



# INTERNATIONAL PAPER

Fourth Quarter & Full-Year 2020 Earnings  
February 4, 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. These statements are often identified by the words “will,” “may,” “should,” “continue,” “anticipate,” “believe,” “expect,” “plan,” “appear,” “project,” “estimate,” “intend” and words of a similar nature. These statements are not guarantees of future performance and reflect management’s current views with respect to future events, which 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 severity, magnitude and duration of the pandemic, the development, availability and effectiveness of treatments and vaccines, negative global economic conditions arising from the pandemic, impacts of governments’ responses to the pandemic on our operations, impacts of the pandemic on commercial activity, our customers and business partners and consumer preferences and demand, supply chain disruptions, and disruptions in the credit or financial markets; (ii) the level of indebtedness and changes in interest rates; (iii) industry conditions, including but not limited to changes in the cost or availability of raw materials, energy and transportation costs, competition International Paper faces, cyclicalities and changes in consumer preferences, demand and pricing for International Paper products (including 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 International Paper’s credit ratings, and/or the credit ratings of banks issuing certain letters of credit, issued by recognized credit rating organizations; (v) the amount of International Paper’s 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 International Paper’s manufacturing facilities due to severe weather, natural disasters or other causes (including as the result of the COVID-19 pandemic); (viii) risks inherent in conducting business through joint ventures; (ix) International Paper’s 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) the receipt of regulatory approvals relating to the spinoff transaction without unexpected delays or conditions; (xiii) International Paper’s ability to successfully separate the SpinCo business and realize the anticipated benefits of the spinoff transaction; (xiv) the ability to satisfy any necessary conditions to consummate the spinoff transaction within the estimated timeframes or at all; and (xv) the final terms and conditions of any spinoff transaction, including the amount of any dividend by SpinCo to International Paper and the terms of any ongoing commercial agreements and arrangements between International Paper and SpinCo following any such transaction, the costs of any such transaction, the nature and amount of indebtedness incurred by SpinCo, the qualification of the spin-off transaction as a tax-free transaction for U.S. federal income tax purposes (including whether an IRS ruling will be obtained), diversion of management’s attention and the impact on relationships with customers, suppliers, employees and other business counterparties, and the impact of any such transaction on the businesses of International Paper and SpinCo and the relationship between the two companies following any such transaction. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements can be found in International Paper’s press releases and U.S. Securities and Exchange Commission filings. In addition, other risks and uncertainties not presently known to International Paper or that it currently believes to be immaterial could affect the accuracy of any forward-looking statements. International Paper 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>.

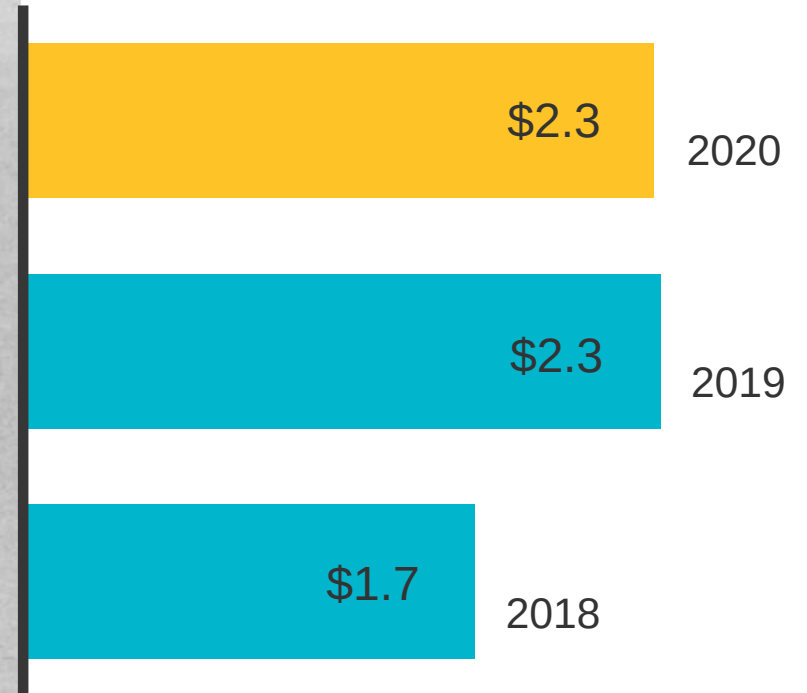
## Ilim JV and Graphic Packaging Investment Information

All financial information and statistical measures regarding our 50/50 Ilim joint venture in Russia (“Ilim”) and our 15.0% 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” above.

# Full-Year 2020 Results

- **Solid performance and outstanding cash generation in a dynamic environment**
  - \$3.1B Adjusted EBITDA<sup>1</sup>
  - \$2.3B Free Cash Flow<sup>2</sup> generation
- **11<sup>th</sup> consecutive year above cost of capital**
- **Strong execution to support customer needs**
- **Strong and resilient operational performance**
- **Outstanding cost management**
- **Executed our capital allocation framework to enhance our financial strength**
- **Initiated meaningful actions to Build a Better IP to grow earnings and cash generation**

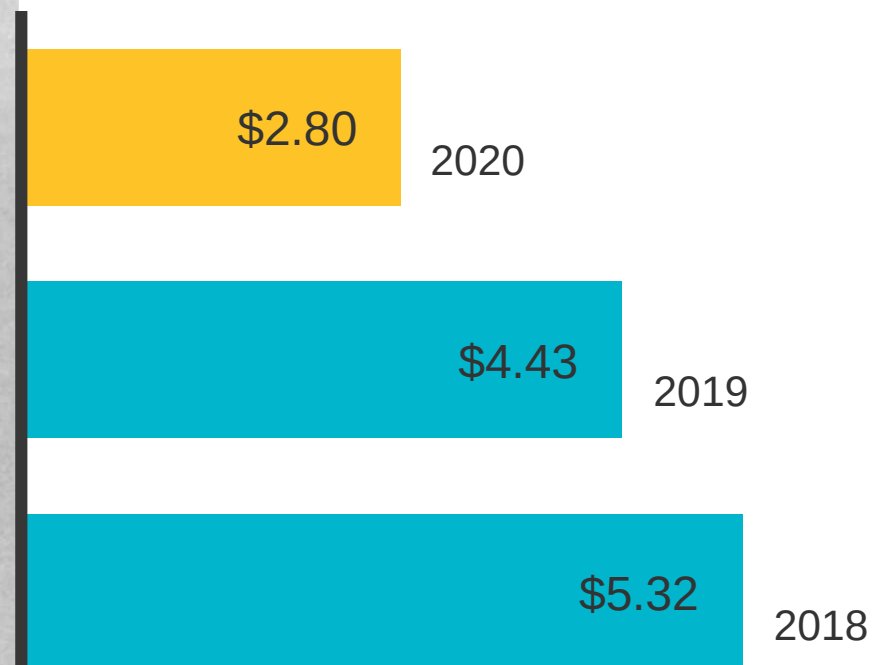
Free Cash Flow<sup>2</sup> (\$B)



# Full-Year 2020 Financials

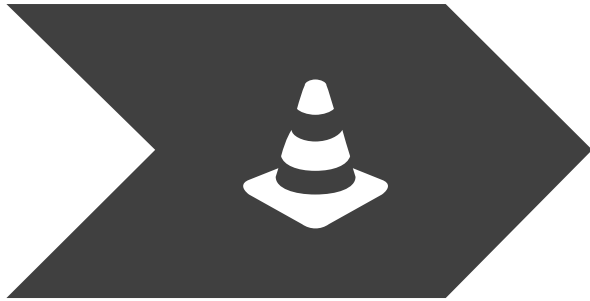
| \$ Billion<br>(except as noted)     | 2018   | 2019   | 2020          |
|-------------------------------------|--------|--------|---------------|
| Sales                               | \$23.3 | \$22.4 | <b>\$20.6</b> |
| Adjusted EBIT <sup>1</sup>          | \$3.0  | \$2.6  | <b>\$1.8</b>  |
| Adjusted Operating EPS <sup>2</sup> | \$5.32 | \$4.43 | <b>\$2.80</b> |
| Adjusted EBITDA <sup>1</sup>        | \$4.3  | \$3.9  | <b>\$3.1</b>  |
| Adjusted EBITDA Margin <sup>1</sup> | 18.7%  | 17.2%  | <b>15.1%</b>  |
| Equity Earnings (\$MM)              | \$336  | \$250  | <b>\$77</b>   |
| Free Cash Flow <sup>3</sup>         | \$1.7  | \$2.3  | <b>\$2.3</b>  |

## Adjusted Operating EPS<sup>2</sup>

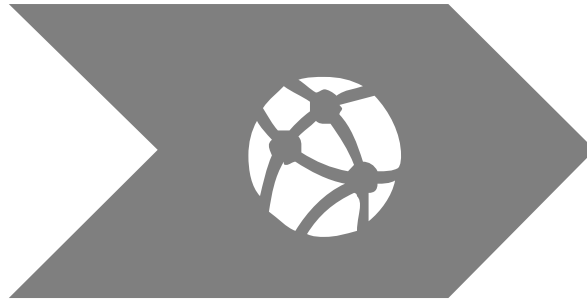


# Navigating COVID-19 | Principled Leadership in Essential Business

Keep People Safe | Take Care of Customers | Maintain Financial Strength



**Containment**



**Recovery**



**Normalization**



**Growth**

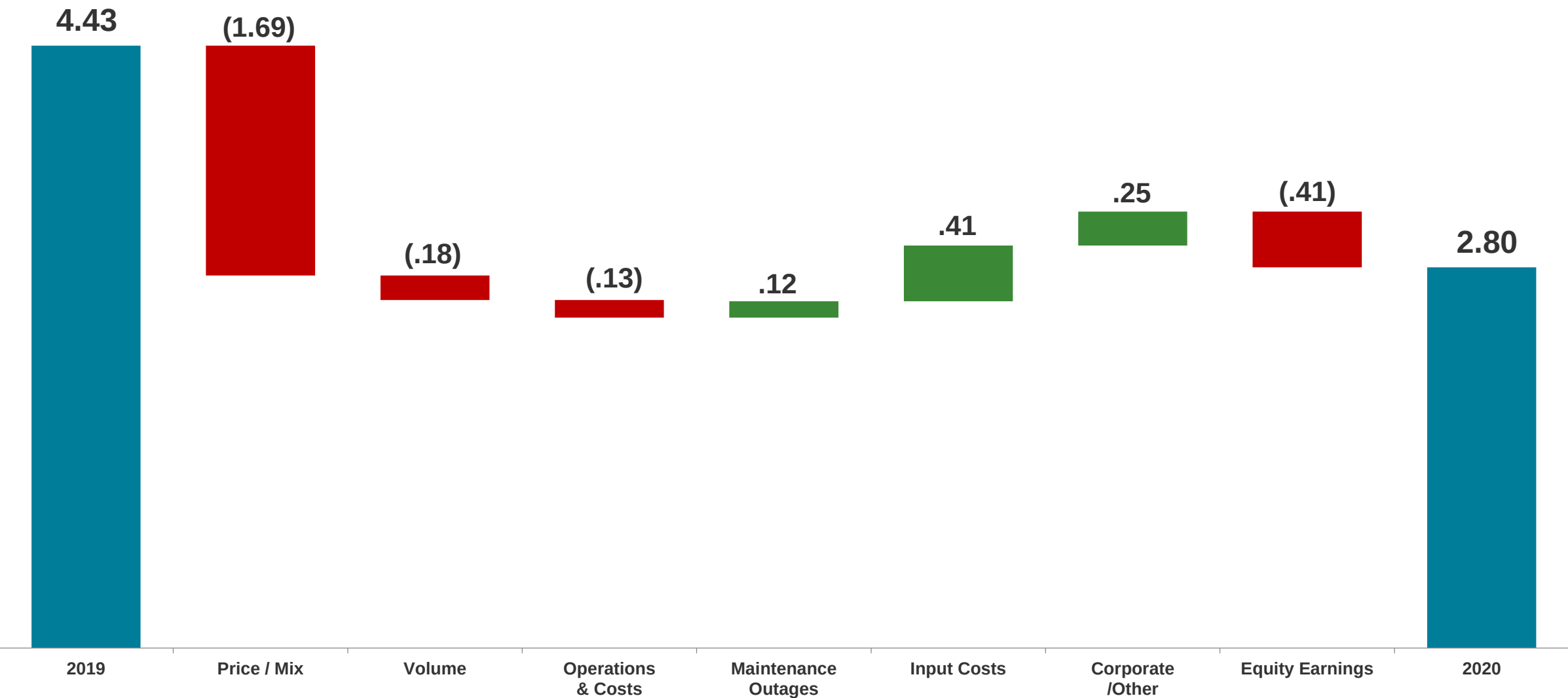
**Managing each phase of pandemic with a view toward the short-term and long-term success and sustainability of the company for all stakeholders**

- Committed to the health and safety of our employees and contractors
- Ensuring business continuity with customers and suppliers
- Maintaining financial strength to manage economic uncertainty
- Supporting critical needs in our communities



Recognition and appreciation  
bonus to employees totaling  
~\$25 million in 4Q20

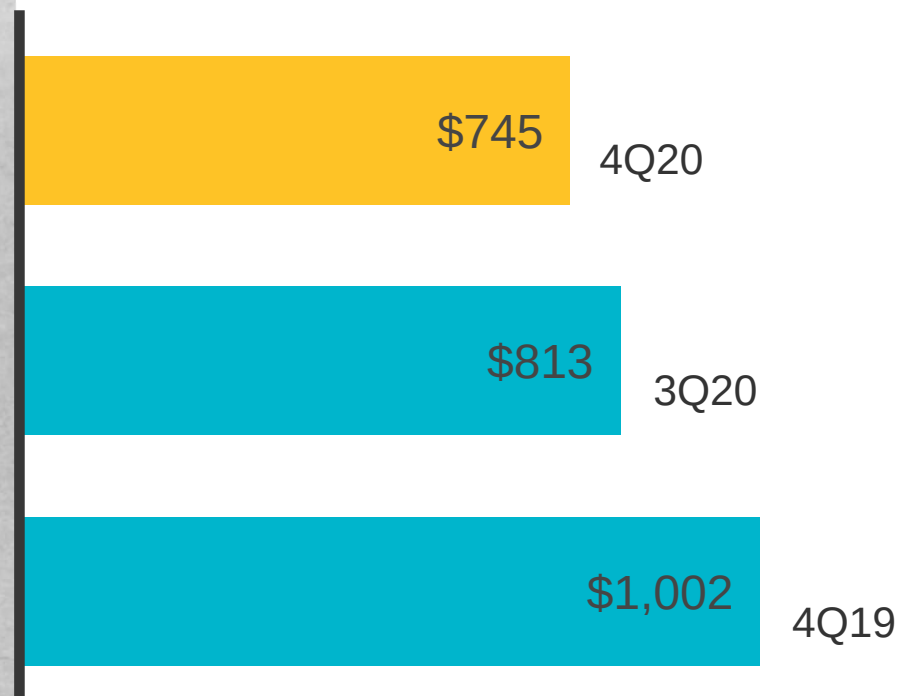
# 2020 vs. 2019 Adjusted Operating EPS<sup>1</sup>



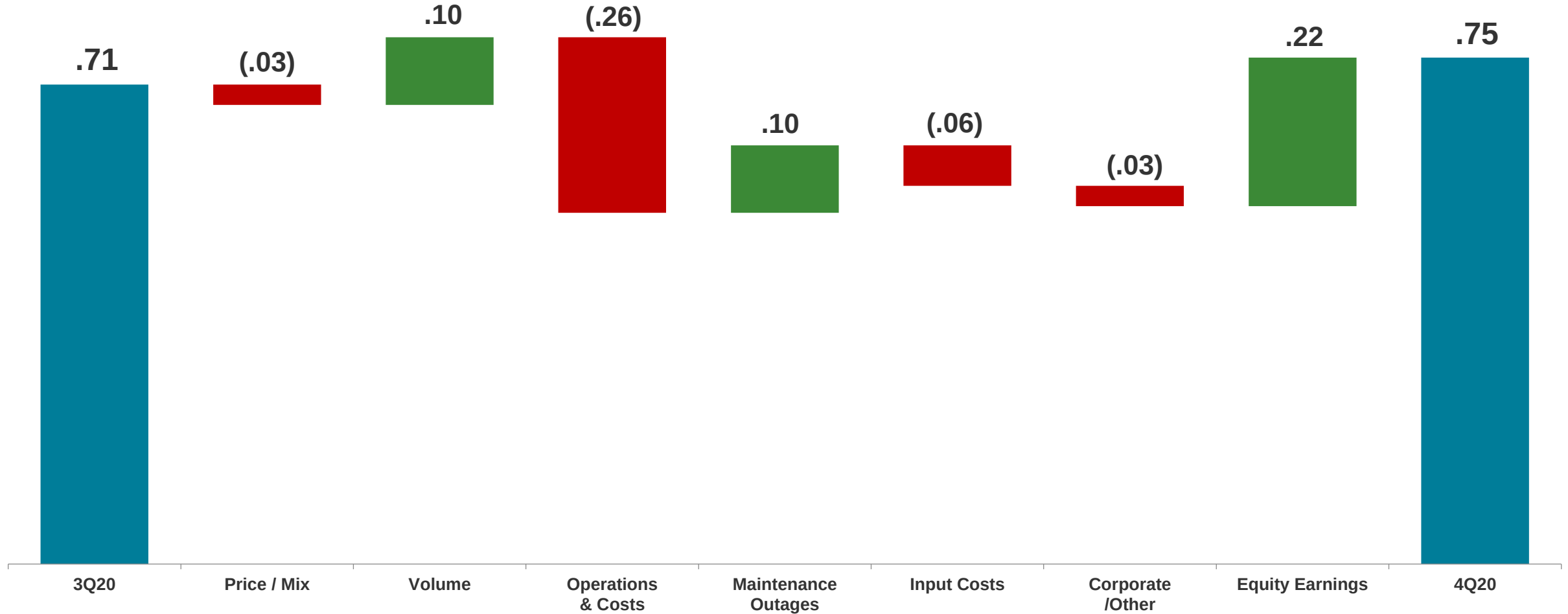
# Fourth Quarter 2020 Financials

|                                     | 4Q19    | 3Q20   | 4Q20          |
|-------------------------------------|---------|--------|---------------|
| Sales (\$B)                         | \$5.5   | \$5.1  | <b>\$5.2</b>  |
| Adjusted EBIT <sup>1</sup> (\$MM)   | \$661   | \$493  | <b>\$413</b>  |
| Adjusted Operating EPS <sup>2</sup> | \$1.09  | \$0.71 | <b>\$0.75</b> |
| Adjusted EBITDA <sup>1</sup> (\$MM) | \$1,002 | \$813  | <b>\$745</b>  |
| Adjusted EBITDA Margin <sup>1</sup> | 18.2%   | 15.9%  | <b>14.2%</b>  |
| Equity Earnings (\$MM)              | \$29    | \$(28) | <b>\$64</b>   |
| Free Cash Flow <sup>3</sup> (\$MM)  | \$565   | \$616  | <b>\$695</b>  |

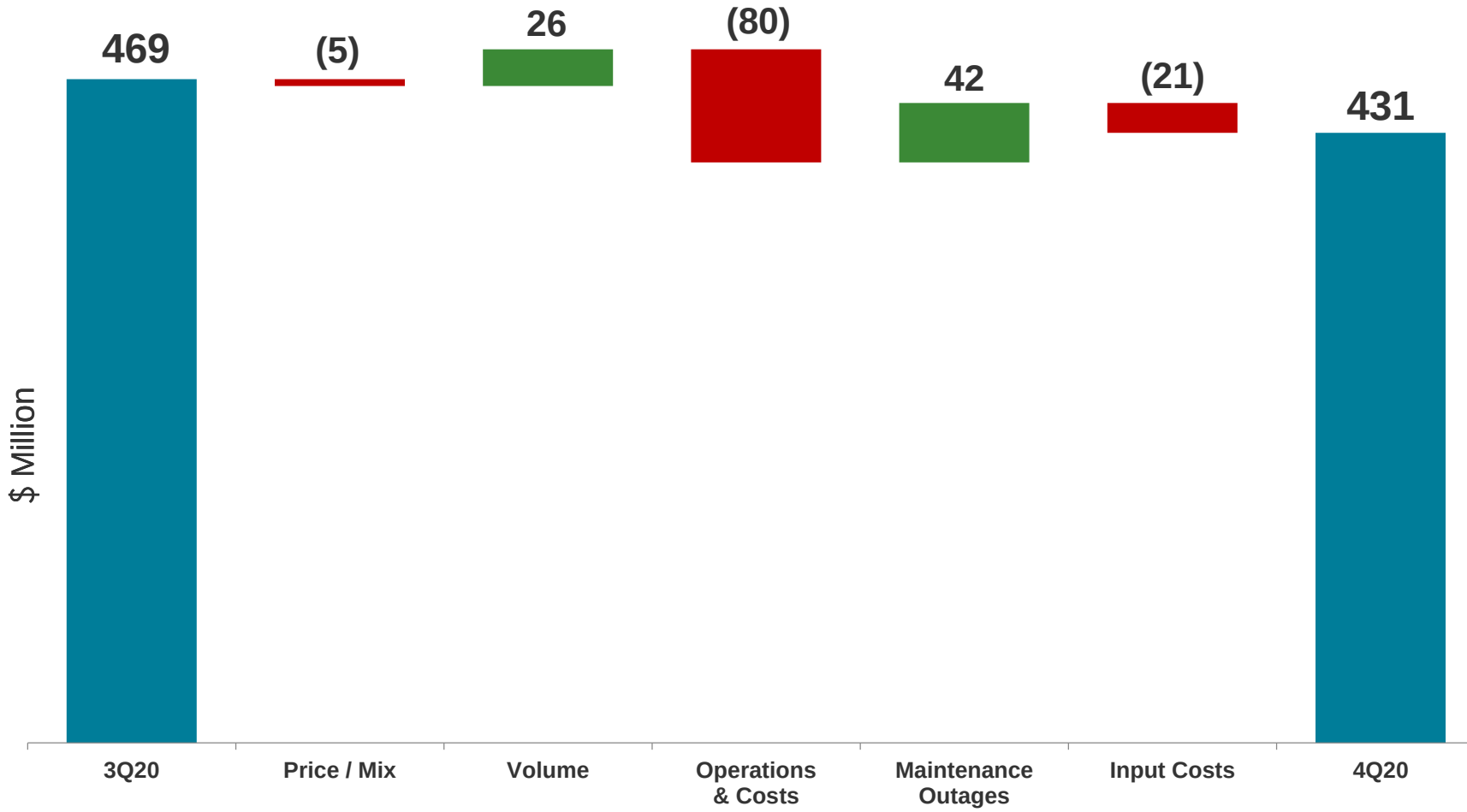
## Adjusted EBITDA<sup>1</sup> (\$MM)



# 4Q20 vs. 3Q20 Adjusted Operating EPS<sup>1</sup>



# Industrial Packaging | 4Q20 vs. 3Q20 Adjusted EBIT<sup>1</sup>



IP 4Q20 U.S. box shipments +5.7% YoY (daily)

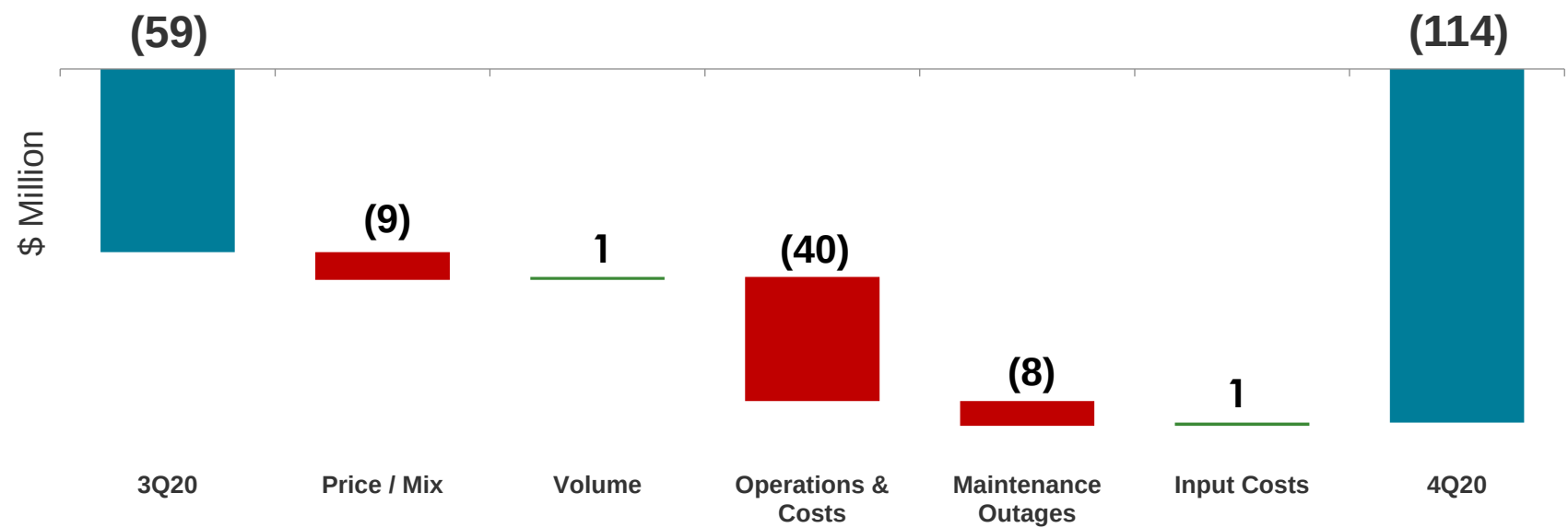
Strong demand across N.A. and exports channels continues 1Q21

Ops & Costs impacted by mill reliability and higher costs to meet strong customer demand

Higher input costs driven by OCC, distribution and seasonal energy

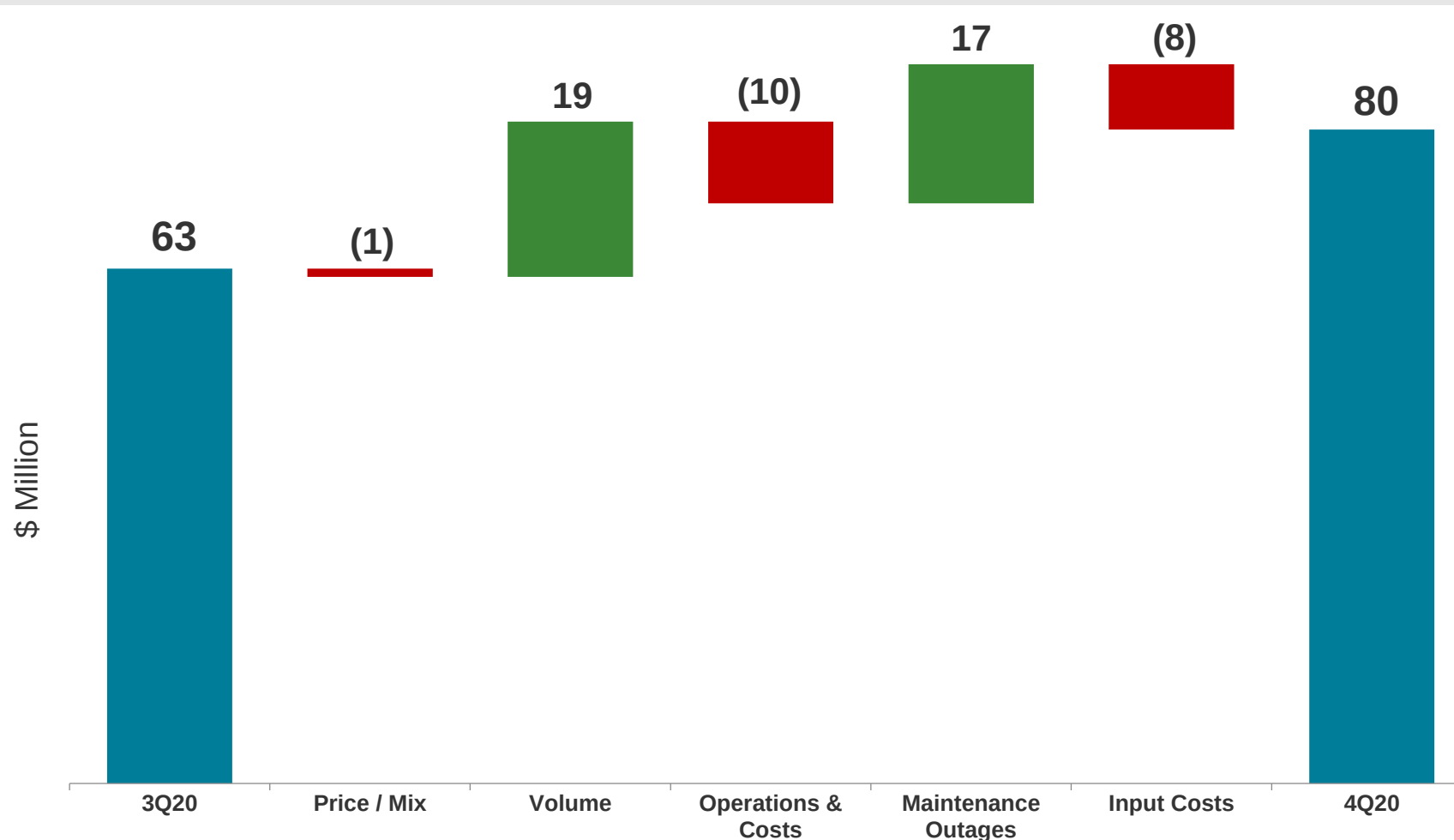
Significant YoY improvement in EMEA Packaging margins

# Global Cellulose Fibers | 4Q20 vs. 3Q20 Adjusted EBIT<sup>1</sup>



Demand accelerated 4Q20  
Port congestion and vessel delays stretching supply chains  
Ops & Costs includes a \$20MM asset write-off

# Printing Papers | 4Q20 vs. 3Q20 Adjusted EBIT<sup>1</sup>



Gradual demand recovery across all regions

Good cost management and improved fixed cost absorption

Strong cash generation driven by focus on costs and working capital

# ILIM Joint Venture | 4Q20 vs. 3Q20



| \$ Million                                | 4Q19  | 3Q20    | 4Q20         | 2019    | 2020           |
|-------------------------------------------|-------|---------|--------------|---------|----------------|
| Sales Volume<br>(thousand metric tonnes)  | 802   | 878     | <b>932</b>   | 3,162   | <b>3,460</b>   |
| Sales                                     | \$495 | \$498   | <b>\$541</b> | \$2,188 | <b>\$2,015</b> |
| EBITDA <sup>1</sup>                       | \$138 | \$(21)  | <b>\$206</b> | \$785   | <b>\$393</b>   |
| F/X (Impact of USD Net Debt) <sup>2</sup> | \$21  | \$(138) | <b>\$55</b>  | \$79    | <b>\$(126)</b> |
| Adj. Operating EBITDA <sup>3</sup>        | \$117 | \$117   | <b>\$151</b> | \$706   | <b>\$519</b>   |
| IP Equity Earnings (Loss) <sup>4</sup>    | \$21  | \$(33)  | <b>\$53</b>  | \$207   | <b>\$48</b>    |

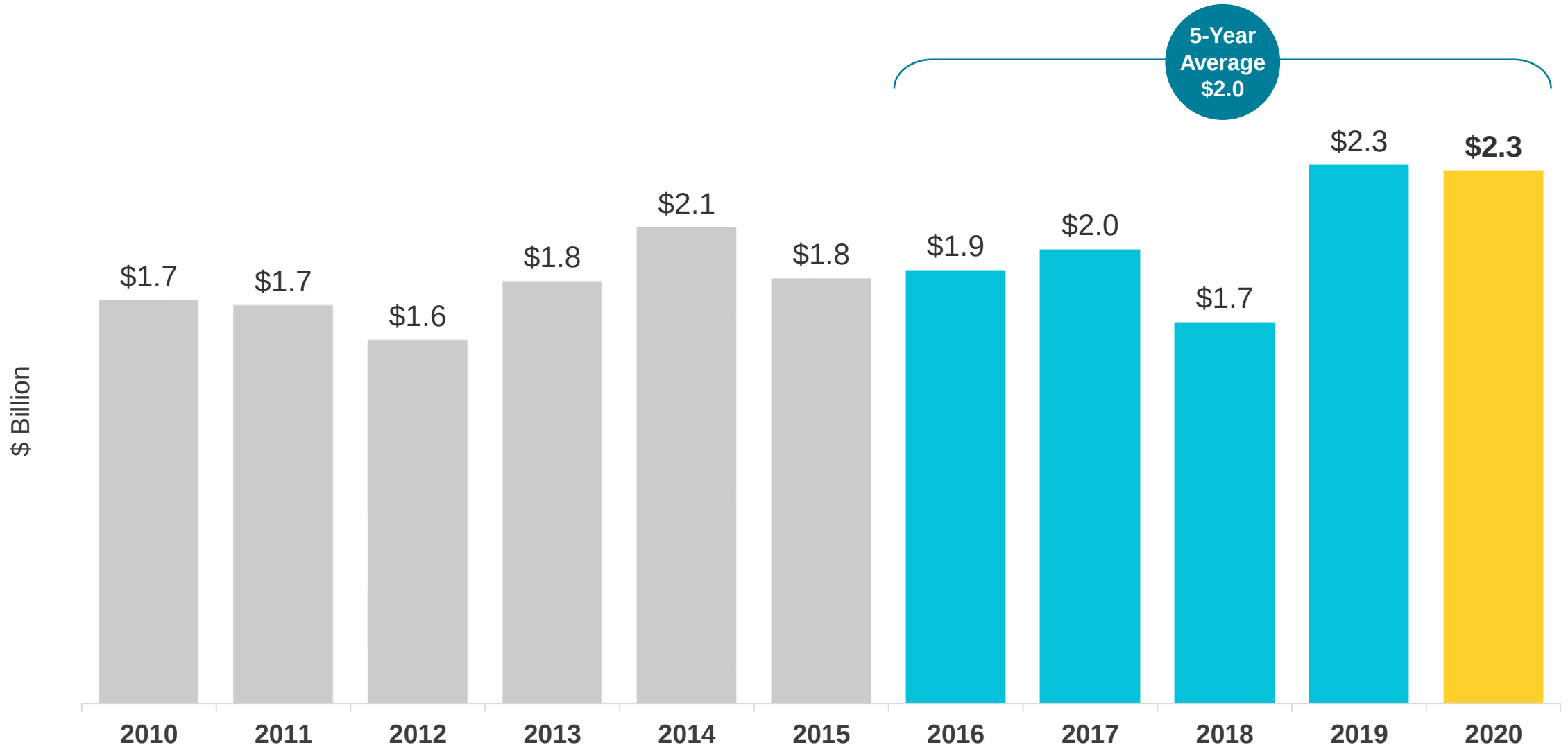
Strong demand for softwood pulp in China

Price/mix improvement driven by higher softwood pulp pricing

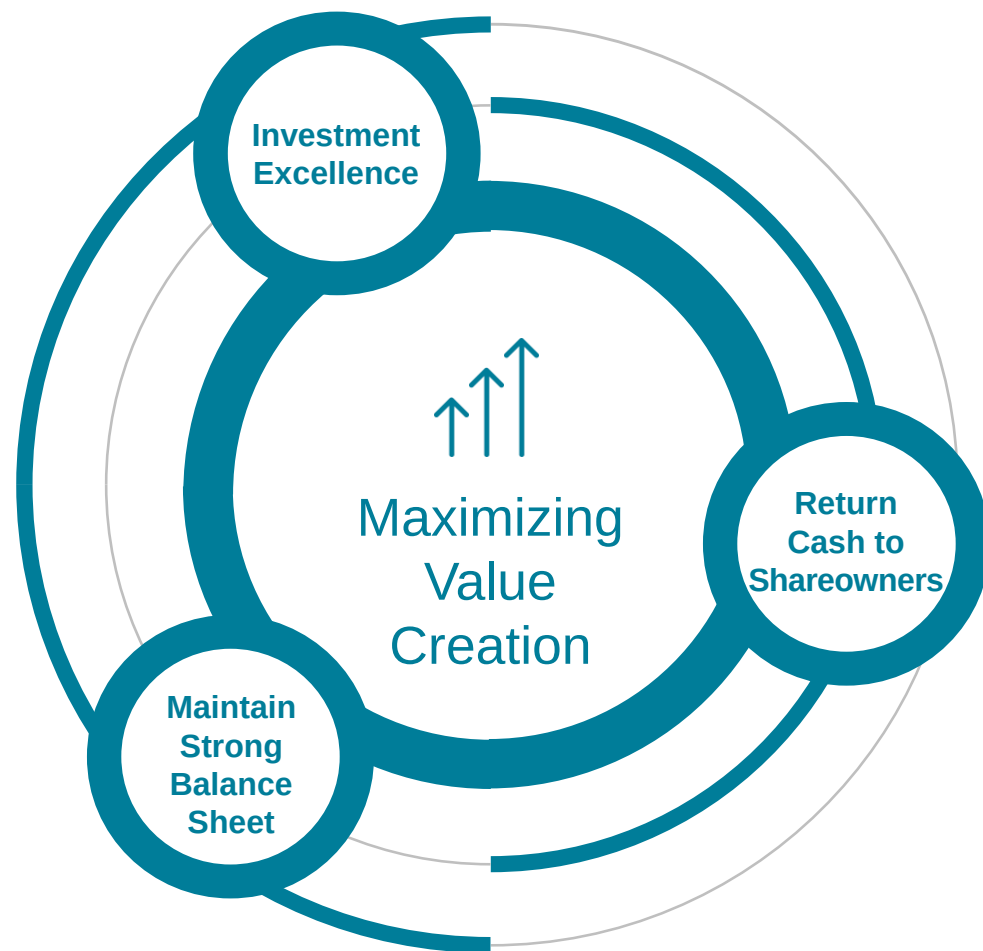
IP dividends of \$141 million in 2020

F/X gain (non-cash) of \$0.05 EPS primarily on USD-denominated net debt in 4Q20

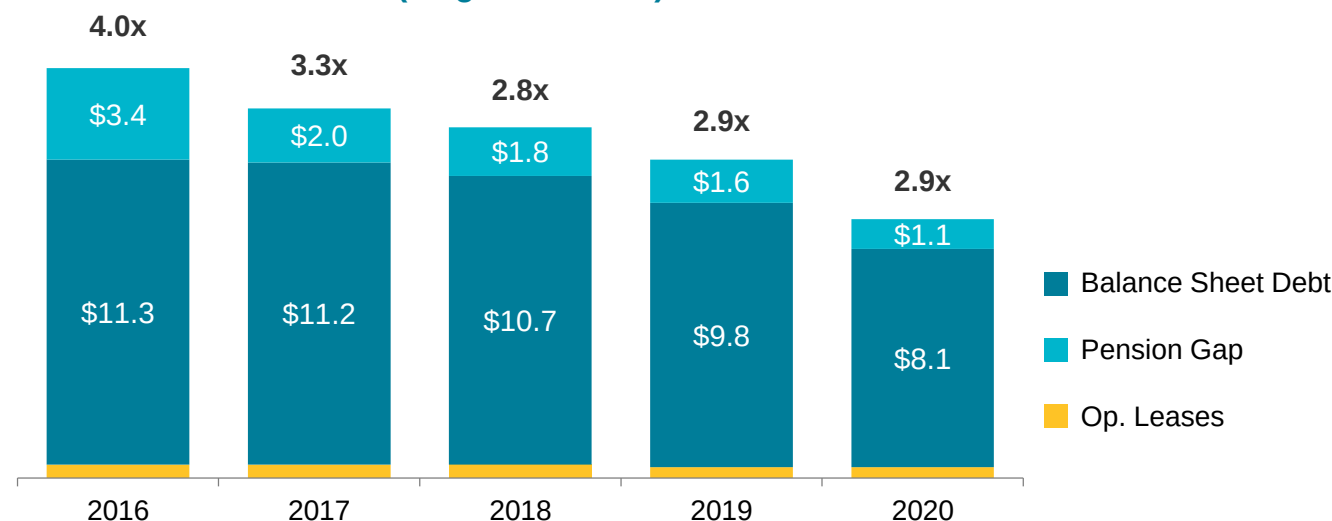
# Free Cash Flow<sup>1</sup> | Strong Execution of Cash Levers



# Capital Allocation Framework | Foundational to IP



**Debt / EBITDA<sup>1</sup>**  
(Target 2.5 – 2.8x)



- Balance sheet debt reduced by \$1.7B in 2020 and \$3.2B since 2016
- Pension sufficiently funded; gap improved by \$0.5B with a 95% funding level
- Returned \$0.8B to shareowners in 2020 and \$5.2B since 2016 representing ~51% of FCF
- IP will not extend the 2006 timber monetization installment notes; expect cash proceeds of \$0.6B when notes mature 3Q21

# First Quarter Earnings Outlook | Changes from 4Q20

|                     | Industrial Packaging                                                                                                                                                                                                                              | Cellulose Fibers  | Printing Papers  |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Price & Mix         | Price realization (Nov '20 increase)                                                                                                                                                                                                                                                                                                | Price realization                                                                                    | Stable                                                                                              |
| Volume              | Demand momentum                                                                                                                                                                                                                                                                                                                     | Stable                                                                                               | Seasonal decrease                                                                                   |
| Ops & Costs         | Non-repeats (+)                                                                                                                                                                                                                                                                                                                     | Non-repeats (+)                                                                                      | Improvement                                                                                         |
| Maintenance Outages | \$87MM higher                                                                                                                                                                                                                                                                                                                       | \$6MM lower                                                                                          | \$2MM higher                                                                                        |
| Inputs & Freight    | Higher OCC and distribution                                                                                                                                                                                                                                                                                                         | Higher seasonal wood & energy                                                                        | Higher seasonal wood & energy                                                                       |
| Equity Earnings     | <div> <ul style="list-style-type: none"> <li>Ilim JV \$45MM<sup>1</sup></li> <li>GPK ownership interest ~15.0%</li> </ul> </div> <div>Other</div> <div> <ul style="list-style-type: none"> <li>1Q21 corporate expense of ~\$15MM</li> <li>1Q21 interest expense of \$100MM</li> <li>1Q21 tax rate outlook of ~26%</li> </ul> </div> |                                                                                                      |                                                                                                     |

# Building a Better IP | Accelerating Value Creation

**\$350 - \$400MM**  
**Incremental earnings growth by end of 2023**

**Value Drivers**

**\$50 - \$100MM**  
**Incremental Annual  
Profitable Growth**

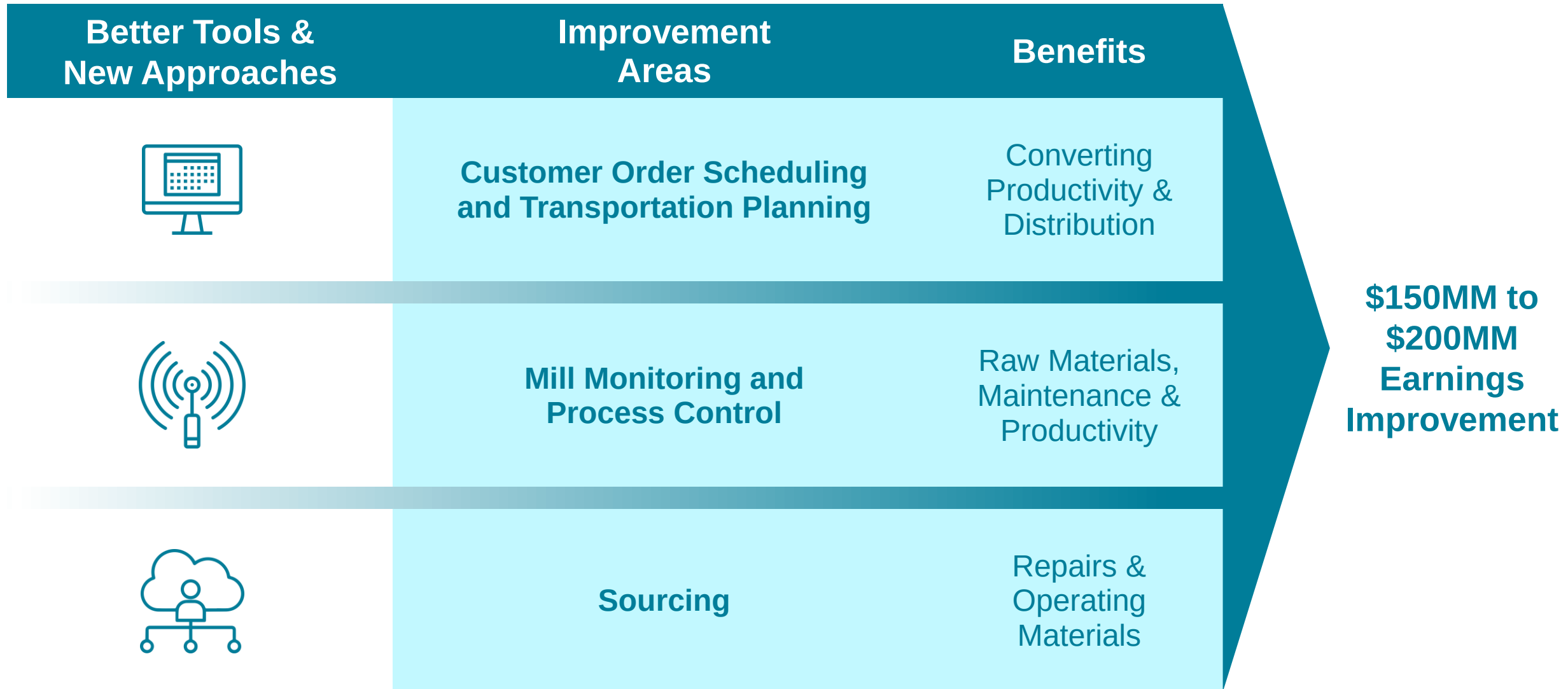
Commercial execution  
Investment excellence

**+**

**\$300MM**  
**Structural Cost  
Reduction**

Lean effectiveness (~30%)  
Process optimization (~40%)  
Asset optimization (~30%)

# Process & Asset Optimization | Leveraging Advanced Technology & Data Analytics



# CEO Perspective | Building a Better IP

**Accelerate value creation for our shareowners**

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**Take care of our employees**

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**Deliver superior solutions that create value for our customers**

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**Support the needs in our communities**



# Contact Information

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# Footnotes

## Slide 3

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

<sup>2</sup> See slide #25 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))

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## Slide 6

<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 7

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## Slide 8

<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 9

<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

# Footnotes

## Slide 10

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## Slide 12

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 of ~\$90MM as of December 31, 2020); 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 4Q19, FY2019, 3Q20, 4Q20 and FY2020 include after-tax F/X gains (losses) (primarily on USD-denominated net debt) of \$8MM, \$32MM, \$(55)MM, \$22MM and \$50MM, respectively

## Slide 13

Free Cash Flow, a non-GAAP financial measure, reflects cash provided by continuing operations for 2010 – 2011, based on data in the 10-K for each year at the time of filing. Free Cash Flow reflects cash provided by operations for 2012 onward. Excludes net cash pension contributions impacting 2010, 2011, 2013, 2014, 2015, 2016 & 2017, cash flows under European accounts receivable securitization in 2010 and 2011, and cash received from Black Liquor Tax Credits in 2010. 2012 excludes \$120MM cash paid for Temple-Inland change-in-control agreements, \$251MM cash received from unwinding a timber monetization, \$44MM cash paid for Temple-Inland pension plan contribution, and \$80MM cash paid for Guaranty Bank settlement. 2013 excludes \$30MM cash received from Guaranty Bank insurance reimbursements.

<sup>1</sup> For 2019 onward, see slide #25 for a reconciliation of cash provided by operations to Free Cash Flow, a non-GAAP financial measure

# Footnotes

## Slide 14

<sup>1</sup> Moody's methodology is used to calculate Adjusted Debt to EBITDA ratio. Moody's adjusts debt to include balance sheet debt, operating leases/deferred tax liability and debt issuance expense, and pension gap. EBITDA is adjusted to include lease and pension adjustments (non-GAAP)

## Slide 15

<sup>1</sup> Assumes stable F/X as of December 31, 2020

## Slide 24

<sup>1</sup> Before special items

## Slide 31

<sup>1</sup> Excludes special items (non-GAAP)

<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, \$(2)MM, \$(3)MM and \$(2)MM for 3Q20, FY2020, 4Q19 and FY2019, respectively

<sup>4</sup> Excludes special item of \$9MM related to the allocation of India Papers impairment loss to non-controlling interest for FY2019

## Slides 32-33

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>

<sup>1</sup> Excludes special items (non-GAAP)

## Slide 34

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

<sup>2</sup> Reflects anti-dilutive effect of securities on shares

## Slides 35-36

<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))

# Footnotes

## Slide 37

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

| \$ Million                  |                          | 2019    | 2020    | 2021F     |
|-----------------------------|--------------------------|---------|---------|-----------|
| Maintenance Outage Expense  |                          | \$518   | \$454   | \$609     |
| Capex                       | Maintenance & Regulatory | \$750   | \$430   | } ≤ \$800 |
|                             | Cost Reduction           | \$150   | \$30    |           |
|                             | Strategic                | \$400   | \$290   |           |
| Depreciation & Amortization |                          | \$1,301 | \$1,286 | \$1,310   |
| Net Interest Expense        |                          | \$493   | \$446   | \$390     |
| Corporate Expense           |                          | \$54    | \$(7)   | \$60      |
| Effective Tax Rate          |                          | 26%     | 25%     | 26%       |

# Free Cash Flow

| \$ Million                                                     | 4Q19    | 2019      | 1Q20    | 2Q20    | 3Q20    | 4Q20   | 2020    |
|----------------------------------------------------------------|---------|-----------|---------|---------|---------|--------|---------|
| Cash Provided by Operations                                    | \$928   | \$3,610   | \$649   | \$890   | \$735   | \$789  | \$3,063 |
| Cash Invested in Capital Projects, Net of Insurance Recoveries | \$(363) | \$(1,276) | \$(286) | \$(252) | \$(119) | \$(94) | \$(751) |
| Free Cash Flow                                                 | \$565   | \$2,334   | \$363   | \$638   | \$616   | \$695  | \$2,312 |

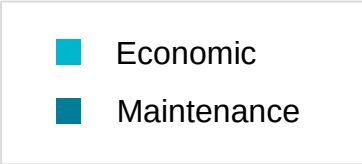
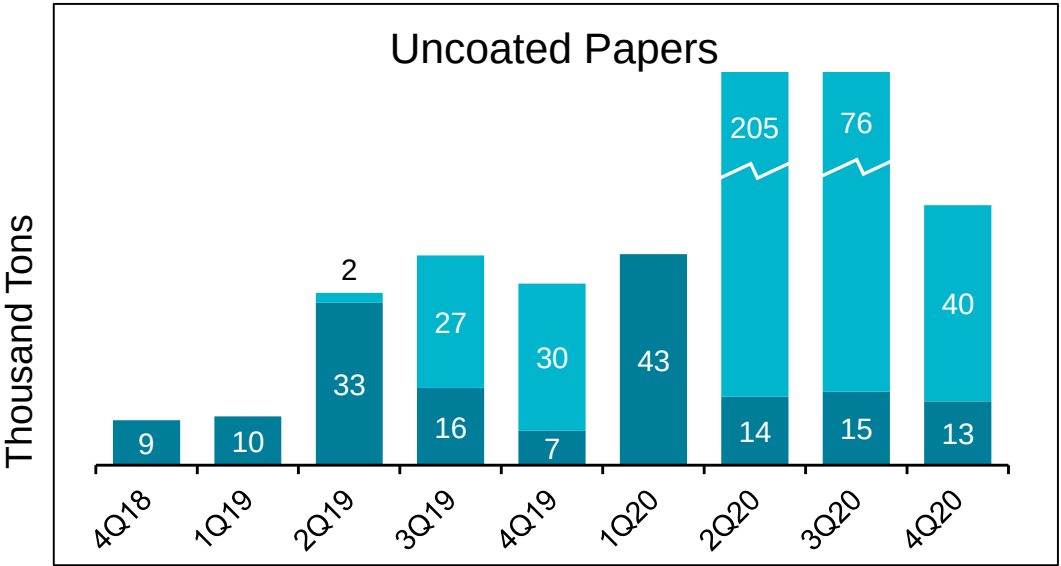
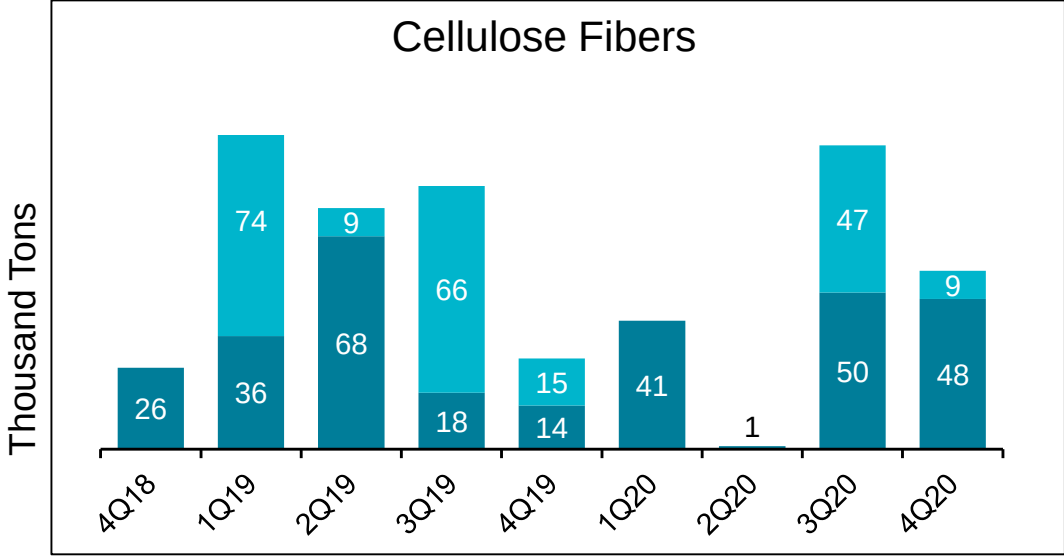
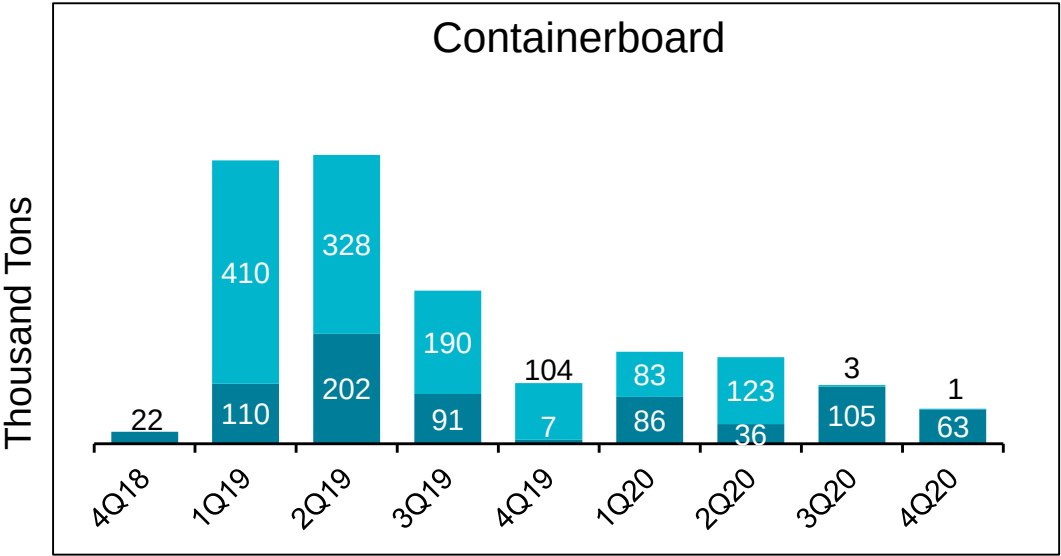
# Maintenance Outages Expenses | 2020

| \$ Million                                                                       |                                | 1Q20A        | 2Q20A       | 3Q20A        | 4Q20A       | 2020A        |
|----------------------------------------------------------------------------------|--------------------------------|--------------|-------------|--------------|-------------|--------------|
|  | <b>Industrial Packaging</b>    | <b>\$75</b>  | <b>\$44</b> | <b>\$70</b>  | <b>\$28</b> | <b>\$217</b> |
|                                                                                  | North America                  | \$74         | \$40        | \$60         | \$28        | \$202        |
|                                                                                  | Europe                         | \$1          | -           | \$3          | -           | \$4          |
|                                                                                  | Europe Coated Paperboard       | -            | \$4         | \$7          | -           | \$11         |
|                                                                                  | Brazil                         | -            | -           | -            | -           | -            |
|  | <b>Global Cellulose Fibers</b> | <b>\$30</b>  | <b>\$3</b>  | <b>\$46</b>  | <b>\$54</b> | <b>\$133</b> |
|                                                                                  | North America                  | \$30         | \$1         | \$44         | \$52        | \$127        |
|                                                                                  | Europe                         | -            | \$2         | \$2          | \$2         | \$6          |
|  | <b>Printing Papers</b>         | <b>\$36</b>  | <b>\$23</b> | <b>\$31</b>  | <b>\$14</b> | <b>\$104</b> |
|                                                                                  | North America                  | \$36         | \$12        | \$13         | \$11        | \$72         |
|                                                                                  | Europe                         | -            | \$8         | \$16         | \$3         | \$27         |
|                                                                                  | Brazil                         | -            | \$3         | \$2          | -           | \$5          |
|                                                                                  | <b>Total Impact</b>            | <b>\$141</b> | <b>\$70</b> | <b>\$147</b> | <b>\$96</b> | <b>\$454</b> |

# Maintenance Outages Expenses | 2021 Forecast

| \$ Million                                                                       |                                | 1Q21F        | 2Q21F        | 3Q21F       | 4Q21F        | 2021F        |
|----------------------------------------------------------------------------------|--------------------------------|--------------|--------------|-------------|--------------|--------------|
|  | <b>Industrial Packaging</b>    | <b>\$115</b> | <b>\$135</b> | <b>\$59</b> | <b>\$29</b>  | <b>\$338</b> |
|                                                                                  | North America                  | \$115        | \$129        | \$56        | \$28         | \$328        |
|                                                                                  | Europe                         | -            | -            | \$2         | \$1          | \$3          |
|                                                                                  | Europe Coated Paperboard       | -            | \$6          | \$1         | -            | \$7          |
|  | <b>Global Cellulose Fibers</b> | <b>\$48</b>  | <b>\$57</b>  | <b>\$11</b> | <b>\$55</b>  | <b>\$171</b> |
|                                                                                  | North America                  | \$48         | \$54         | \$10        | \$44         | \$156        |
|                                                                                  | Europe                         | -            | \$3          | \$1         | \$11         | \$15         |
|  | <b>Printing Papers</b>         | <b>\$16</b>  | <b>\$40</b>  | <b>\$14</b> | <b>\$30</b>  | <b>\$100</b> |
|                                                                                  | North America                  | \$15         | \$28         | \$8         | \$19         | \$70         |
|                                                                                  | Europe                         | \$1          | \$12         | \$1         | \$11         | \$25         |
|                                                                                  | Brazil                         | -            | -            | \$5         | -            | \$5          |
|                                                                                  | <b>Total Impact</b>            | <b>\$179</b> | <b>\$232</b> | <b>\$84</b> | <b>\$114</b> | <b>\$609</b> |

# North American Downtime



# Special Items Before Tax | Continuing Operations

| Special Items Pre-Tax \$(Million) |                                              | 4Q19    | 3Q20    | 4Q20    |
|-----------------------------------|----------------------------------------------|---------|---------|---------|
| Industrial Packaging              | EMEA Packaging Impairment - Turkey           |         |         | \$(123) |
|                                   | EMEA Packaging Restructuring                 | \$(17)  |         |         |
|                                   | Brazil Packaging Impairment                  |         | \$4     | \$5     |
|                                   | Other                                        | \$(11)  | \$(1)   |         |
| Global Cellulose Fibers           | Goodwill Impairment                          | \$(52)  |         |         |
|                                   | Other                                        | \$(4)   |         |         |
| Printing Papers                   | Environmental Reserve Adjustment             |         | \$(7)   |         |
|                                   | Riverdale Mill Conversion                    | \$(2)   |         |         |
|                                   | India Impairment                             | \$1     |         |         |
|                                   | Other                                        | \$2     | \$2     | \$(4)   |
|                                   | Debt Extinguishment                          | \$(21)  | \$(105) | \$(65)  |
| Corporate                         | Printing Papers Spin-off                     |         |         | \$(9)   |
|                                   | Brazil Packaging Transaction Costs           |         |         | \$(5)   |
|                                   | Litigation Reserves                          | \$(19)  |         |         |
|                                   | Environmental Remediation Reserve Adjustment | \$(10)  |         |         |
|                                   | Other                                        | \$(3)   | \$(2)   |         |
| Total Special Items Before Tax    |                                              | \$(136) | \$(109) | \$(201) |

# Special Items Net of Tax

|                                                                | 4Q20           |                 | 2020           |                 |
|----------------------------------------------------------------|----------------|-----------------|----------------|-----------------|
|                                                                | \$ Million     | EPS             | \$ Million     | EPS             |
| Earnings Before Special Items                                  | \$296          | \$0.75          | \$1,107        | \$2.80          |
| <b>Special Items Net of Taxes:</b>                             |                |                 |                |                 |
| Brazil Packaging Impairment                                    | \$4            |                 | \$(336)        |                 |
| Debt Extinguishment                                            | \$(49)         |                 | \$(147)        |                 |
| EMEA Packaging Impairment - Turkey                             | \$(123)        |                 | \$(123)        |                 |
| Asbestos Litigation Reserve Adjustment                         |                |                 | \$(33)         |                 |
| Environmental Remediation Reserve Adjustment                   |                |                 | \$(31)         |                 |
| India Transaction                                              |                |                 | \$(12)         |                 |
| Printing Papers Spin-Off                                       | \$(8)          |                 | \$(8)          |                 |
| Environmental Reserve Adj.                                     |                |                 | \$(6)          |                 |
| Brazil Packaging Transaction Costs                             | \$(4)          |                 | \$(4)          |                 |
| Graphic Packaging Monetization Gain                            |                |                 | \$25           |                 |
| Tax Adjustments                                                | \$32           |                 | \$32           |                 |
| Other                                                          | \$(3)          |                 | \$(13)         |                 |
| <b>Total Special Items Net of Taxes</b>                        | <b>\$(151)</b> | <b>\$(0.38)</b> | <b>\$(656)</b> | <b>\$(1.66)</b> |
| <b>Non-Operating Pension Expense</b>                           | <b>\$8</b>     | <b>\$0.02</b>   | <b>\$31</b>    | <b>\$0.08</b>   |
| <b>Net Earnings (Loss) Attributable to International Paper</b> | <b>\$153</b>   | <b>\$0.39</b>   | <b>\$482</b>   | <b>\$1.22</b>   |

# Operating Profits by Industry Segment

| \$ Million                                                 | 4Q19               | 3Q20               | 4Q20         | 2019               | 2020               |
|------------------------------------------------------------|--------------------|--------------------|--------------|--------------------|--------------------|
| Earnings (Loss) Before Income Taxes and Equity Earnings    | \$400              | \$282              | \$123        | \$1,604            | \$650              |
| Interest Expense, Net                                      | \$113 <sup>3</sup> | \$112 <sup>3</sup> | \$99         | \$491 <sup>3</sup> | \$444 <sup>3</sup> |
| Noncontrolling Interest Adjustment                         | \$(1)              | \$0                | \$0          | \$(6) <sup>4</sup> | \$0                |
| Corporate Items, Net                                       | \$9                | \$(20)             | \$(16)       | \$54               | \$(7)              |
| Net Special Items                                          | \$139              | \$110              | \$201        | \$420              | \$764              |
| Non-Operating Pension Expense (Income)                     | \$9                | \$(11)             | \$(10)       | \$36               | \$(41)             |
| <b>Business Segment Operating Profit</b>                   | <b>\$669</b>       | <b>\$473</b>       | <b>\$397</b> | <b>\$2,599</b>     | <b>\$1,810</b>     |
| Industrial Packaging <sup>1</sup>                          | \$605              | \$469              | \$431        | \$2,076            | \$1,819            |
| Global Cellulose Fibers <sup>1</sup>                       | \$(45)             | \$(59)             | \$(114)      | \$(6)              | \$(237)            |
| Printing Papers <sup>1</sup>                               | \$109              | \$63               | \$80         | \$529              | \$228              |
| <b>Total Business Segment Operating Profit<sup>1</sup></b> | <b>\$669</b>       | <b>\$473</b>       | <b>\$397</b> | <b>\$2,599</b>     | <b>\$1,810</b>     |
| <b>Equity Earnings (Loss), Net of Taxes<sup>2</sup></b>    | <b>\$29</b>        | <b>\$(28)</b>      | <b>\$64</b>  | <b>\$250</b>       | <b>\$77</b>        |

# Geographic Business Segment Operating Results | Quarterly

|                                                                                                                 | \$ Million | Sales   |         |         | D & A <sup>1</sup> | Adj. Operating Profit <sup>1</sup> |        |         |
|-----------------------------------------------------------------------------------------------------------------|------------|---------|---------|---------|--------------------|------------------------------------|--------|---------|
|                                                                                                                 |            | 4Q19    | 3Q20    | 4Q20    |                    | 4Q19                               | 3Q20   | 4Q20    |
|  <b>Industrial Packaging</b>    |            |         |         |         |                    |                                    |        |         |
| North America                                                                                                   |            | \$3,351 | \$3,351 | \$3,371 | \$190              | \$584                              | \$455  | \$396   |
| Europe                                                                                                          |            | \$341   | \$306   | \$364   | \$15               | \$6                                | \$3    | \$20    |
| Europe Coated Paperboard                                                                                        |            | \$90    | \$90    | \$100   | \$8                | \$17                               | \$11   | \$15    |
| Brazil                                                                                                          |            | \$59    | \$52    | \$0     | \$0                | \$(2)                              | \$0    | \$0     |
|  <b>Global Cellulose Fibers</b> |            |         |         |         |                    |                                    |        |         |
| Global Cellulose Fibers                                                                                         |            | \$577   | \$564   | \$582   | \$67               | \$(45)                             | \$(59) | \$(114) |
|  <b>Printing Papers</b>         |            |         |         |         |                    |                                    |        |         |
| North America                                                                                                   |            | \$482   | \$362   | \$363   | \$23               | \$37                               | \$31   | \$22    |
| Europe                                                                                                          |            | \$321   | \$232   | \$248   | \$13               | \$27                               | \$17   | \$21    |
| Brazil                                                                                                          |            | \$265   | \$150   | \$198   | \$15               | \$41                               | \$15   | \$37    |
| India                                                                                                           |            | \$16    | \$0     | \$0     | \$0                | \$4                                | \$0    | \$0     |

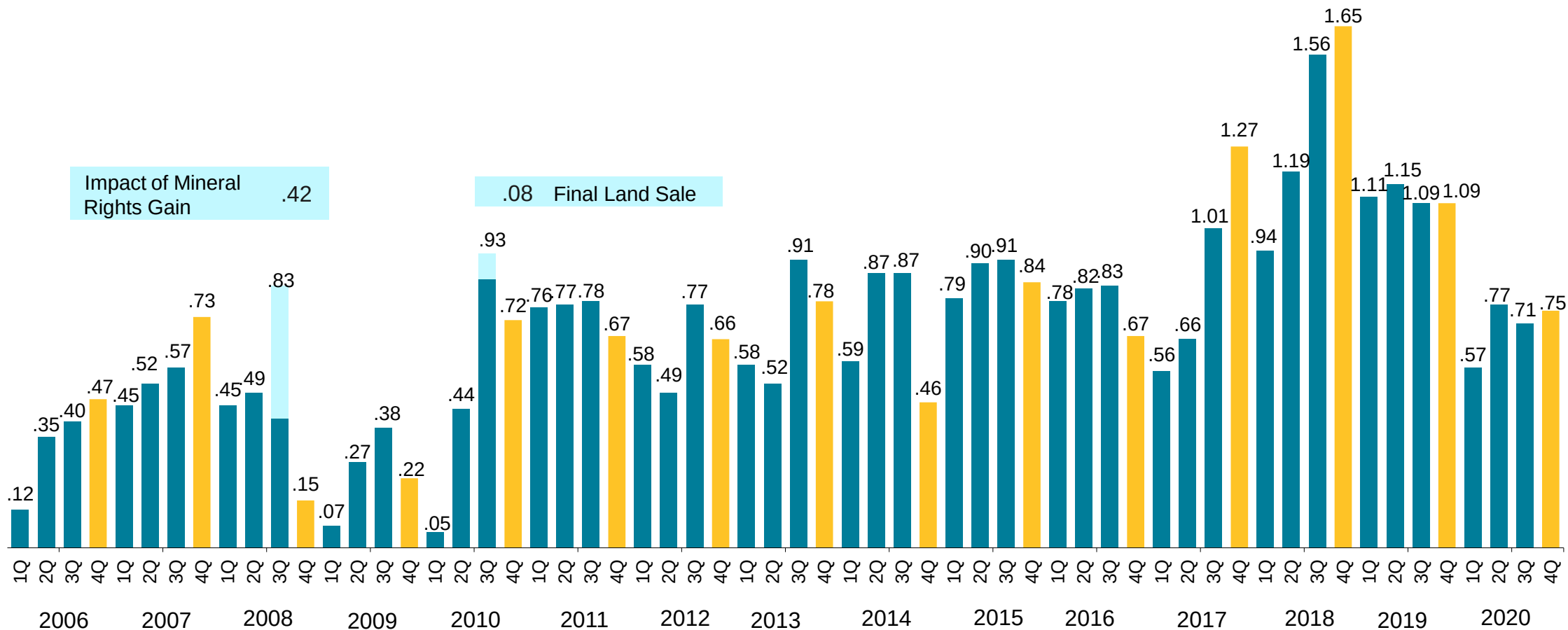
# Geographic Business Segment Operating Results | **Annually**

|                                                                                                                 | \$ Million | Sales    |          | Adj. Operating Profit <sup>1</sup> |         |
|-----------------------------------------------------------------------------------------------------------------|------------|----------|----------|------------------------------------|---------|
|                                                                                                                 |            | 2019     | 2020     | 2019                               | 2020    |
|  <b>Industrial Packaging</b>    |            |          |          |                                    |         |
| North America                                                                                                   |            | \$13,509 | \$13,318 | \$2,043                            | \$1,722 |
| Europe                                                                                                          |            | \$1,335  | \$1,317  | \$(17)                             | \$38    |
| Europe Coated Paperboard                                                                                        |            | \$365    | \$366    | \$64                               | \$62    |
| Brazil                                                                                                          |            | \$235    | \$148    | \$(14)                             | \$(3)   |
|  <b>Global Cellulose Fibers</b> |            |          |          |                                    |         |
| Global Cellulose Fibers                                                                                         |            | \$2,551  | \$2,319  | \$(6)                              | \$(237) |
|  <b>Printing Papers</b>         |            |          |          |                                    |         |
| North America                                                                                                   |            | \$1,956  | \$1,436  | \$211                              | \$53    |
| Europe                                                                                                          |            | \$1,250  | \$976    | \$144                              | \$92    |
| Brazil                                                                                                          |            | \$967    | \$632    | \$155                              | \$83    |
| India                                                                                                           |            | \$160    | \$0      | \$19                               | \$0     |

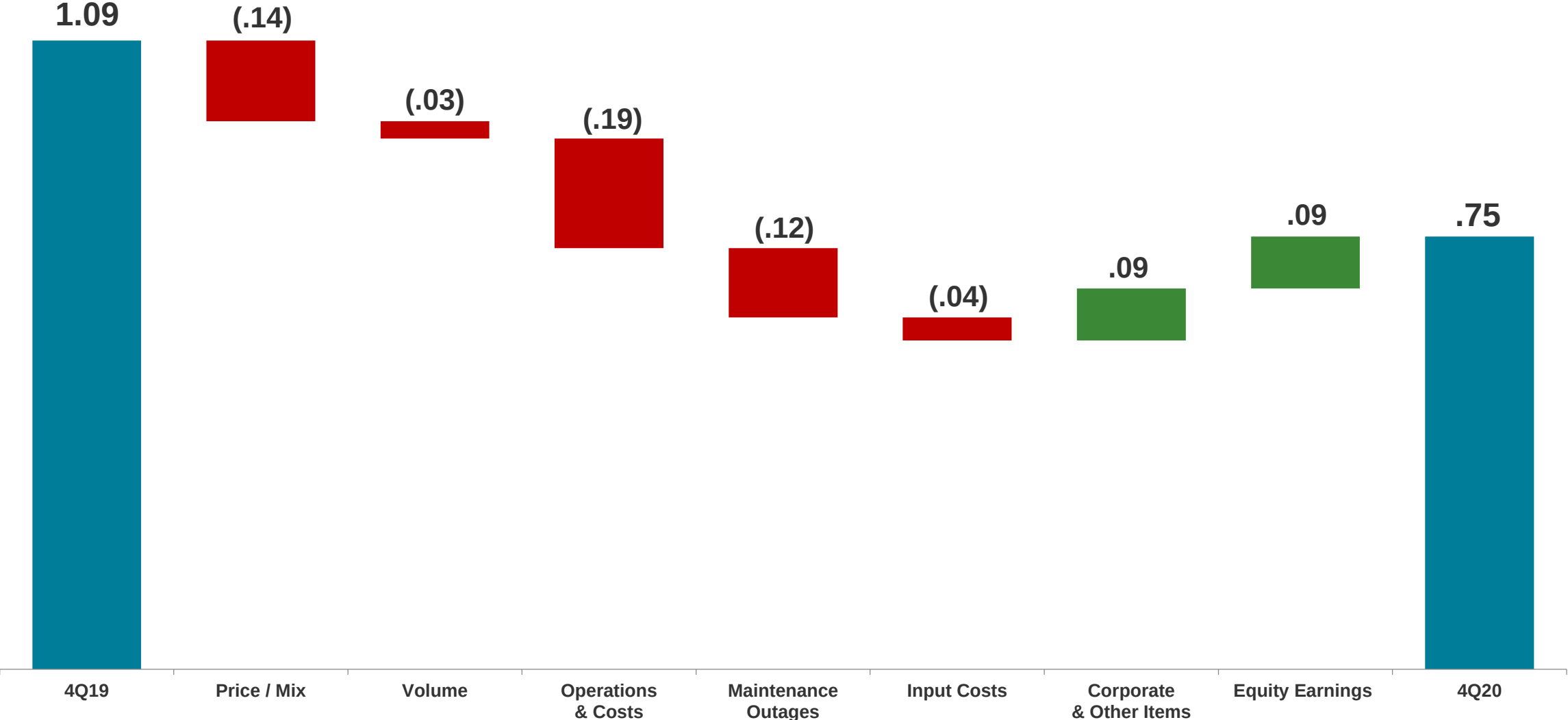
# 2020 Operating Earnings

|                                                | Pre-Tax<br>\$MM | Tax<br>\$MM | Non-<br>controlling<br>Interest<br>\$MM | Equity<br>Earnings | Net Income<br>\$MM | Average<br>Shares<br>MM | Diluted EPS <sup>1</sup> |
|------------------------------------------------|-----------------|-------------|-----------------------------------------|--------------------|--------------------|-------------------------|--------------------------|
| <b>Net Earnings from Continuing Operations</b> |                 |             |                                         |                    |                    |                         |                          |
| 1Q20                                           | \$(16)          | \$(94)      | -                                       | \$(31)             | \$(141)            | 393 <sup>2</sup>        | \$(0.36)                 |
| 2Q20                                           | \$261           | \$(67)      | -                                       | \$72               | \$266              | 393                     | \$0.67                   |
| 3Q20                                           | \$282           | \$(50)      | -                                       | \$(28)             | \$204              | 395                     | \$0.52                   |
| 4Q20                                           | \$123           | \$(34)      | -                                       | \$64               | \$153              | 396                     | \$0.39                   |
| <b>Net Special Items</b>                       |                 |             |                                         |                    |                    |                         |                          |
| 1Q20                                           | \$384           | \$(12)      | -                                       | -                  | \$372              | 395                     | \$0.94                   |
| 2Q20                                           | \$68            | \$(18)      | -                                       | -                  | \$50               | 393                     | \$0.13                   |
| 3Q20                                           | \$109           | \$(26)      | -                                       | -                  | \$83               | 395                     | \$0.21                   |
| 4Q20                                           | \$201           | \$(50)      | -                                       | -                  | \$151              | 396                     | \$0.38                   |
| <b>Non-Operating Pension Expense</b>           |                 |             |                                         |                    |                    |                         |                          |
| 1Q20                                           | \$(6)           | \$1         | -                                       | -                  | \$(5)              | 395                     | \$(0.01)                 |
| 2Q20                                           | \$(14)          | \$3         | -                                       | -                  | \$(11)             | 393                     | \$(0.03)                 |
| 3Q20                                           | \$(11)          | \$4         | -                                       | -                  | \$(7)              | 395                     | \$(0.02)                 |
| 4Q20                                           | \$(10)          | \$2         | -                                       | -                  | \$(8)              | 396                     | \$(0.02)                 |
| <b>Adj. Operating Earnings</b>                 |                 |             |                                         |                    |                    |                         |                          |
| 1Q20                                           | \$362           | \$(105)     | -                                       | \$(31)             | \$226              | 395                     | \$0.57                   |
| 2Q20                                           | \$315           | \$(82)      | -                                       | \$72               | \$305              | 393                     | \$0.77                   |
| 3Q20                                           | \$380           | \$(72)      | -                                       | \$(28)             | \$280              | 395                     | \$0.71                   |
| 4Q20                                           | \$314           | \$(82)      | -                                       | \$64               | \$296              | 396                     | \$0.75                   |

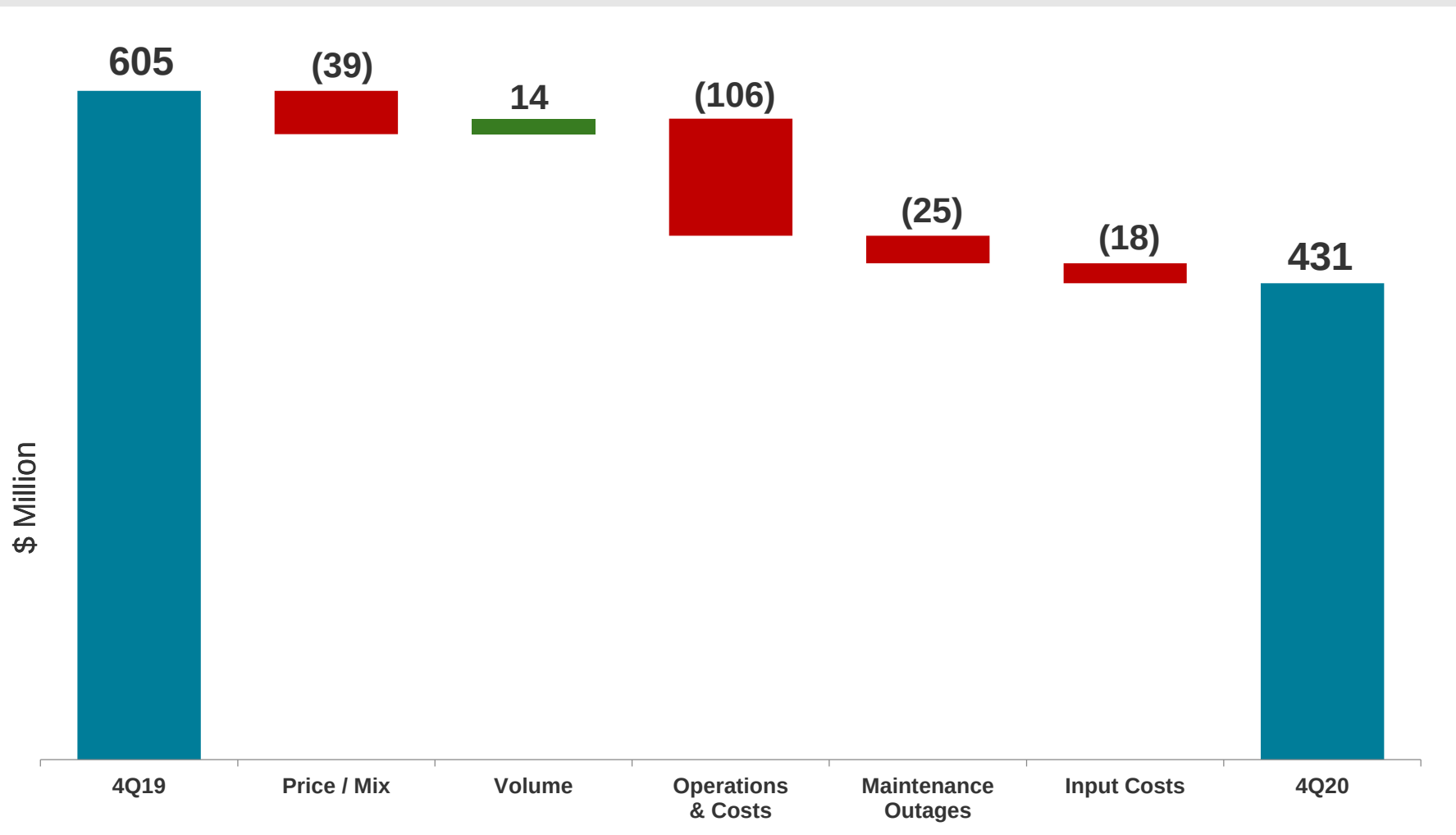
# Adj. Operating EPS<sup>1</sup>



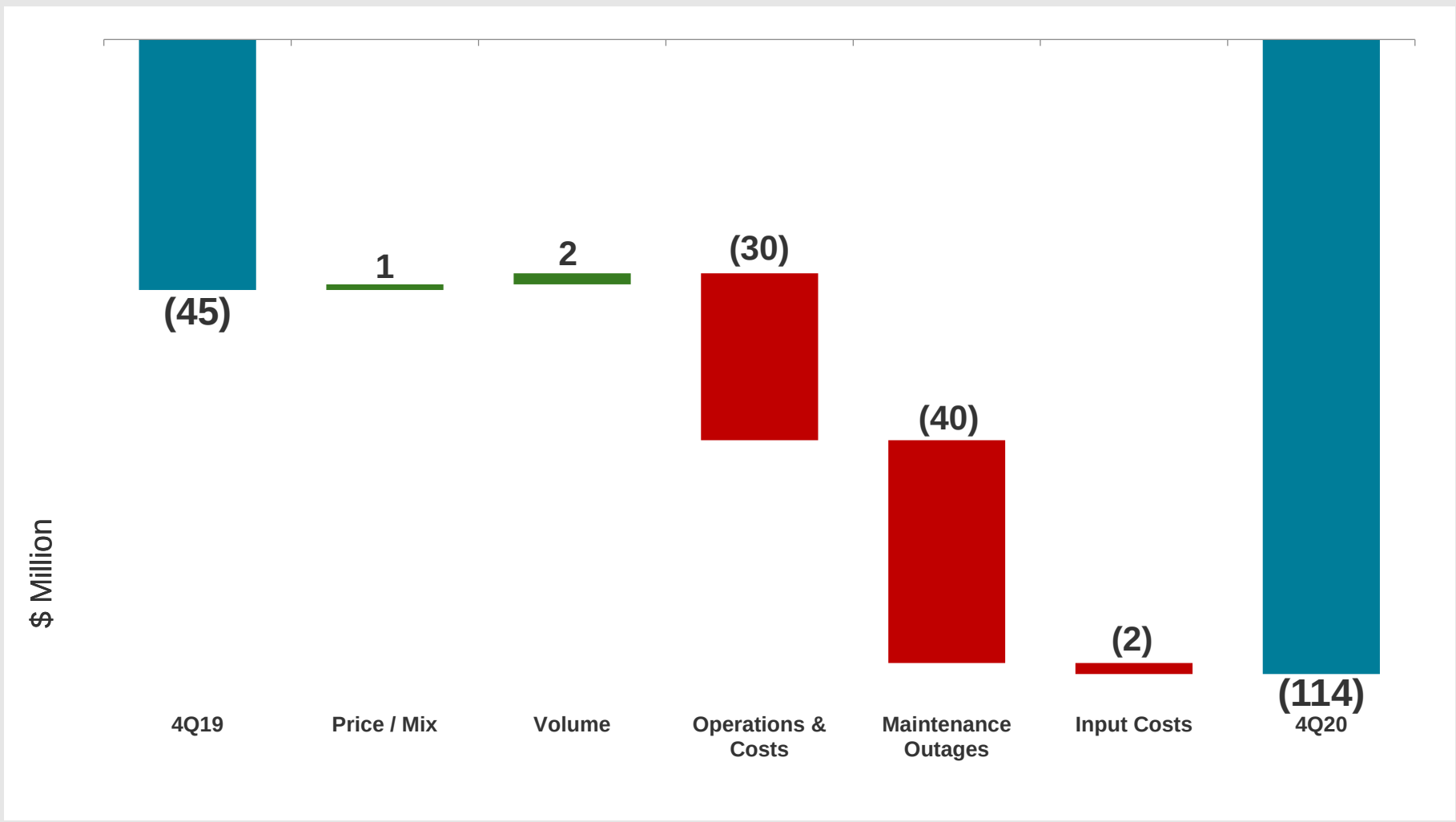
# 4Q20 vs. 4Q19 Adj. Operating EPS<sup>1</sup>



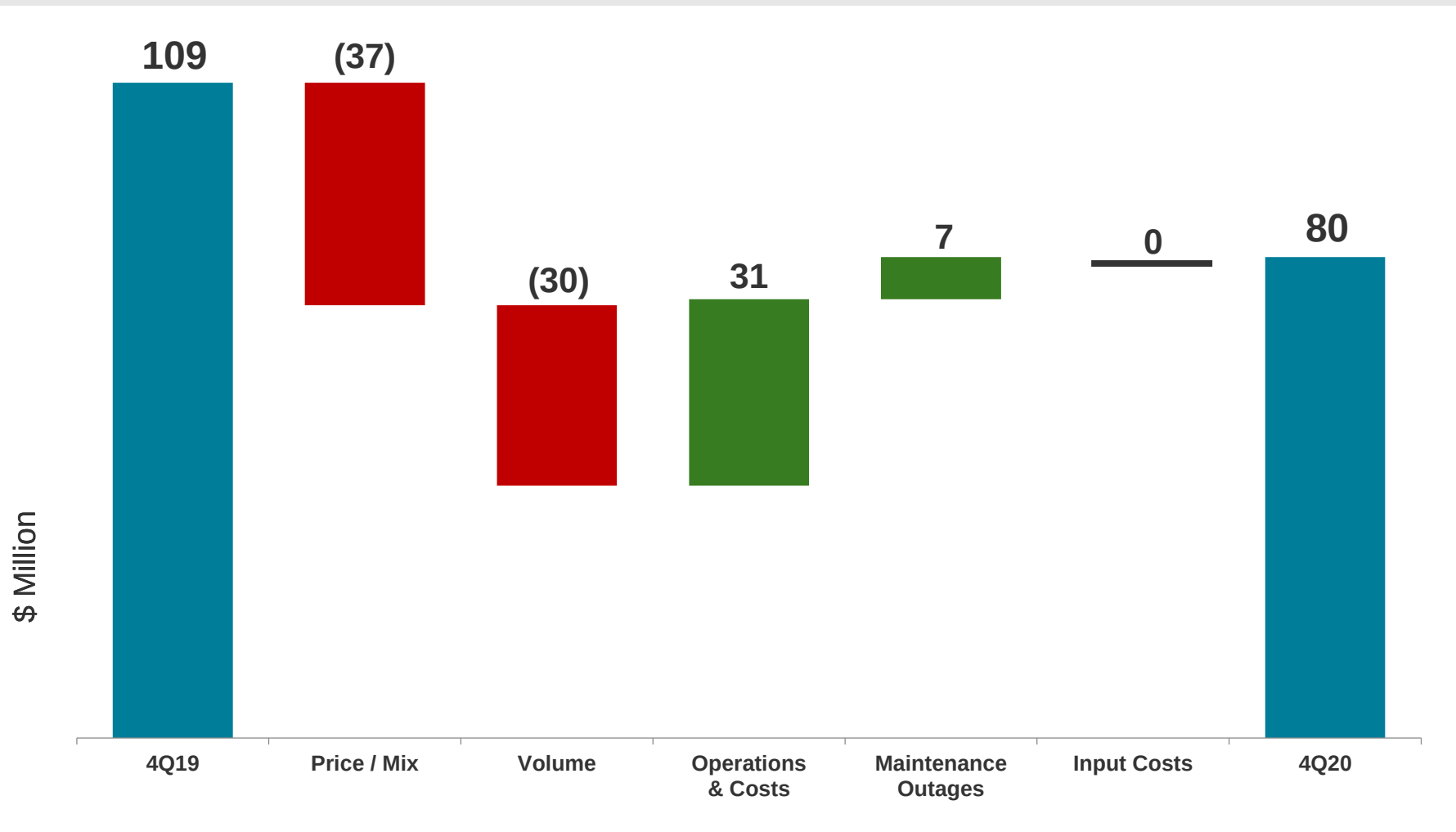
# Industrial Packaging | 4Q20 vs. 4Q19 Adj. EBIT<sup>1</sup>



# Global Cellulose Fibers | 4Q20 vs. 4Q19 Adj. EBIT<sup>1</sup>

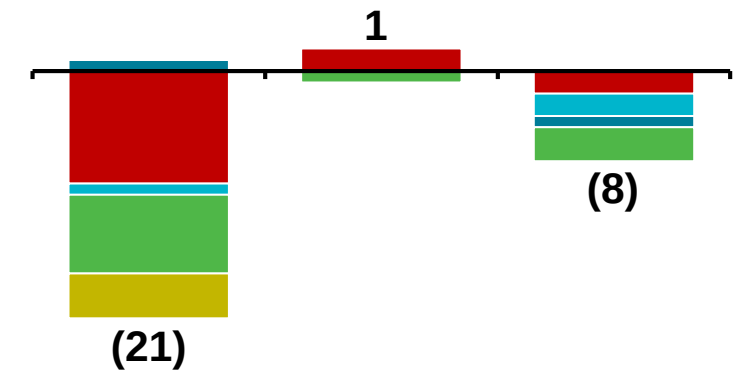


# Printing Papers | 4Q20 vs. 4Q19 Adj. EBIT<sup>1</sup>



# Global Input Costs 4Q20 vs. 3Q20 | \$28MM Unfavorable, or \$(0.06) per share

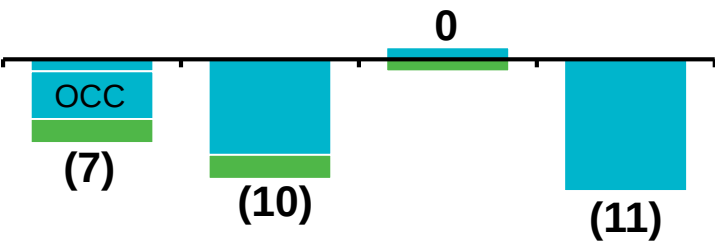
By Business



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. 3Q20

|                    |     |   |
|--------------------|-----|---|
| Wood               | 1%  | ▲ |
| OCC                | 5%  | ▲ |
| Natural Gas        | 28% | ▲ |
| Electricity        | 2%  | ▼ |
| Chemical Composite | NC  | ▶ |