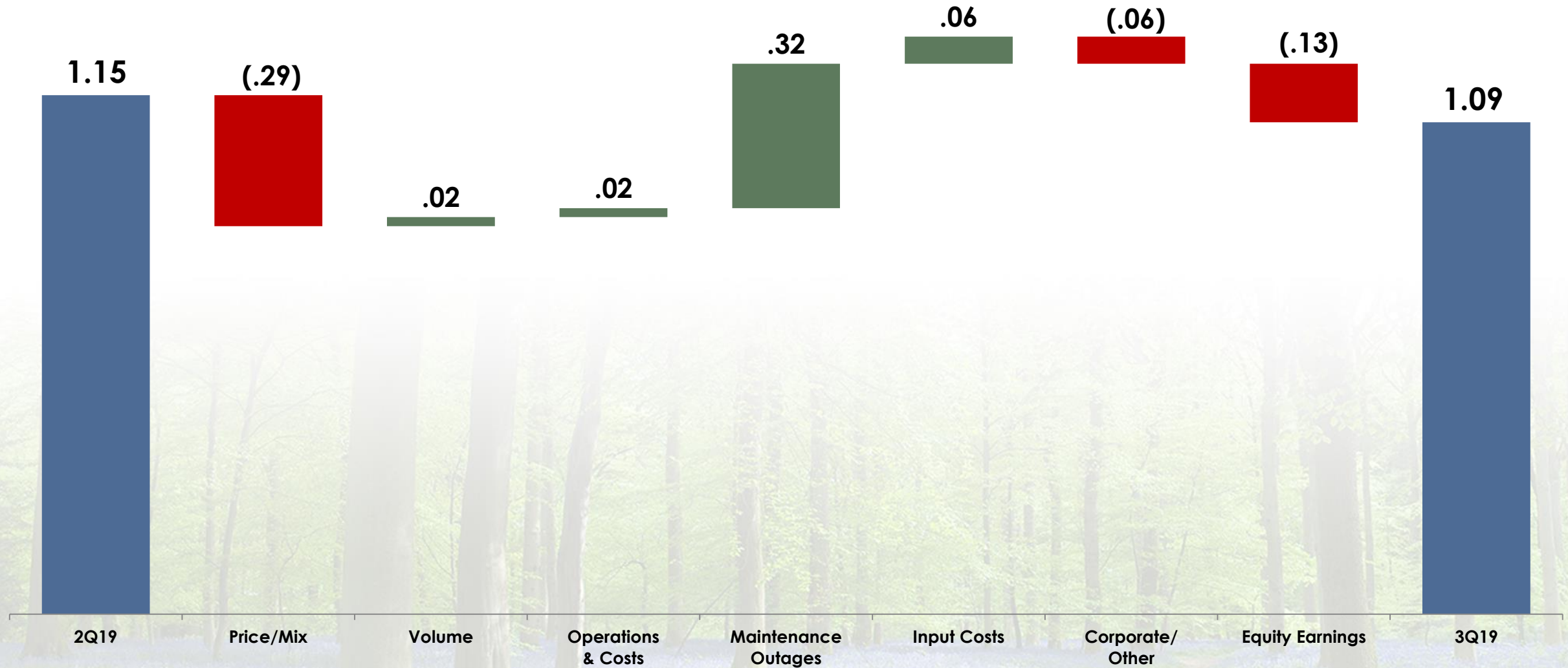
	3Q18	2Q19	3Q19
Sales (\$B)	\$5.9	\$5.7	\$5.6
Adjusted EBIT ¹ (\$MM)	\$853	\$628	\$680
Adjusted Operating EPS ²	\$1.56	\$1.15	\$1.09
Adjusted EBITDA ¹ (\$MM)	\$1,183	\$948	\$1,006
Adjusted EBITDA Margin ¹	20.0%	16.7%	18.1%
Equity Earnings (\$MM)	\$92	\$80	\$27
Free Cash Flow ³ (\$MM)	\$584	\$732	\$597

See footnotes beginning on Slide 15

Adjusted EBITDA¹
(\$MM)

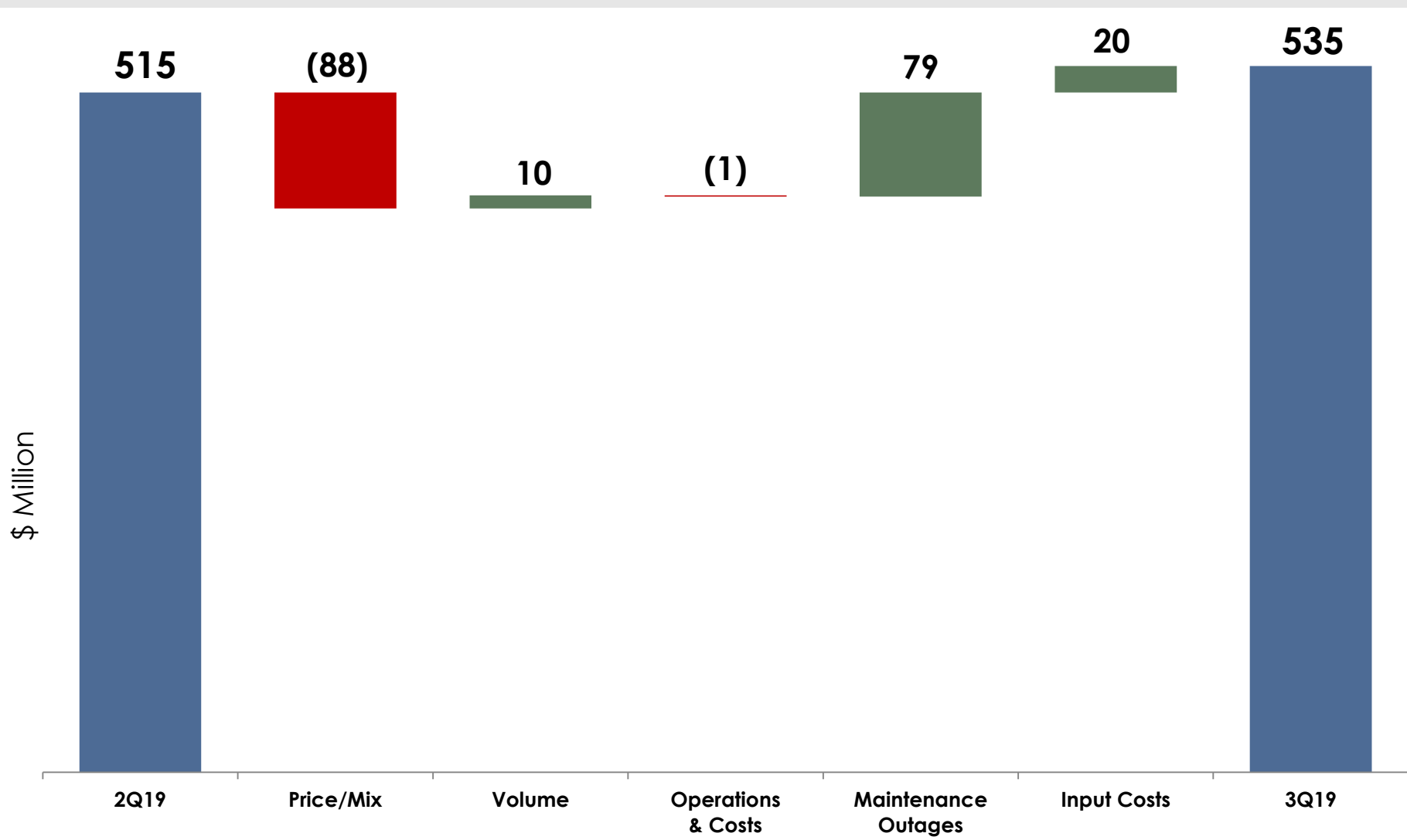


3Q19 vs. 2Q19 Adjusted Operating EPS¹



See footnotes beginning on Slide 15

Industrial Packaging | 3Q19 vs. 2Q19 Adjusted EBIT¹



See footnotes beginning on Slide 15



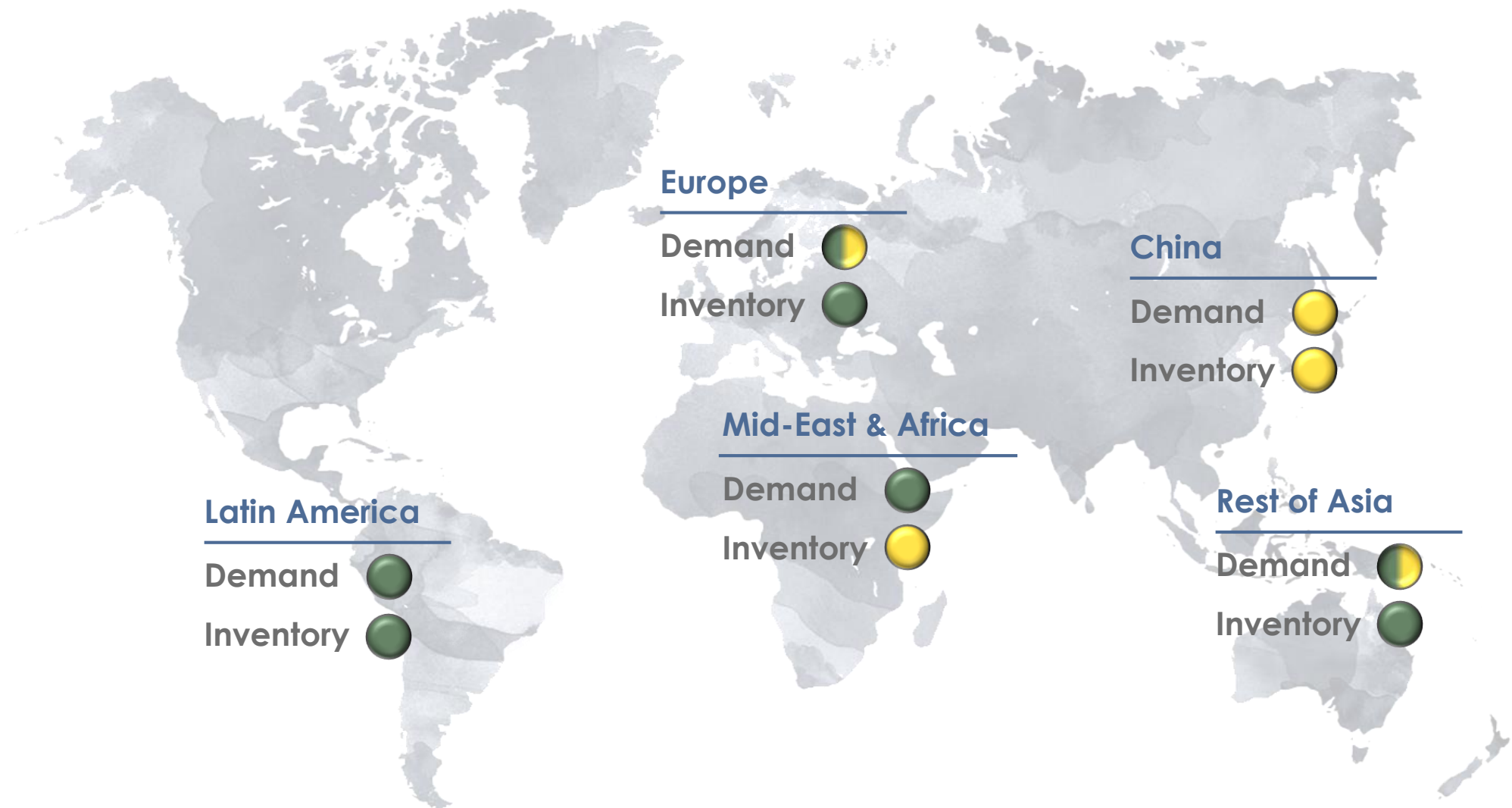
IP U.S. Box Shipments -0.1% YoY
(blended basis)

N.A. Industrial Packaging
Adj. EBITDA Margin¹ of 22.8%

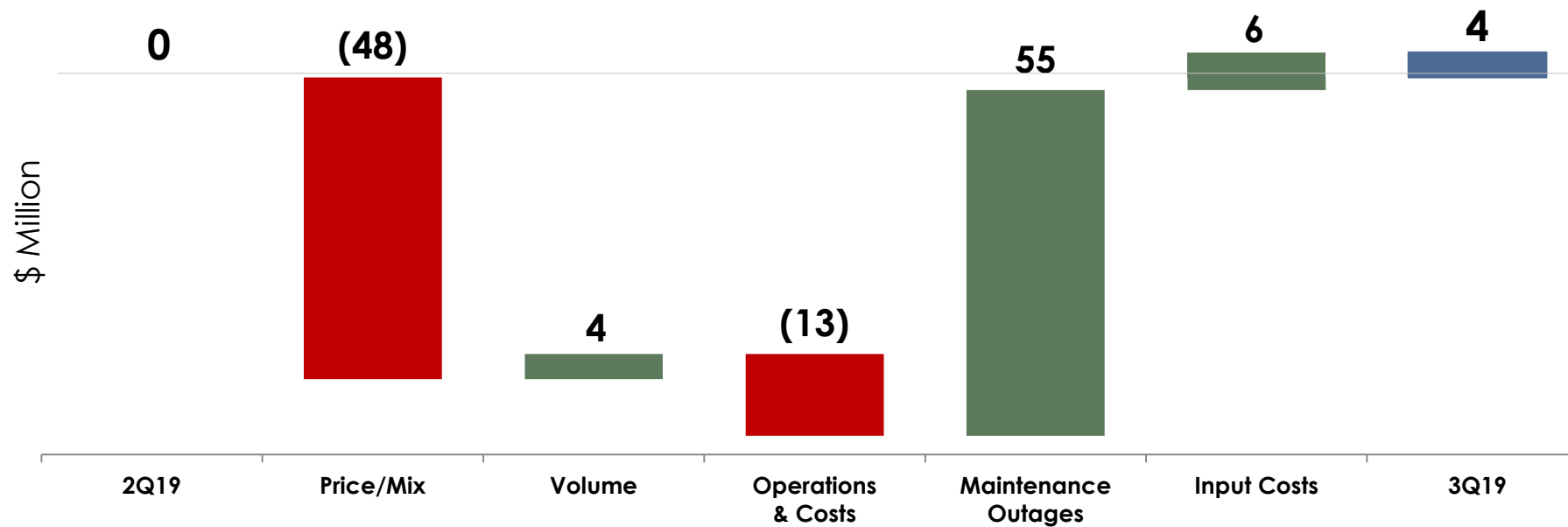
Optimized system and controlled
costs

Lower fiber costs

Containerboard Export | Regional Landscape



Global Cellulose Fibers | 3Q19 vs. 2Q19 Adjusted EBIT¹



See footnotes beginning on Slide 15

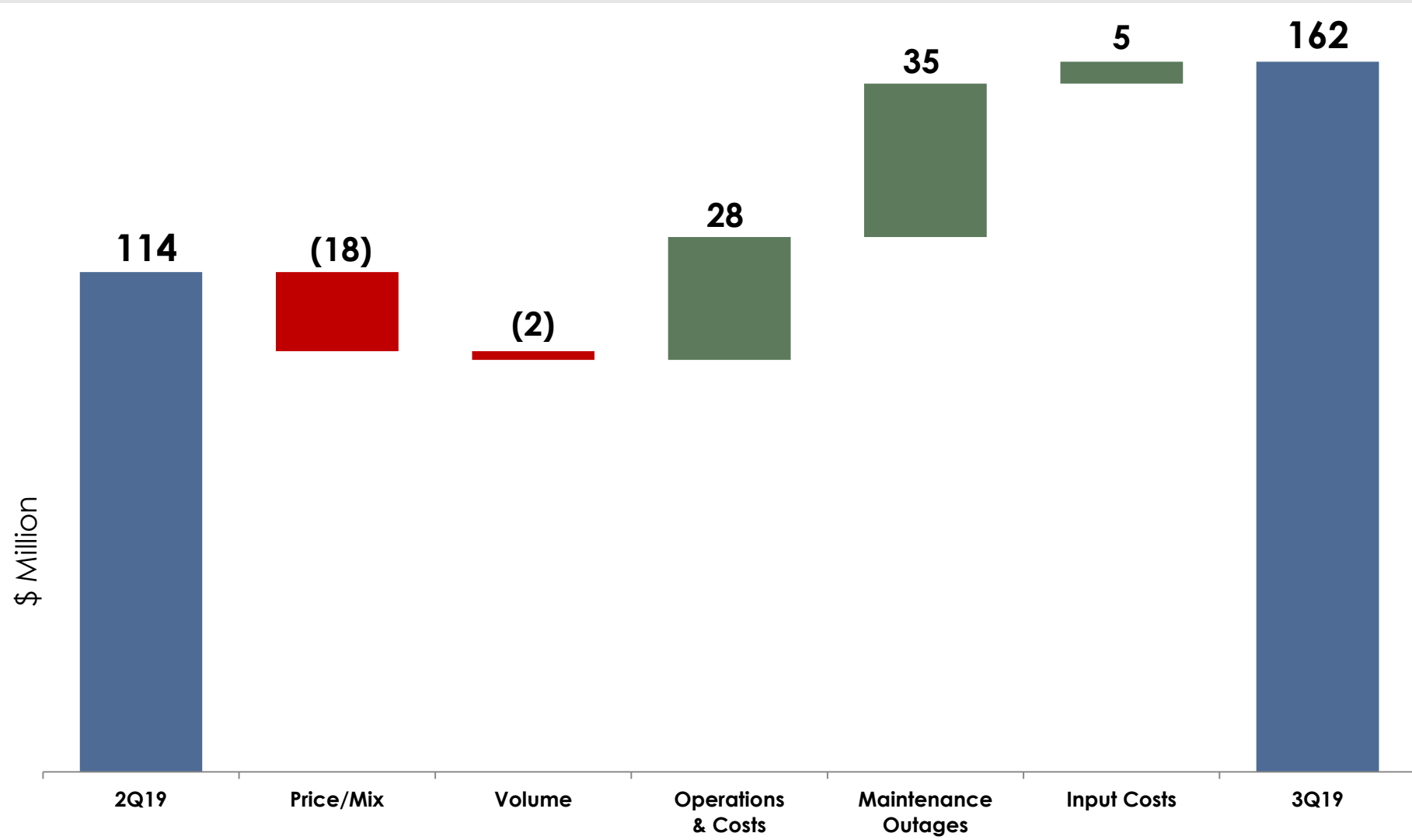
Commercial performance impacted by continued high industry inventory levels

Optimized system and controlled costs

Lower input costs



Printing Papers | 3Q19 vs. 2Q19 Adjusted EBIT¹



See footnotes beginning on Slide 15



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

LatAm – volume impacted by supply/demand conditions in export markets

Optimized system and controlled costs

ILIM Joint Venture

\$ Million	3Q18	2Q19	3Q19
Sales Volume (thousand metric tonnes)	788	806	735
Sales	\$655	\$594	\$479
EBITDA	\$239	\$238	\$103
F/X (Impact of USD Net Debt) ¹	\$(58)	\$16	\$(10)
Adj. Operating EBITDA ²	\$297	\$222	\$113
IP Equity Earnings (Loss) ³	\$74	\$67	\$18

See footnotes beginning on Slide 15



Operating EBITDA impacted by lower export pulp prices

Strong operations partly offset by higher seasonal maintenance outage costs

F/X loss (non-cash) of \$0.01 EPS primarily on USD-denominated net debt in 3Q19

Fourth Quarter Earnings Outlook | Changes from 3Q19

	Industrial Packaging 	Cellulose Fibers 	Printing Papers 
Price & Mix	Prior index movement Export mix impact	Flow through	Headwinds
Volume	Export recovery	Stable	Seasonal improvement
Ops & Costs	Non-repeats	Non-repeat of hurricane Higher seasonal energy	Non-repeats Higher seasonal energy
Maintenance Outages	~\$46MM Lower	~\$1MM Lower	~\$2MM Lower
Inputs & Freight	Stable	Stable	Improved fiber
Equity Earnings	- Equity Earnings from Ilim JV ~\$15MM¹ - Equity Earnings from 21.6% ownership interest in GPI, less accounting basis adjustment		
Other	4Q19 corporate expense of ~\$20MM 4Q19 interest expense of ~\$120MM 4Q19 tax rate of ~25%		

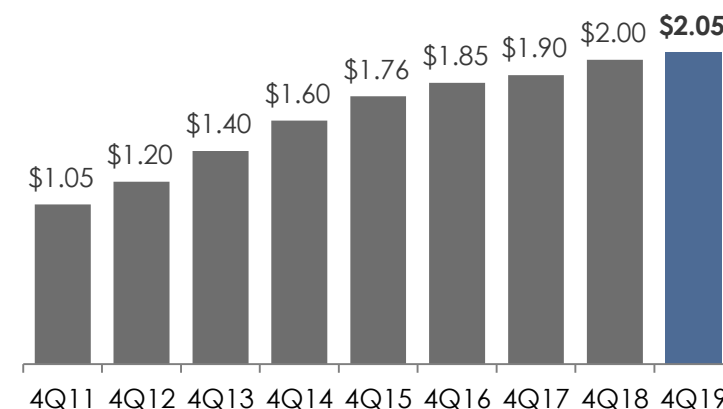
See footnotes beginning on Slide 15

\$ Billion	2019 Outlook
Adjusted EBITDA ¹	\$3.8
Capex	\$1.3
Free Cash Flow	\$2.0
Dividend	\$0.8
Share Repurchase	
Debt Repayment	\$1.2

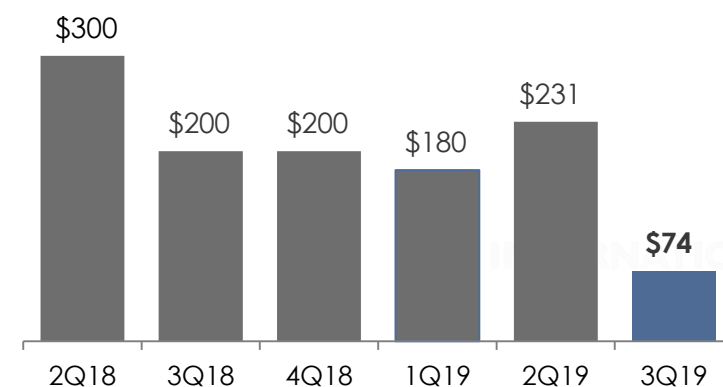
See footnotes beginning on Slide 15

**Used ~\$0.4B in 3Q19
for debt repayment**

Annualized Dividend



Share Repurchases (\$MM)



CEO Perspective

Strong & Sustainable Free Cash Flow

Customers

- Unique capabilities to deliver solutions to our customers
- Well positioned to capture growth

Performance

- Ability to optimize full value chain
- Low-cost, high-quality mill and converting network

Value Creation

- Strong and sustainable free cash flow
- Capital allocation to maximize value creation



Appendix | Contact Information

Investor Relations

Guillermo Gutierrez

+1-901-419-1731

guillermo.gutierrez@ipaper.com

Michele Vargas

+1-901-419-7287

michele.vargas@ipaper.com

Media

Thomas Ryan

+1-901-419-4333

thomas.ryan2@ipaper.com

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 \$18MM, \$8MM, and \$17MM for 3Q18, 2Q19, and 3Q19 respectively

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 ~\$0.4B as of September 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 3Q18, 2Q19, and 3Q19 include after-tax F/X gains (losses) (primarily on USD-denominated net debt) of \$(23)MM, \$7MM, and \$(4)MM, respectively

Slide 11

¹ Assumes stable F/X as of September 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, 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 \$18MM and \$17MM for 3Q18 and 3Q19, 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	\$515
Capex	Maintenance & Regulatory	\$900	\$900	\$780
	Cost Reduction	\$100	\$150	\$120
	Strategic	\$400	\$550	\$400
Depreciation & Amortization		\$1,333	\$1,322	\$1,310
Net Interest Expense		\$577	\$536	\$500
Corporate Expense		\$91	\$67	\$65
Effective Tax Rate		30%	25%	25% - 26%

See footnotes beginning on Slide 15



Free Cash Flow

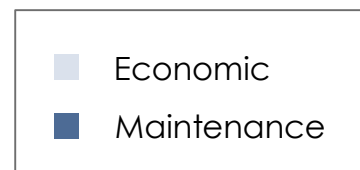
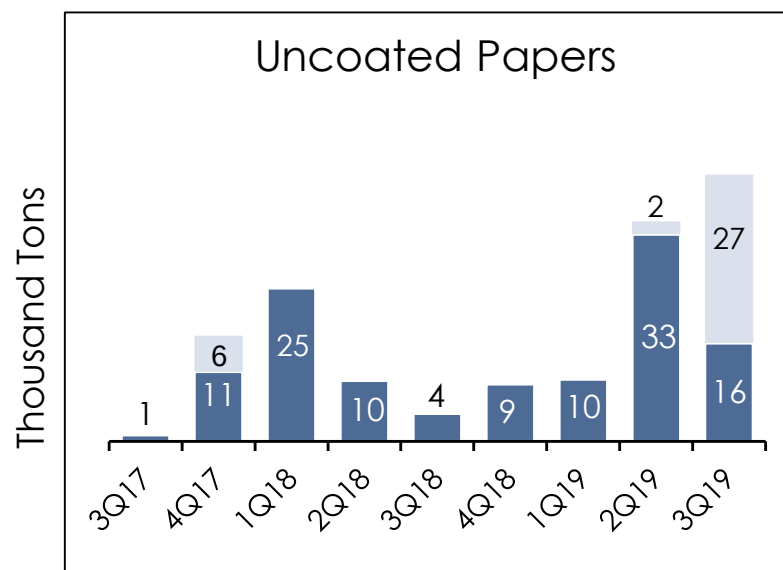
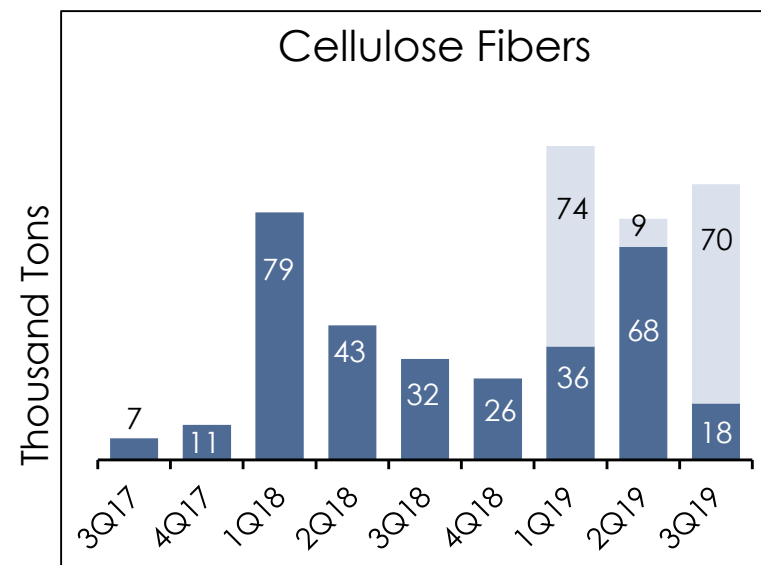
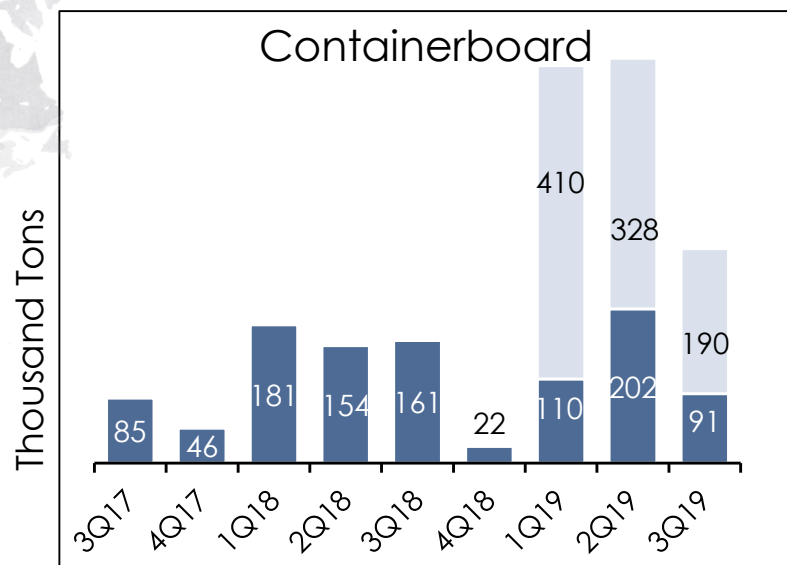
\$ Million	2016	2017	2018	3Q18	2Q19	3Q19
Cash Provided by Operations	\$2,478	\$1,757	\$3,226	\$941	\$1,067	\$882
Cash Invested in Capital Projects	\$(1,348)	\$(1,391)	\$(1,572)	\$(357)	\$(335)	\$(285)
Cash Contribution to Pension Plan	\$750	\$1,250	-	-	-	-
Kleen Products Settlement	-	\$354	-	-	-	-
Free Cash Flow	\$1,880	\$1,970	\$1,654	\$584	\$732	\$597

INTERNATIONAL PAPER

Maintenance Outages Expenses | 2019 Forecast

\$ Million	1Q19A	2Q19A	3Q19A	4Q19F	2019F
 Industrial Packaging	\$93	\$128	\$49	\$3	\$273
North America	\$93	\$120	\$47	\$3	\$263
Europe	-	-	-	-	-
Europe Coated Paperboard	-	\$8	-	-	\$8
Brazil	-	-	\$2	-	\$2
 Global Cellulose Fibers	\$38	\$69	\$14	\$13	\$134
North America	\$38	\$65	\$14	\$6	\$123
Europe	-	\$4	-	\$7	\$11
 Printing Papers	\$12	\$56	\$21	\$19	\$108
North America	\$12	\$35	\$16	\$9	\$72
Europe	-	\$20	-	\$8	\$28
Brazil	-	-	\$3	\$2	\$5
India	-	\$1	\$2	-	\$3
Total Impact	\$143	\$253	\$84	\$35	\$515

North American Downtime



INTERNATIONAL PAPER

Special Items Before Tax | Continuing Operations

Special Items Pre-Tax \$(Million)		3Q18	2Q19	3Q19
Industrial Packaging	Italian Antitrust Fine			\$(32)
	Gain on Sale of Previously Closed Oregon Mill Site			\$9
	Multi-Employer Pension Plan Exit Liability Reduction			\$7
	Brazil Packaging Impairment	\$(122)		
	Other	\$(4)	\$(8)	\$(9)
Global Cellulose Fibers	Overhead Cost Reduction			\$(4)
	Other	\$(2)	\$(2)	\$(3)
Printing Papers	India Impairment		\$(145)	\$(6)
	Overhead Cost Reduction			\$(6)
	Riverdale Mill Conversion	\$(5)	\$(1)	\$(1)
	Other		\$(1)	\$(1)
	Litigation Reserves			\$(22)
Corporate	Environmental Remediation Reserve Adjustment	\$(9)		\$(15)
	Overhead Cost Reduction			\$(11)
	Other		\$(1)	
Total Special Items Before Tax		\$(142)	\$(158)	\$(94)

Special Items Net of Tax

	2Q19		3Q19	
	\$ Million	EPS	\$ Million	EPS
Earnings Before Special Items	\$460	\$1.15	\$431	\$1.09
Special Items Net of Taxes:				
Italian Antitrust Fine			\$(32)	
Litigation Reserves			\$(17)	
Overhead Cost Reduction			\$(16)	
Environmental Remediation Reserve Adjustment			\$(11)	
India Impairment	\$(143)		\$(6)	
Riverdale Conversion	\$(1)		\$(1)	
Gain on Sale of Previously Closed Oregon Mill Site			\$7	
Multi-Employer Pension Plan Exit Liability Reduction			\$6	
Tax Adjustments	\$(9)			
Other	\$(9)		\$(10)	
Total Special Items Net of Taxes	\$(162)	\$(0.41)	\$(80)	\$(0.20)
Non-Operating Pension Expense	\$(6)	\$(0.01)	\$(7)	\$(0.02)
Earnings from Continuing Operations	\$292	\$0.73	\$344	\$0.87

PER

Adj. Operating Profits by Industry Segment | Continuing Operations

\$ Million	3Q18	2Q19	3Q19
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	\$553	\$334	\$452
Interest Expense, Net	\$133	\$121	\$123
Noncontrolling Interest / Equity Earnings Adjustment	\$(2)	\$(2)	\$0
Corporate Expenses, Net	\$20	\$3	\$21
Special Items, Net	\$142	\$165	\$96
Non-Operating Pension Expense	\$25	\$8	\$9
Adj. Operating Profit Before Special Items	\$871	\$629	\$701
Industrial Packaging ¹	\$598	\$515	\$535
Global Cellulose Fibers ¹	\$85	\$0	\$4
Printing Papers ¹	\$188	\$114	\$162
Total Adj. Industry Segment Operating Profit¹	\$871	\$629	\$701
Equity Earnings (Loss), net of taxes²	\$92	\$80	\$27

See footnotes beginning on Slide 15

Geographic Business Segment Operating Results | Quarterly

\$ Million	Sales			D & A ¹	Adj. Operating Profit ¹		
	3Q18	2Q19	3Q19	3Q19	3Q18	2Q19	3Q19
 Industrial Packaging							
North America	\$3,653	\$3,414	\$3,368	\$182	\$622	\$515	\$525
Europe	\$311	\$331	\$324	\$14	\$(37)	\$(7)	\$(1)
Europe Coated Paperboard	\$87	\$92	\$92	\$5	\$18	\$8	\$17
Brazil	\$57	\$58	\$61	\$1	\$(5)	\$(1)	\$(6)
 Global Cellulose Fibers							
Global Cellulose Fibers	\$714	\$661	\$624	\$65	\$85	\$0	\$4
 Printing Papers							
North America	\$492	\$486	\$492	\$21	\$64	\$41	\$76
Europe	\$311	\$321	\$299	\$13	\$46	\$29	\$41
Brazil	\$255	\$240	\$247	\$24	\$75	\$37	\$44
India	\$47	\$53	\$38	\$0	\$3	\$7	\$1

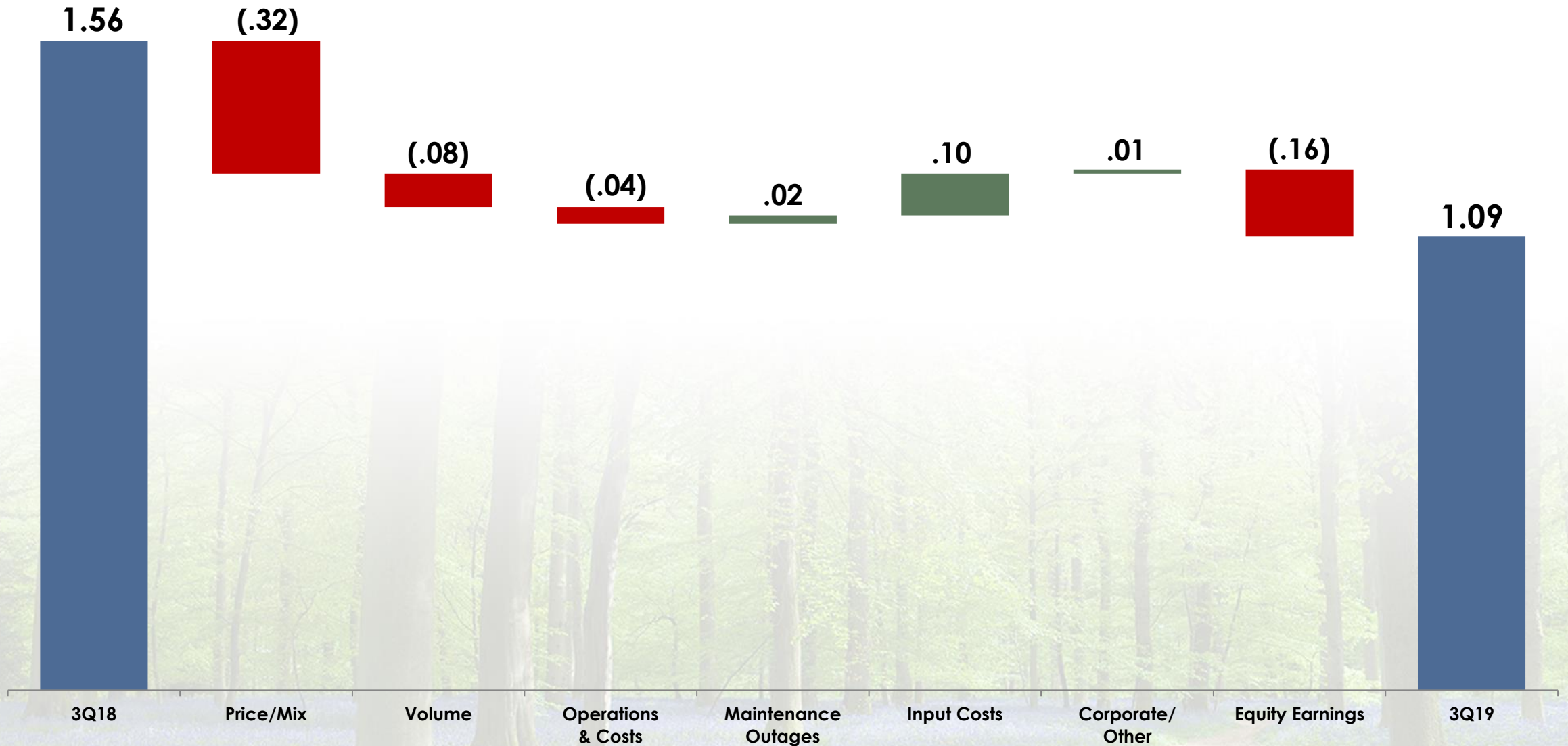
See footnotes beginning on Slide 15

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
3Q19	\$452	\$(137)	\$2	\$27	\$344	395	\$0.87
Net Special Items							
1Q19	\$21	\$(6)	-	-	\$15	403	\$0.04
2Q19	\$165	\$4	\$(7)	-	\$162	398	\$0.41
3Q19	\$96	\$(14)	\$(2)	-	\$80	395	\$0.20
Non-Operating Pension Expense							
1Q19	\$10	\$(2)	-	-	\$8	403	\$0.02
2Q19	\$8	\$(2)	-	-	\$6	398	\$0.01
3Q19	\$9	\$(2)	-	-	\$7	395	\$0.02
Adj. Operating Earnings							
1Q19	\$449	\$(114)	\$(2)	\$114	\$447	403	\$1.11
2Q19	\$507	\$(126)	\$(1)	\$80	\$460	398	\$1.15
3Q19	\$557	\$(153)	-	\$27	\$431	395	\$1.09

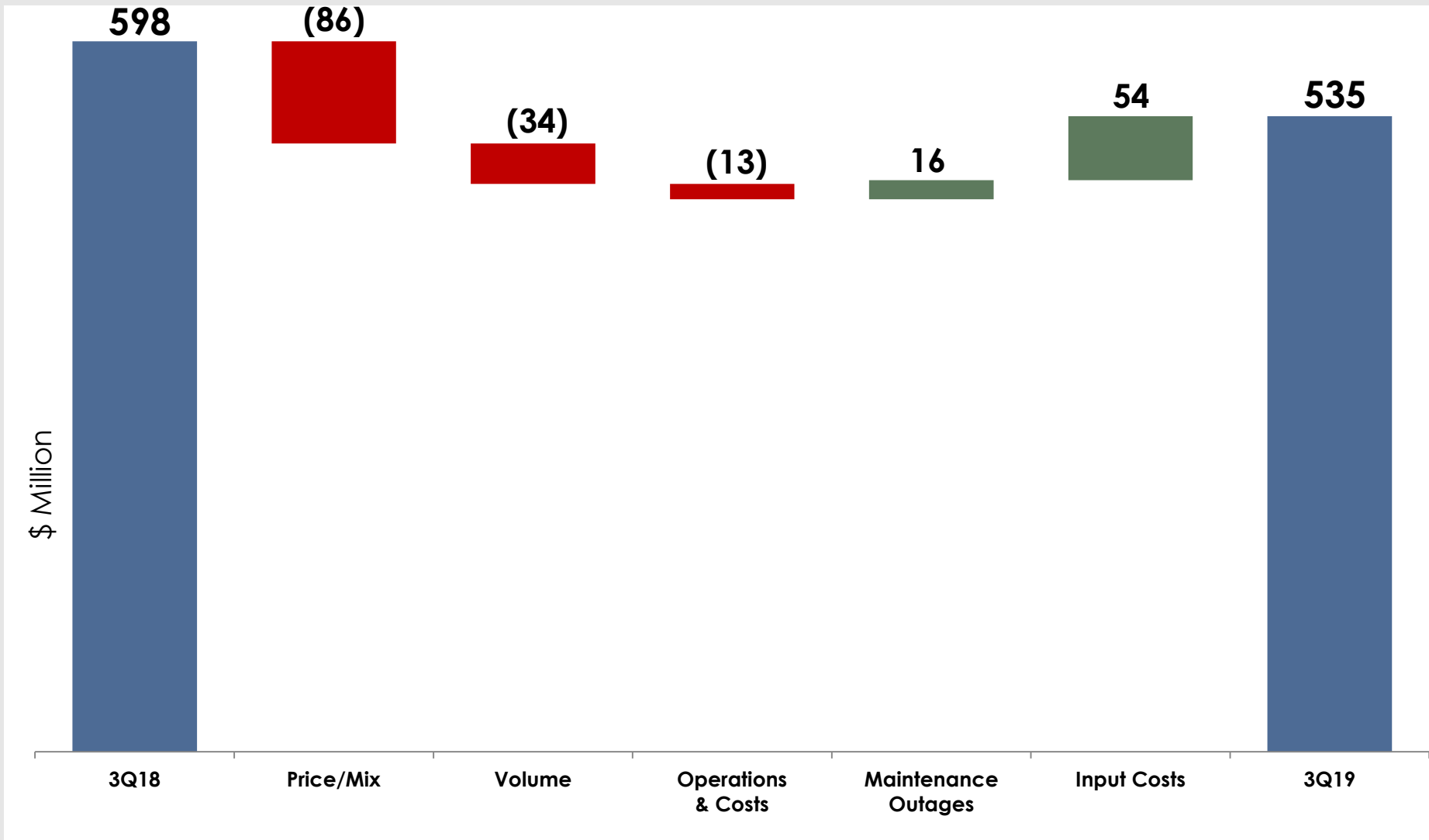
See footnotes beginning on Slide 15

3Q19 vs. 3Q18 Adj. Operating EPS¹



See footnotes beginning on Slide 15

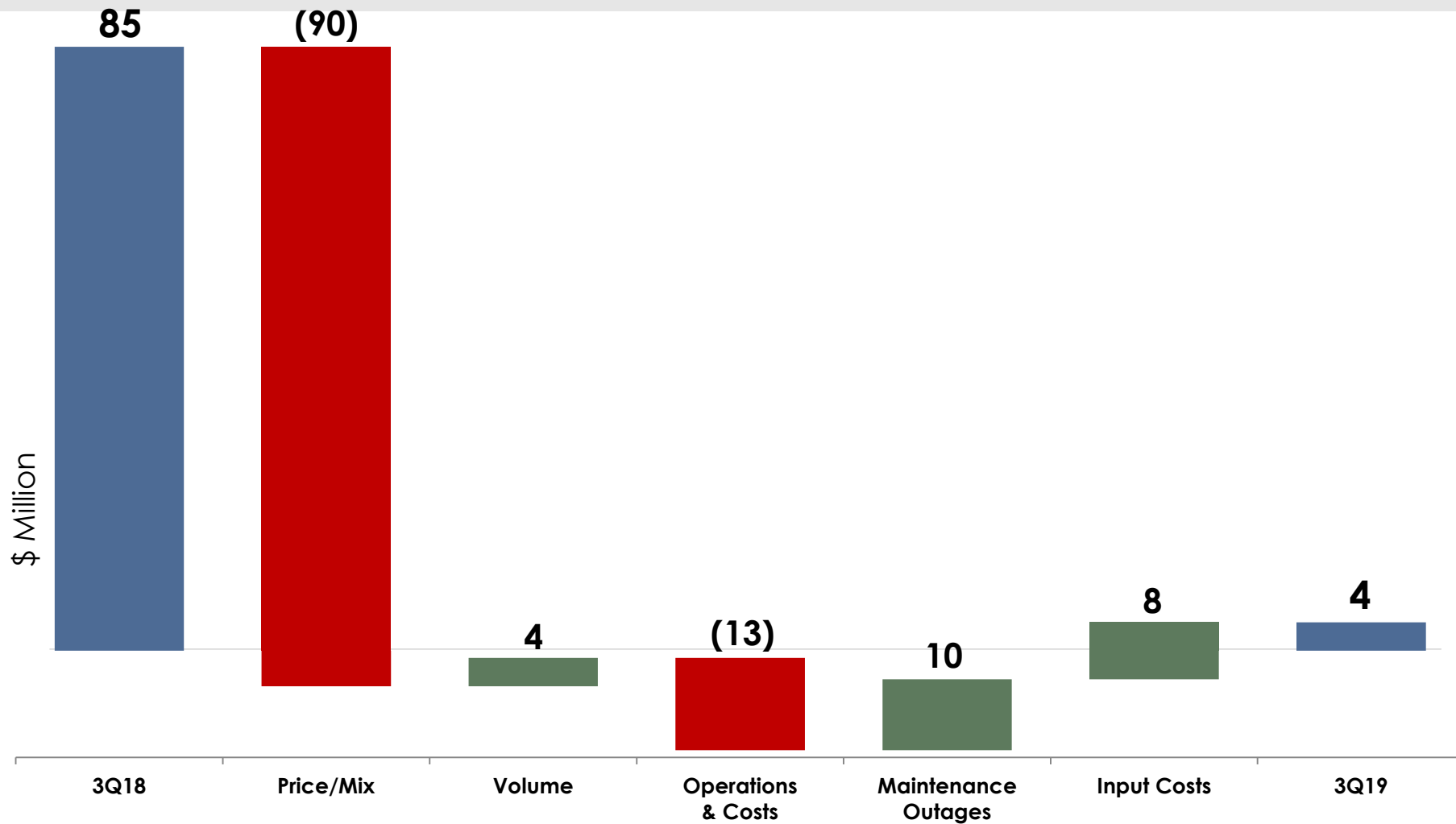
Industrial Packaging | 3Q19 vs. 3Q18 Adj. EBIT¹



See footnotes beginning on Slide 15



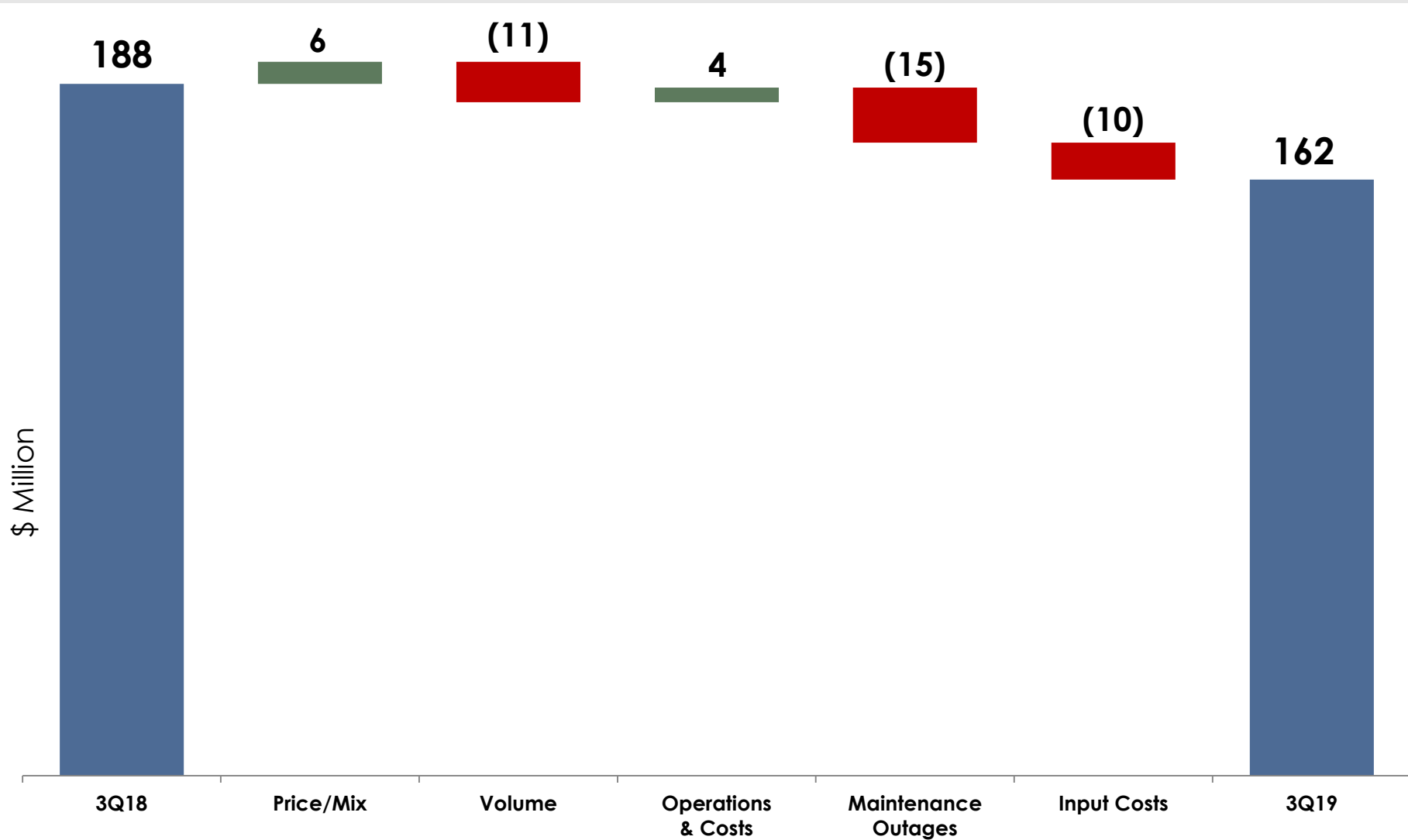
Global Cellulose Fibers | 3Q19 vs. 3Q18 Adj. EBIT¹



See footnotes beginning on Slide 15



Printing Papers | 3Q19 vs. 3Q18 Adj. EBIT¹

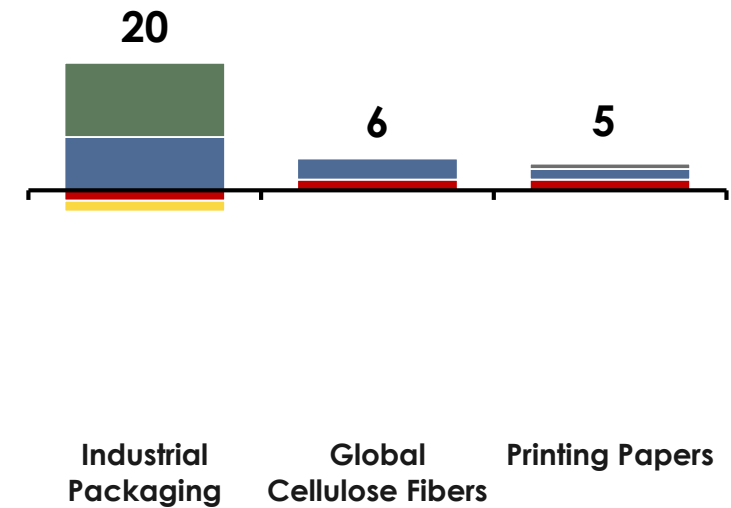


See footnotes beginning on Slide 15



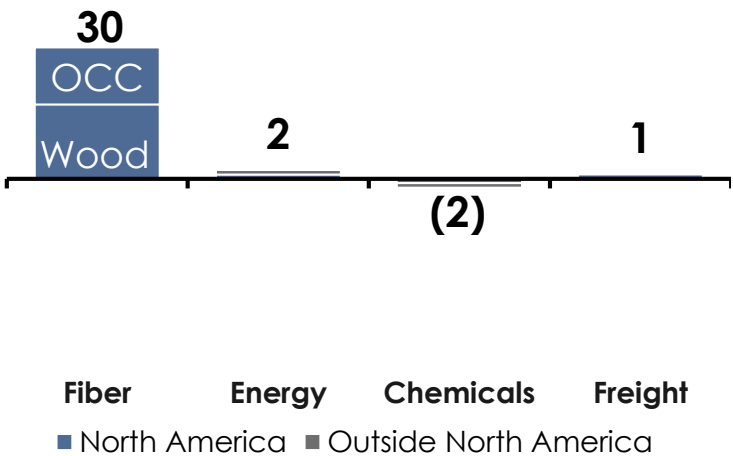
Global Input Costs vs. 2Q19 | \$31MM Favorable, or \$0.06 per share

By Business



■ Energy ■ Wood ■ Chemicals ■ Freight ■ OCC

By Input Type



Fiber Energy Chemicals Freight
■ North America ■ Outside North America

U.S. Average Cost vs. 2Q19

Wood	▼	4%
OCC	▼	9%
Natural Gas	▼	11%
Fuel Oil	▼	11%
Chemical Composite	▲	3%

INTERNATIONAL PAPER