



International Paper

Second Quarter 2023 Earnings

July 27, 2023

Forward-Looking Statements

Certain statements in this presentation that are not historical in nature may be considered “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “anticipates,” “believes,” “estimates” and similar expressions identify forward-looking statements. These statements are not guarantees of future performance and reflect management’s current views and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. Factors which could cause actual results to differ include but are not limited to: (i) risks with respect to climate change and global, regional, and local weather conditions, as well as risks related to our ability to meet targets and goals with respect to climate change and the emission of GHGs and other environmental, social and governance matters; (ii) the level of our indebtedness and changes in interest rates (including the impact of current elevated interest rate levels); (iii) the impact of global and domestic economic conditions and industry conditions, including with respect to current negative macroeconomic conditions, inflationary pressures and changes in the cost or availability of raw materials, energy sources and transportation sources, supply chain shortages and disruptions, competition we face, cyclicality and changes in consumer preferences, demand and pricing for our products, and conditions impacting the credit, capital and financial markets, including possible instability in such markets and/or disruptions to the banking system due to potential or actual bank failures; (iv) domestic and global geopolitical conditions, changes in currency exchange rates, trade protectionist policies, downgrades in our credit ratings, and/or the credit ratings of banks issuing certain letters of credit, issued by recognized credit rating organizations; (v) the amount of our future pension funding obligations, and pension and healthcare costs; (vi) unanticipated expenditures or other adverse developments related to compliance with existing and new environmental, tax, labor and employment, privacy, anti-bribery and anti-corruption, and other U.S. and non-U.S. governmental laws and regulations; (vii) any material disruption at any of our manufacturing facilities or other adverse impact on our operations due to severe weather, natural disasters, climate change or other causes; (viii) the impact of the conflict involving Russia and Ukraine, including in connection with related escalated sanctions imposed by the United States, the European Union, G7 and other countries and possible actions by the Russian government, and the impact of such developments on domestic and global economic and geopolitical conditions in general and on us and our Ilim joint venture, which could be materially and adversely affected by such developments, and our inability to predict the full impact of the Russian invasion of Ukraine, current or future sanctions, current or future actions by the Russian government, geopolitical instability and the possibility of broadened military conflict on our Ilim joint venture, on our receipt of dividends from our Ilim joint venture and on our ability to complete the sale of our interest in the Ilim joint venture under the terms of the agreement with our joint venture partners to purchase our interest (and, if we are unable to complete such a sale, on the value of and our ability to sell our interest to another purchaser); (ix) risks inherent in conducting business through joint ventures; (x) our ability to achieve the benefits expected from, and other risks associated with, acquisitions, joint ventures, divestitures, spinoffs and other corporate transactions, (xi) cybersecurity and information technology risks; (xii) loss contingencies and pending, threatened or future litigation, including with respect to environmental related matters; (xiii) our exposure to claims under our agreements with Sylvamo Corporation; (xiv) our failure to realize the anticipated benefits of the spin-off of Sylvamo Corporation and the qualification of such spin-off as a tax-free transaction for U.S. federal income tax purposes; and (xv) our ability to attract and retain qualified personnel, particularly in light of current labor market conditions. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements can be found in our press releases and SEC filings. In addition, other risks and uncertainties not presently known to the Company or that we currently believe to be immaterial could affect the accuracy of any forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Statements Relating to Non-U.S. GAAP Measures

While the Company reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP), during the course of this presentation, certain non-GAAP financial measures are presented. Management believes non-GAAP financial measures, when used in conjunction with information presented in accordance with 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-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-GAAP measures (and their components) to GAAP financial measures is available on IP’s website at <https://www.internationalpaper.com/investors/financial-reports/quarterly-results>.

Discontinued Operations

As a result of the spin-off of our global Printing Papers business on October 1, 2021, the Printing Papers business segment has been eliminated. Historical results have been adjusted to reflect this business as a discontinued operation. In addition, as a result of our agreement to sell our interest in the Ilim joint venture, as announced on January 24, 2023, current and historical results have been adjusted to reflect Ilim as a discontinued operation.

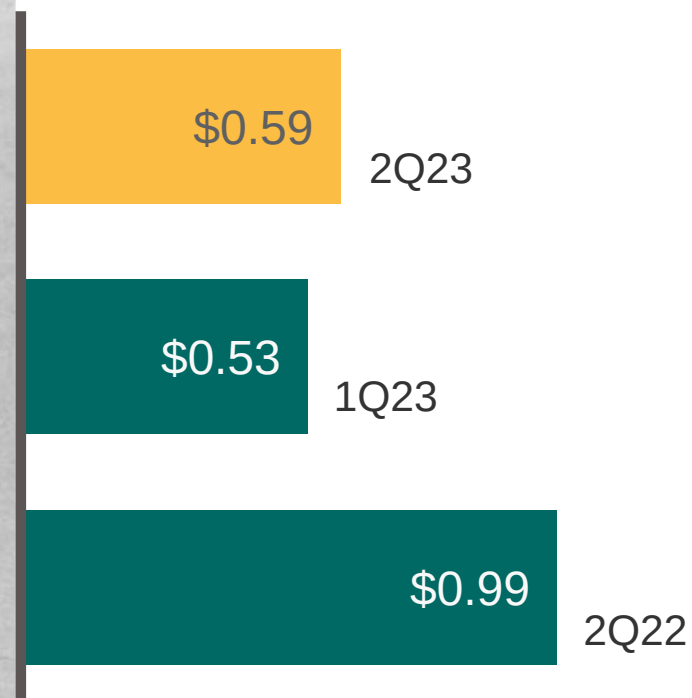
Ilim JV and Sylvamo Corporation Investment Information

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

Second Quarter 2023 Highlights

- Executed well in a challenging macro environment
- Strong results from Building a Better IP initiatives
- Solid mill operating performance and outage execution
- Margins in both businesses impacted by low volumes and price declines
- Benefits from lower input and distribution costs
- Returned \$200 million to shareowners

Adjusted Operating EPS¹



All periods have been adjusted to reflect the Ilim JV as discontinued operations

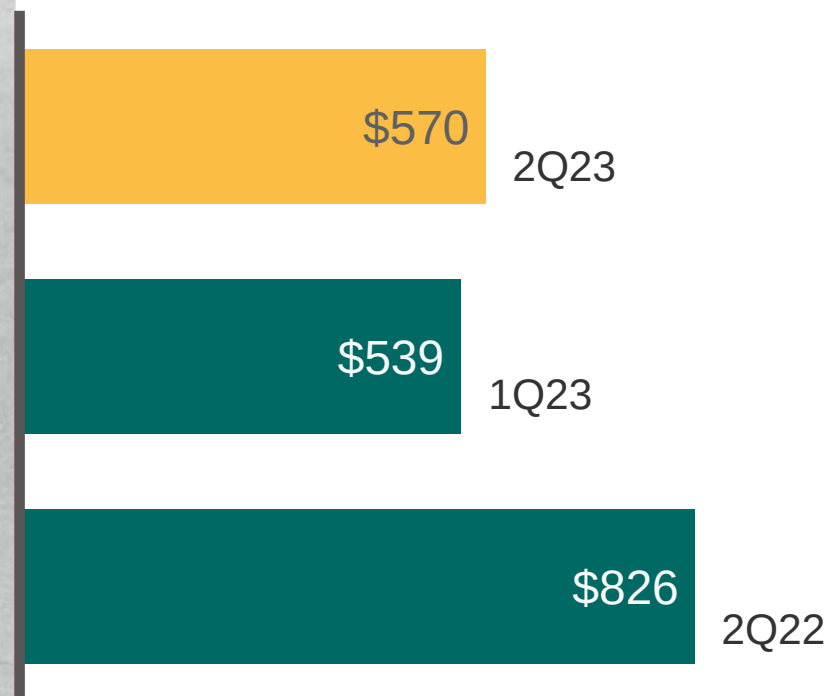
Second Quarter 2023 Financials

	2Q22	1Q23	2Q23
Sales (\$B)	\$5.4	\$5.0	\$4.7
Adjusted EBIT ¹ (\$MM)	\$559	\$298	\$326
Adjusted Operating EPS ²	\$0.99	\$0.53	\$0.59
Adjusted EBITDA ¹ (\$MM)	\$826	\$539	\$570
Adjusted EBITDA Margin ¹	15.3%	10.7%	12.2%
Free Cash Flow ³ (\$MM)	\$204	\$4	\$261

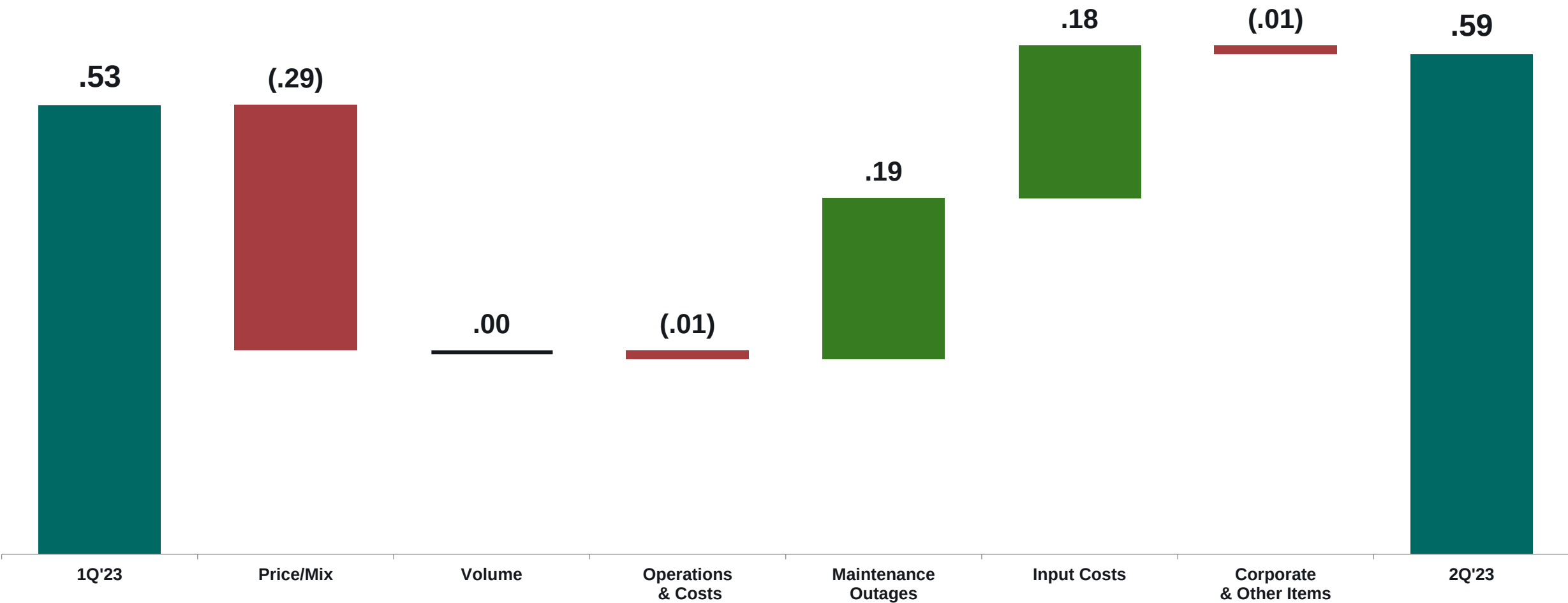
Free Cash Flow for 1Q'23 includes a \$(193)MM final settlement payment to the IRS for Timber Monetization and timing of higher capital expenditures

All periods have been adjusted to reflect the Ilim JV as discontinued operations

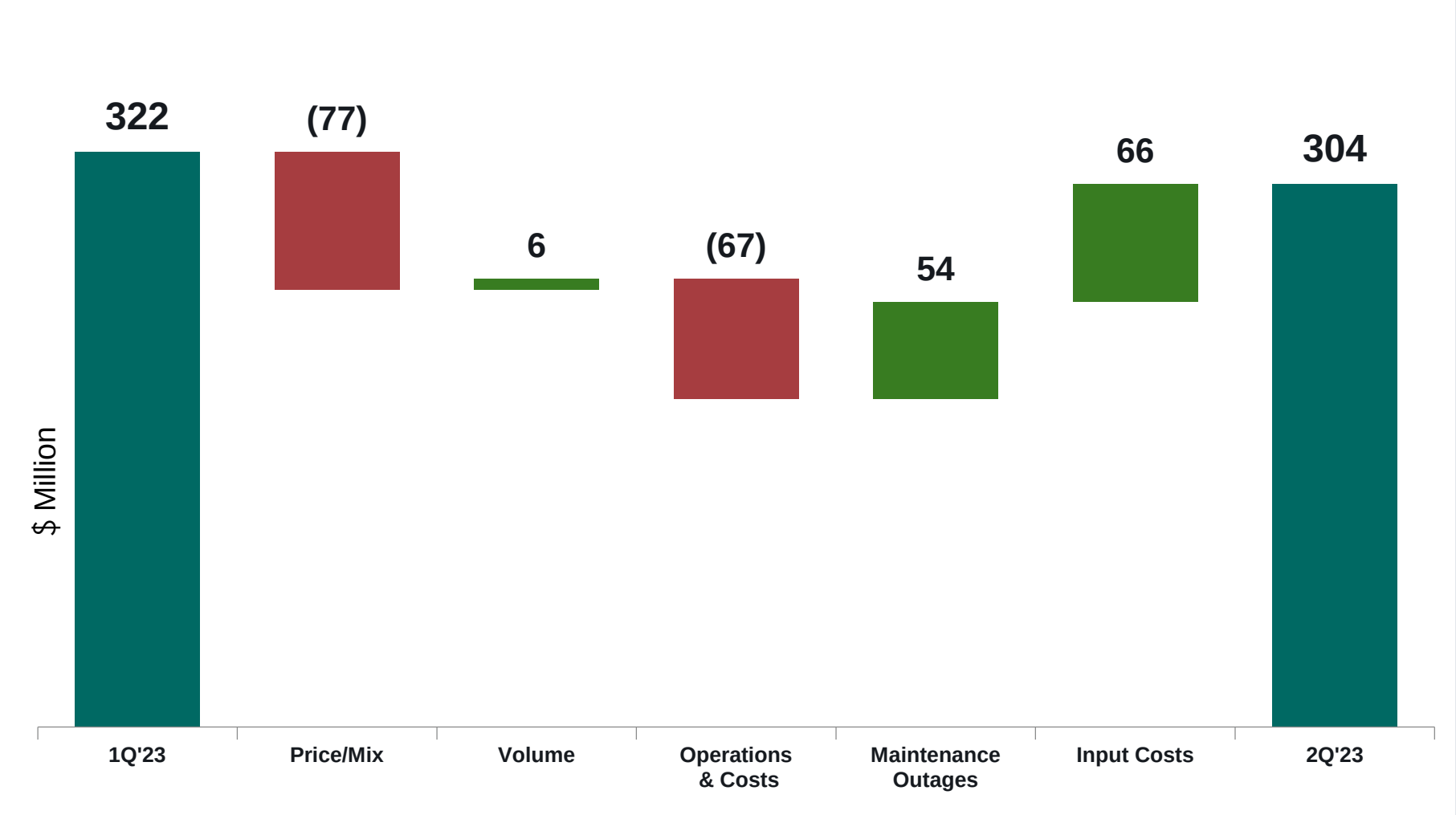
Adjusted EBITDA¹ (\$MM)



2Q23 vs 1Q23 Adjusted Operating EPS¹



Industrial Packaging | 2Q23 vs 1Q23 Adjusted EBIT¹



- Lower price from index movement and exports
- One less shipping day QoQ
- IP U.S. box shipments -8.3% YoY (daily)
- June U.S. box shipments -5.9% YoY
- Export channel demand weak
- Operating costs significantly impacted by higher economic downtime and timing of spending
- Solid mill operating performance
- Lower energy, wood and distribution costs

N.A. Corrugated Packaging | Customer Inventory Levels

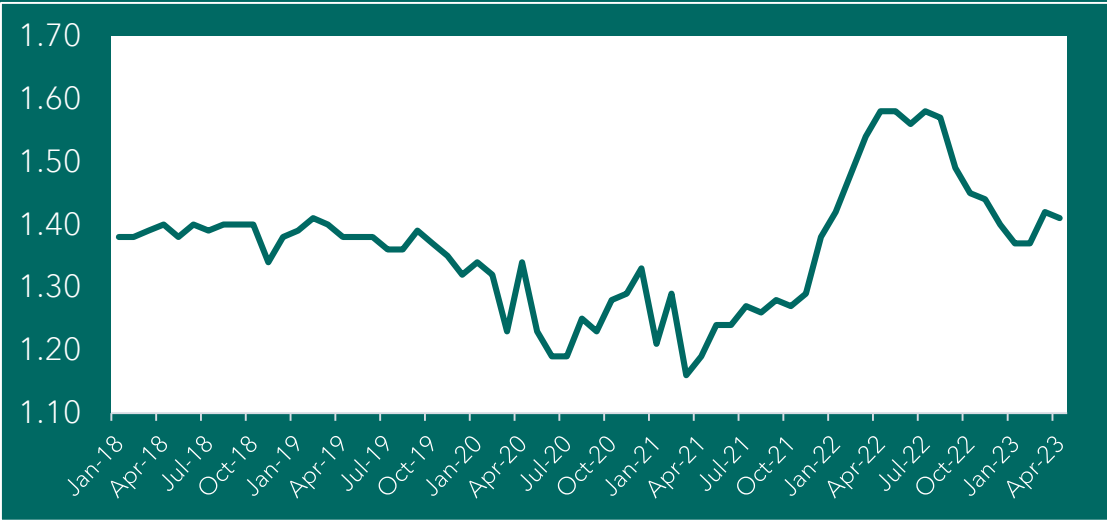
Customer Segment	Entering 2Q23	Entering 3Q23
Beverage		
Processed Food		
Durables		
Non-Durables		
Shipping & Distribution		

IP customer feedback suggests inventories are near target levels

-  At or Below Target
-  Near Target
-  Above Target

N.A. Corrugated Packaging | Inventory Destocking Trends

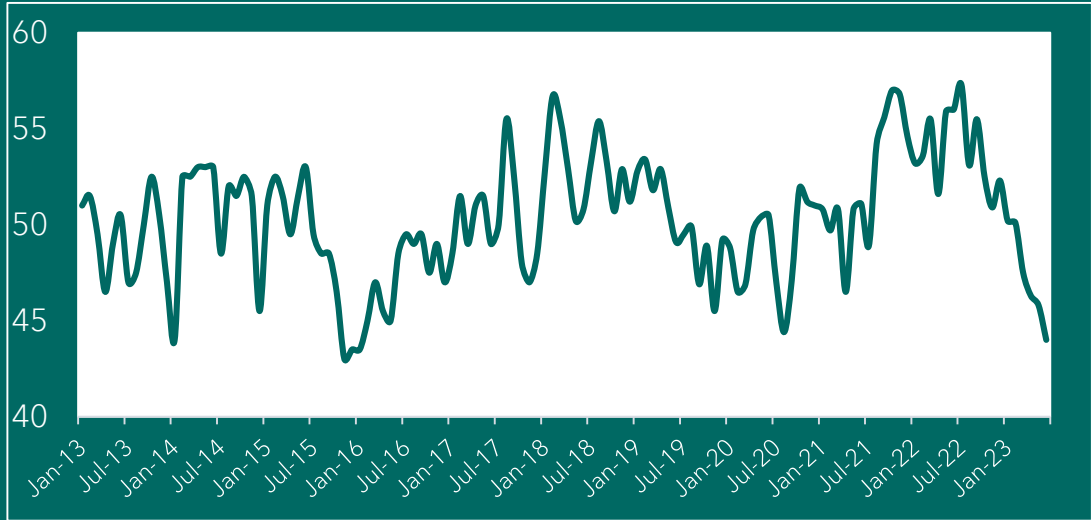
Retailer Inventory % of Sales



Retail Inventories / Sales Ratio: General Merchandise Stores – FRED

Retail inventories reached pre-pandemic level in 1Q

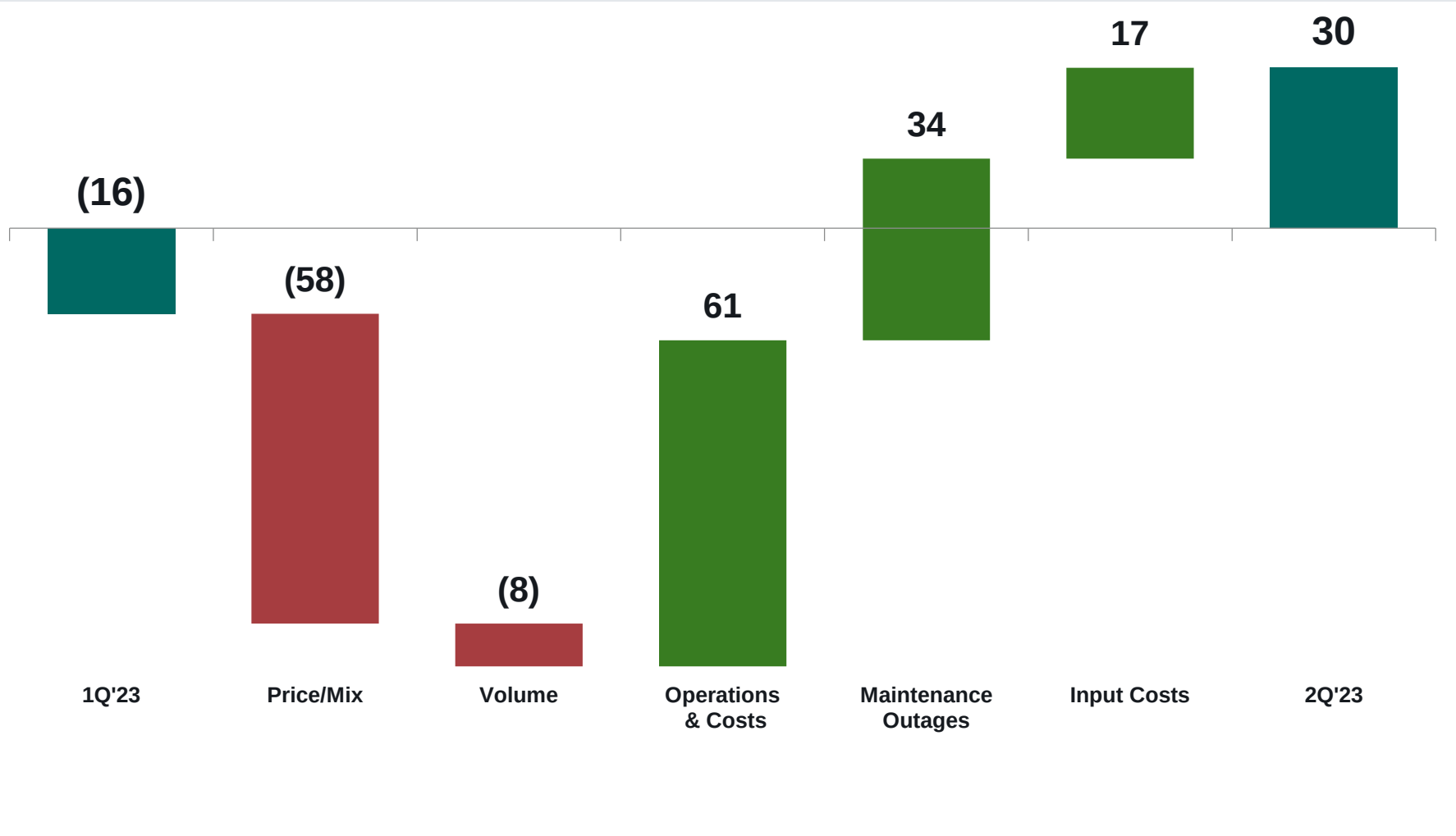
US ISM Manufacturing PMI Inventories Index



US ISM Manufacturing PMI Inventories Index – ISM®

June index near 10-year low

Global Cellulose Fibers | 2Q23 vs 1Q23 Adjusted EBIT¹



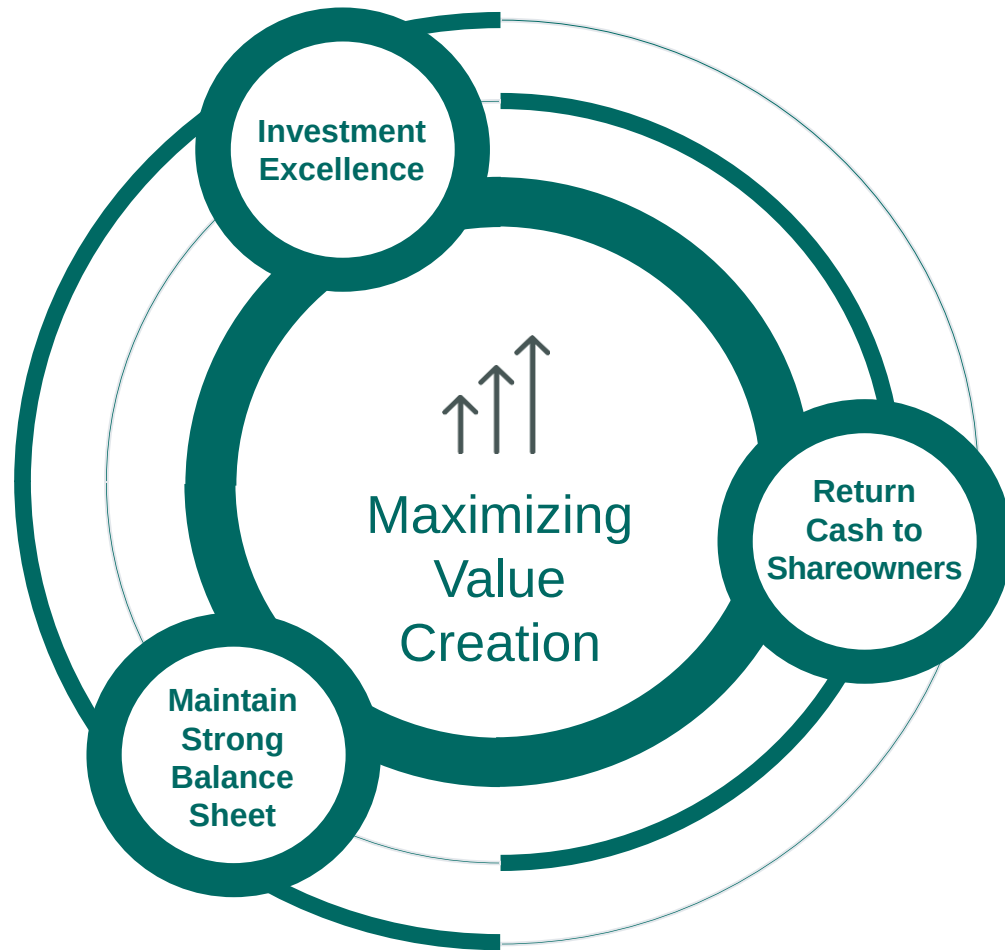
Margin improvement from contract restructuring offset by lower price from index movement & unfavorable mix

Volume lower due to continued customer inventory destocking

Operations benefited from lower supply chain cost, timing of spending, and seasonality

Lower energy & chemical costs

Capital Allocation | Maximizing Value Creation



Highlights

Strong balance sheet

- Limited medium- and long-term debt maturities

Fully funded qualified pension plan

Returned \$200MM to shareowners

Investing to create value

- Continued focus on cost reduction and future growth in Packaging business

Third Quarter Earnings Outlook | Changes from 2Q23

	Industrial Packaging	Cellulose Fibers
Price & Mix	Prior index movement & lower export pricing to date	Prior index movement & lower pricing to date
Volume	Improving demand (+) N.A. 1 less day (-)	Improving demand
Ops & Costs	Cost benefits & lower unabsorbed fixed costs	Stable
Maintenance Outages	\$28MM lower	\$12MM lower
Inputs & Freight	Higher energy	Lower fiber and chemicals
Other	• 3Q23 corporate expense of \$15MM • 3Q23 interest expense of \$65MM • FY23 tax rate outlook of 22% - 24%	

2023 Outlook | Navigating an Uncertain Macro Environment

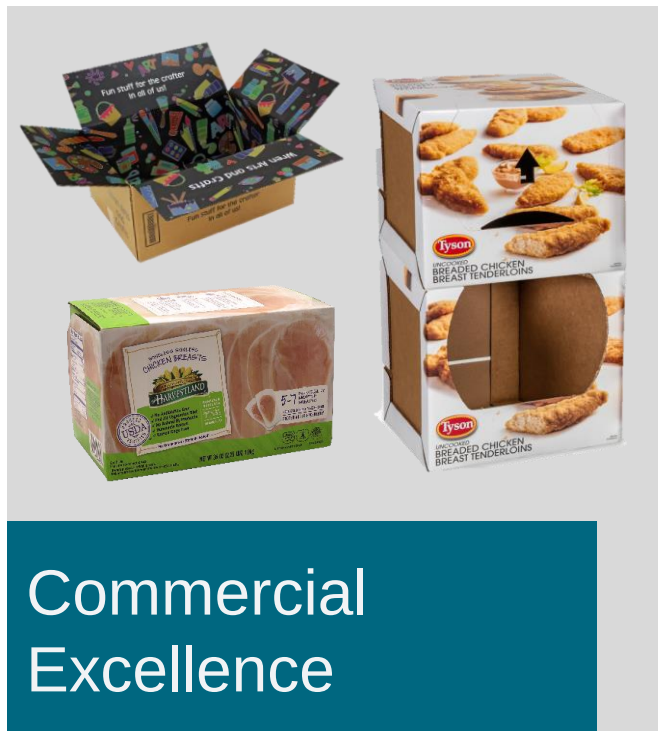
\$ Billions (Unless Noted Otherwise)	Prior Outlook	Updated Outlook	Assumptions
Adjusted EBITDA ¹	\$2.3 to \$2.5	\$2.1 to \$2.3	▪ Includes the impact of sales price changes to date ▪ Optimizing marginal costs across mill & converting system ▪ Benefits from Building a Better IP ▪ Maintenance outage expense of \$600MM ▪ Strategic capex in Industrial Packaging for cost / productivity improvements and future growth ▪ Timber monetization tax settlement = \$(193)MM ▪ No further Ilim dividend ▪ In addition to FCF, ~\$0.5B proceeds expected from Ilim sale
Capex	\$1.0 - \$1.2	\$1.1 - \$1.2	
Free Cash Flow	\$0.8 - \$0.9	\$0.5 - \$0.6	
	<i>Includes \$(0.2)B timber monetization tax payment</i>		
Corporate Expense	\$60MM	\$50MM	
Net Interest Expense ²	\$255MM	\$255MM	
Effective Tax Rate	23% - 24%	22% - 24%	

Building a Better IP | On Track to Exceed Full Year Target



YoY Achievement	
\$55MM 2Q23 / \$120MM YTD	
YTD	
84%	Strategy Acceleration - Value capture - Profitable growth
11%	Process Optimization - Leverage advanced technology & data analytics - Optimize customer order scheduling & transportation planning - Mill monitoring & process control - Sourcing opportunities
5%	Lean Effectiveness - Streamline the organization - Overhead spend reduction

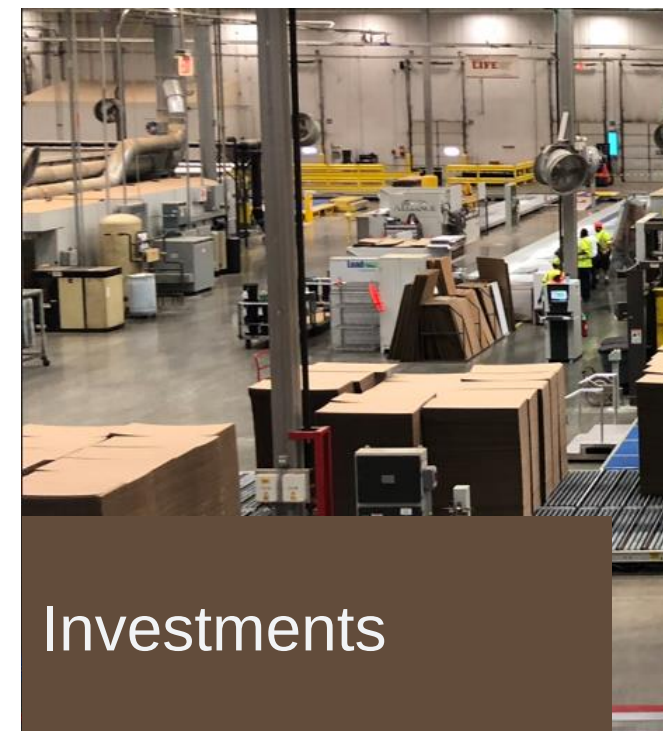
Industrial Packaging | Taking Actions to Drive Profitable Growth



- Improving mix
- Capturing additional value
- Leveraging data analytics to improve margins
- Growing specialty businesses

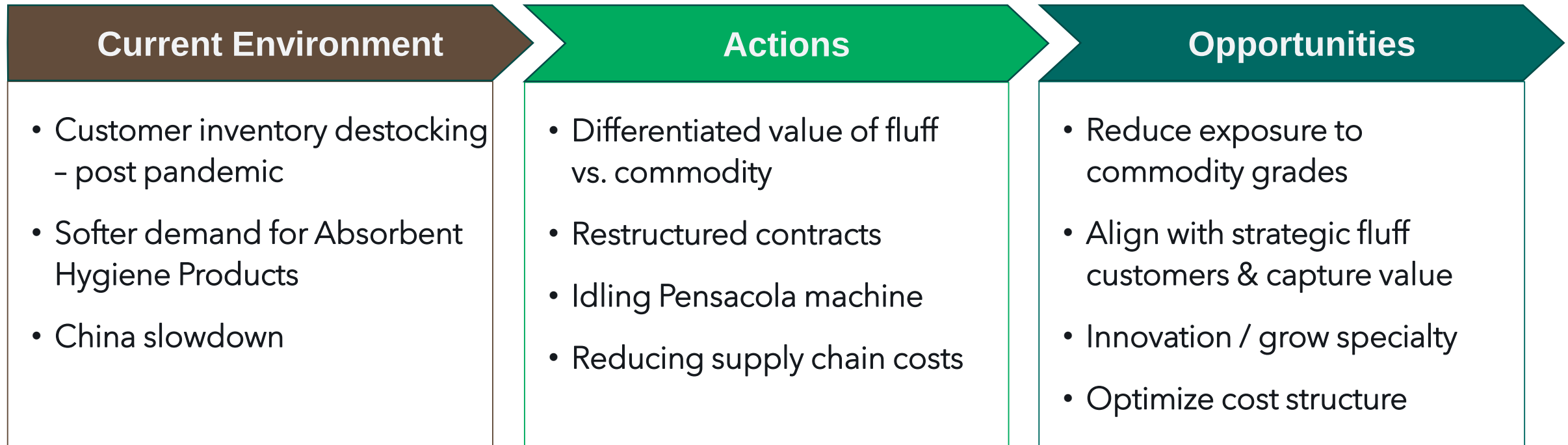


- Reducing marginal costs
- Leveraging advanced technology
 - Sourcing opportunities
 - Process control & reliability
 - Supply chain cost reduction
 - Machine - order scheduling
- Developing workforce skillsets



- Improving productivity
- Expanding capabilities
- Optimizing system flexibility
- Enhancing box system

Global Cellulose Fibers | Path to Maximizing Value



CEO Perspective | IP is Agile and Resilient Through the Cycle

Effectively navigating current macro environment

Strong financial foundation

Taking actions to maximize value





International Paper

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Appendix & Footnotes



International
Paper

Industrial Packaging | Focused on Reducing Highest Marginal Costs

Fiber & Energy

- Maximizing lowest cost fiber
 - Wood vs. OCC
 - Round wood vs. chips
- Reduce highest cost suppliers
- Optimize wood inventory levels
- Improve fiber yields
- Maximize own-make power
- Reduce natural gas & steam consumption

Supply Chain

- Mode optimization
 - Rail vs. Truck
- Reduce premium freight, warehousing & demurrage
- Improve equipment utilization
- Reduce highest cost suppliers
- Sourcing opportunities
- Supply chain planning optimization using data analytics

Supplies & Services

- Optimize planned maintenance outages and reduce spending
 - Cost driven vs. schedule
- Overtime reduction
- Reduce inventory levels and other working capital
- Reduce highest cost suppliers
- Sourcing opportunities

N.A. Corrugated Packaging | Segment Demand

Customer Segment	Industry	IP Trend 2Q YoY
Food & Beverage	~45%	
Processed Food		●
Beverage		●
Protein		●
Fresh Produce		●
Other Non-Durables	~30%	
Chemicals & Pharmaceuticals		●
Paper, Towels & Tissue		●
Other Non-Durables		●
Durable Goods & Distribution	~25%	
E-commerce		●
Shipping & Distribution		●
Durable Goods		●

**Consumer spending focused on
non-discretionary and value**

Manufacturers reducing inventories

- < 8.3% YoY Average decline
- > 8.3% YoY Average decline

Select Financial Metrics¹

\$ Million	2021	2022	2023F
Maintenance Outage Expense	\$531	\$601	\$598
Maintenance & Regulatory	\$415	\$649	Targeting \$1,100 - \$1,200
Cost Reduction	\$10	\$50	
Strategic	\$124	\$232	
Depreciation & Amortization	\$1,097	\$1,040	\$1,000
Net Interest Expense	\$337	\$267	\$255
Corporate Expense	\$134	\$34	\$50
Effective Tax Rate	19%	24%	22% - 24%

Free Cash Flow

\$ Million	2020	2021	2Q22	2022	1Q23	2Q23
Cash Provided by Operations	\$3,063	\$2,030 ¹	\$390	\$2,174	\$345 ²	\$528
Cash Invested in Capital Projects, Net of Insurance Recoveries	\$(751)	\$(549)	\$(186)	\$(931)	\$(341)	\$(267)
Free Cash Flow	\$2,312	\$1,481	\$204	\$1,243	\$4	\$261

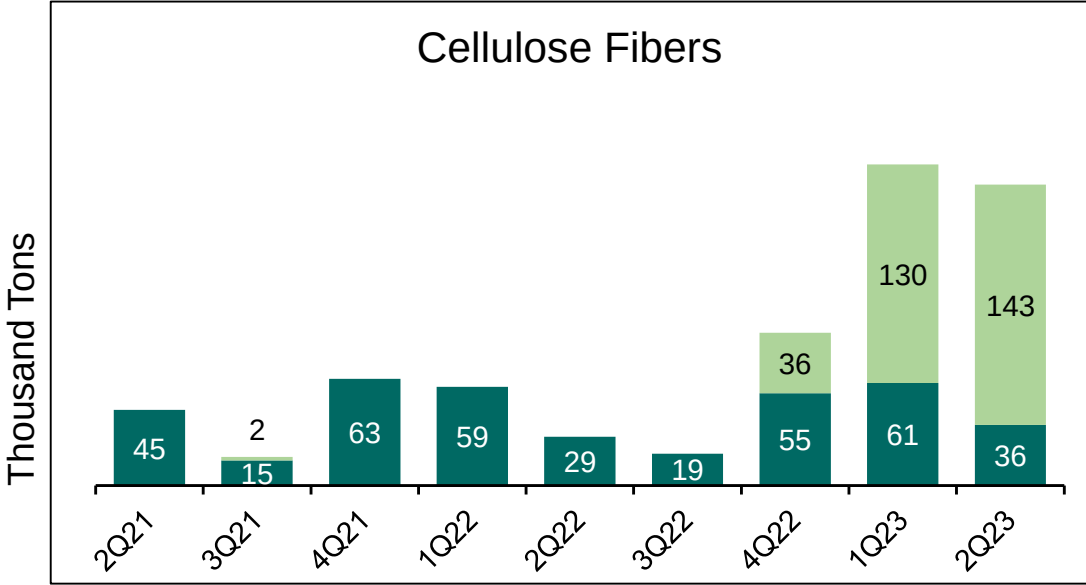
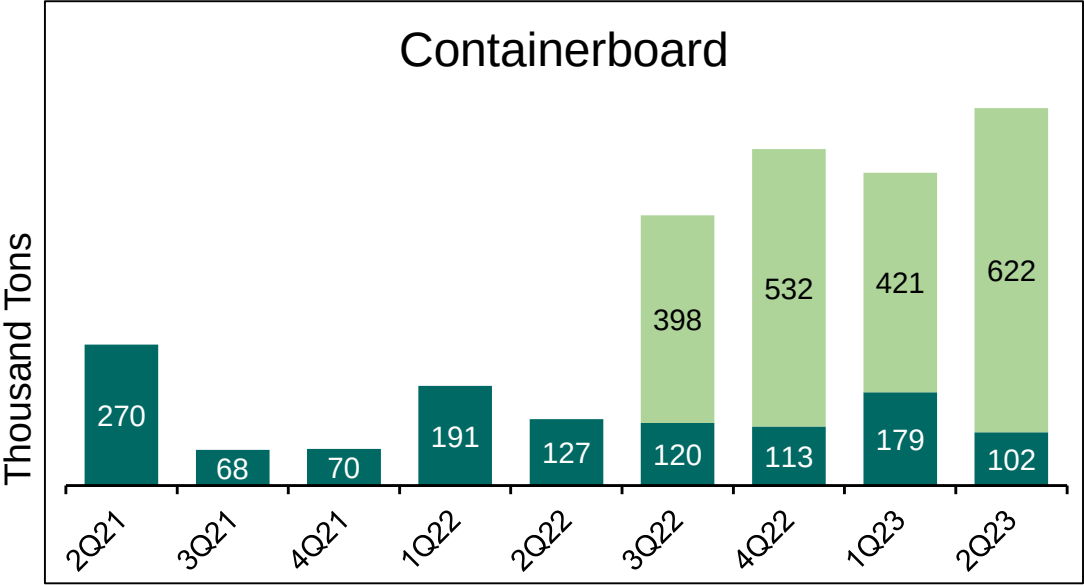
¹2021 cash provided by operations includes tax payments of ~\$0.5B related to monetization transactions and CARES Act payroll tax deferral

²1Q23 cash provided by operations includes tax payments of ~\$0.2B related to timber monetization settlement

Maintenance Outages Expenses | 2023 Forecast

\$ Million	1Q23A	2Q23A	3Q23F	4Q23F	2023F
Industrial Packaging	\$161	\$107	\$79	\$60	\$407
North America	\$161	\$86	\$78	\$57	\$382
Riverdale Papers	-	\$21	\$1	-	\$22
EMEA	-	-	-	\$3	\$3
Global Cellulose Fibers	\$68	\$34	\$22	\$67	\$191
North America	\$53	\$34	\$22	\$67	\$176
Georgetown Papers	\$15	-	-	-	\$15
Total Impact	\$229	\$141	\$101	\$127	\$598

North America Downtime



Economic
Maintenance

Special Items Before Tax | Continuing Operations

Special Items Pre-Tax \$(Million)		2Q22	1Q23	2Q23
Industrial Packaging		-	-	-
Global Cellulose Fibers		-	-	-
Corporate	Environmental Remediation	\$(15)		
	Tax Audit Settlement Interest			\$6
	Timber Monetization Settlement Interest		\$(3)	
	Sylvamo Investment MTM Gain / (Losses)	\$3		
	Other	\$(6)		
Total Special Items Before Tax		\$(18)	\$(3)	\$6

Special Items Net of Tax

	2Q23	
	\$ Million	EPS
Earnings Before Special Items	\$204	\$0.59
Special Items Net of Taxes:		
Tax Audit Settlement (Including Interest)	\$27	
Total Special Items Net of Taxes	\$27	\$0.08
Non-Operating Pension (Expense) Income	\$(9)	\$(0.03)
Discontinued Operations Net of Tax	\$13	\$0.04
Net Earnings (Loss)	\$235	\$0.68

Operating Profits by Business Segment

\$ Million	2Q22	1Q23	2Q23
Earnings (Loss) Before Income Taxes and Equity Earnings	\$514	\$221	\$255
Interest Expense, Net	\$74	\$62 ²	\$59 ²
Adjustment for Less Than Wholly Owned Subsidiaries	\$(1)	\$0	\$0
Corporate Expenses, Net	\$27	\$8	\$8
Net Special Items	\$18	\$0	\$0
Non-Operating Pension Expense (Income)	\$(47)	\$15	\$12
Business Segment Operating Profit	\$585	\$306	\$334
Industrial Packaging ¹	\$560	\$322	\$304
Global Cellulose Fibers ¹	\$25	\$(16)	\$30
Total Business Segment Operating Profit¹	\$585	\$306	\$334

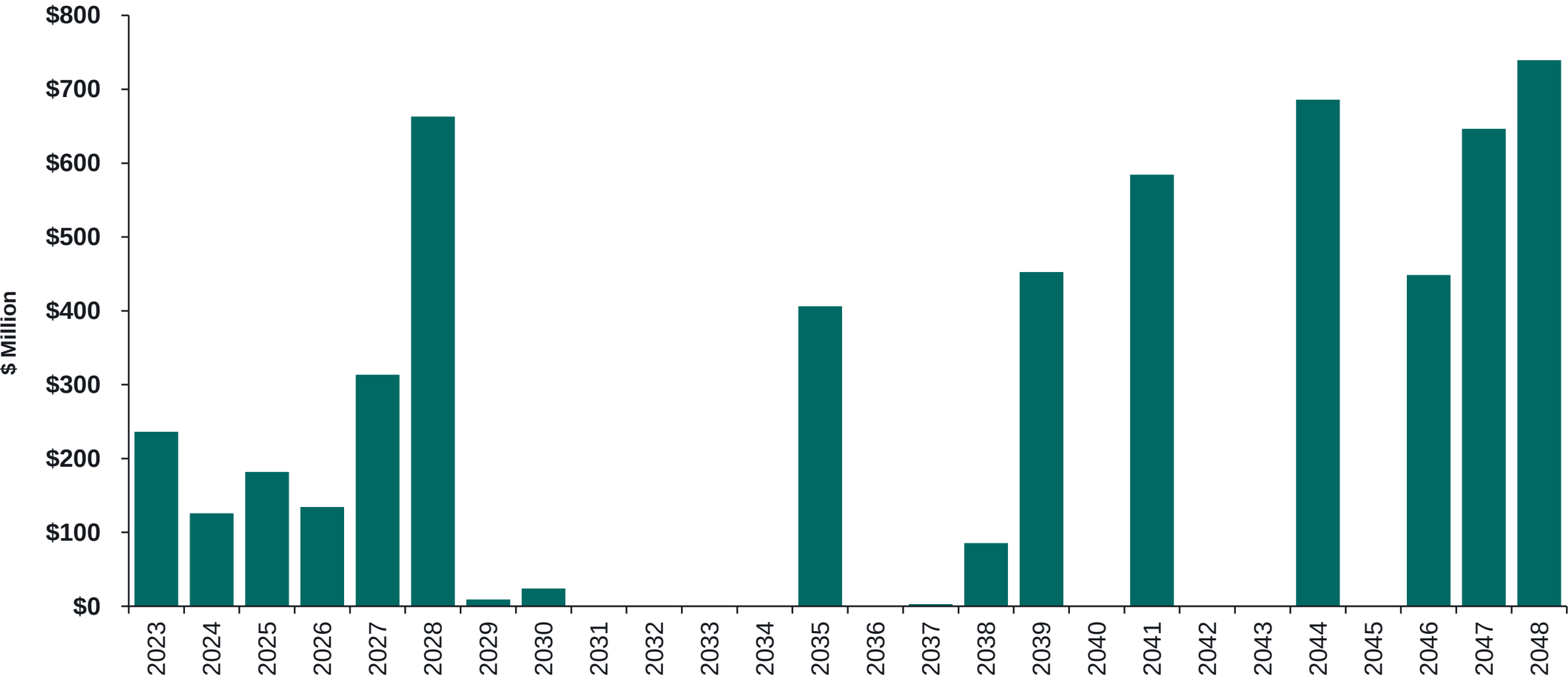
Geographic Business Segment Operating Results | Quarterly

\$ Million	Sales			D & A ²	Business Segment ¹ Operating Profit		
	2Q22	1Q23	2Q23		2Q23	2Q22	1Q23
Industrial Packaging							
North America	\$4,126	\$3,724	\$3,550	\$176	\$550	\$302	\$284
EMEA	\$413	\$391	\$351	\$15	\$10	\$20	\$20
Global Cellulose Fibers							
Global Cellulose Fibers	\$788	\$811	\$698	\$52	\$25	\$(16)	\$30

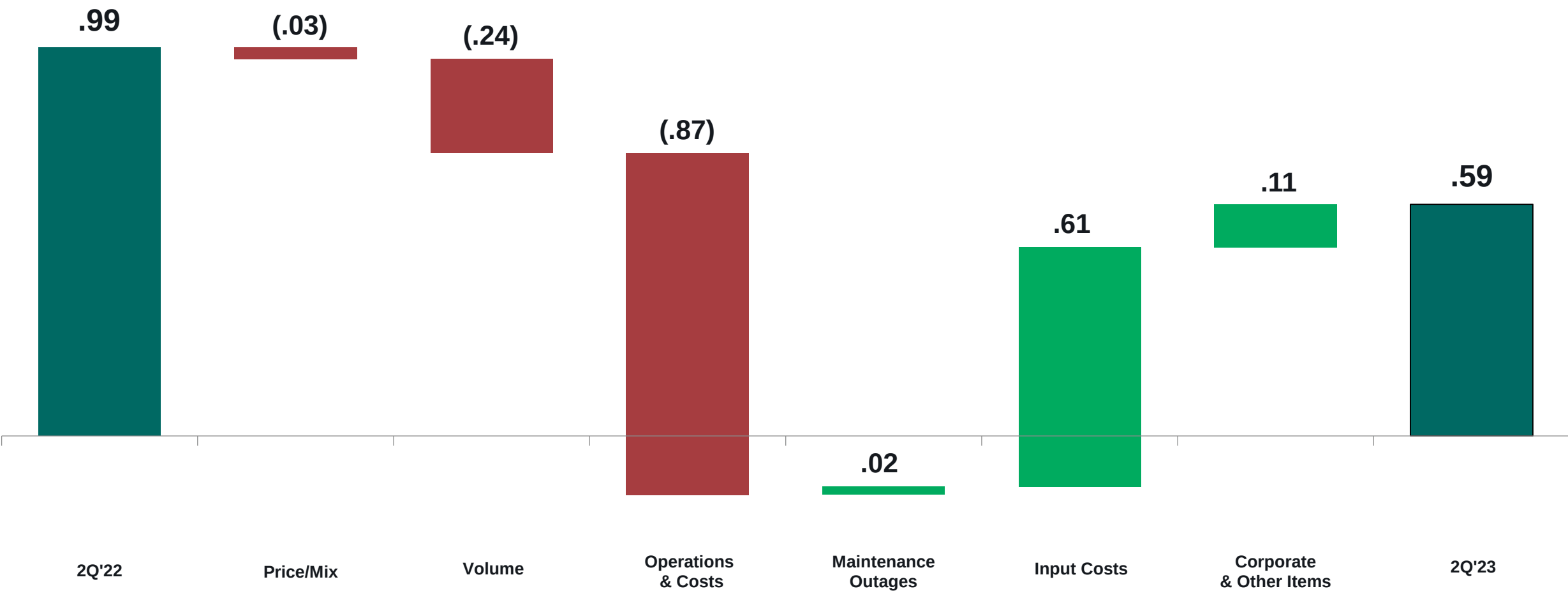
2023 Operating Earnings

	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							
1Q23	\$221	(\$48)	-	(\$1)	\$172	353	\$0.49
2Q23	\$255	(\$33)	-	-	\$222	347	\$0.64
Net Special Items							
1Q23	\$3	(\$1)	-	-	\$2	353	\$0.01
2Q23	(\$6)	(\$21)	-	-	(\$27)	347	(\$0.08)
Non-Operating Pension Expense							
1Q23	\$15	\$(4)	-	-	\$11	353	\$0.03
2Q23	\$12	(\$3)	-	-	\$9	347	\$0.03
Adj. Operating Earnings							
1Q23	\$239	(\$53)	-	(\$1)	\$185	353	\$0.53
2Q23	\$261	(\$57)	-	-	\$204	347	\$0.59

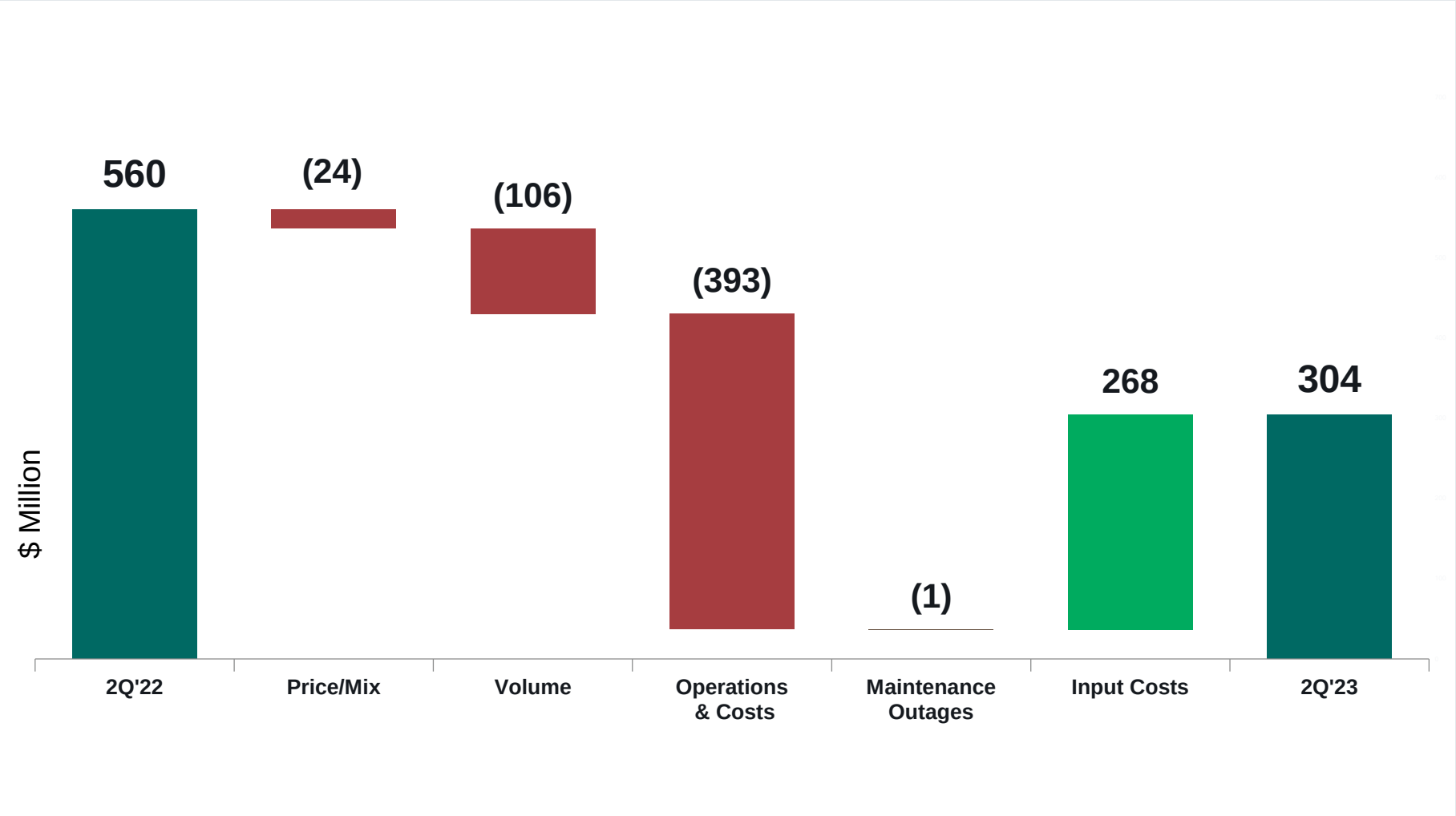
Debt Maturity Profile | Maturities as of June 30, 2023



2Q23 vs 2Q22 Adjusted Operating EPS¹



Industrial Packaging | 2Q23 vs 2Q22 Adjusted EBIT¹



Global Cellulose Fibers | 2Q23 vs 2Q22 Adjusted EBIT¹



Global Consumption | 2022 Annual Purchases for Key Inputs

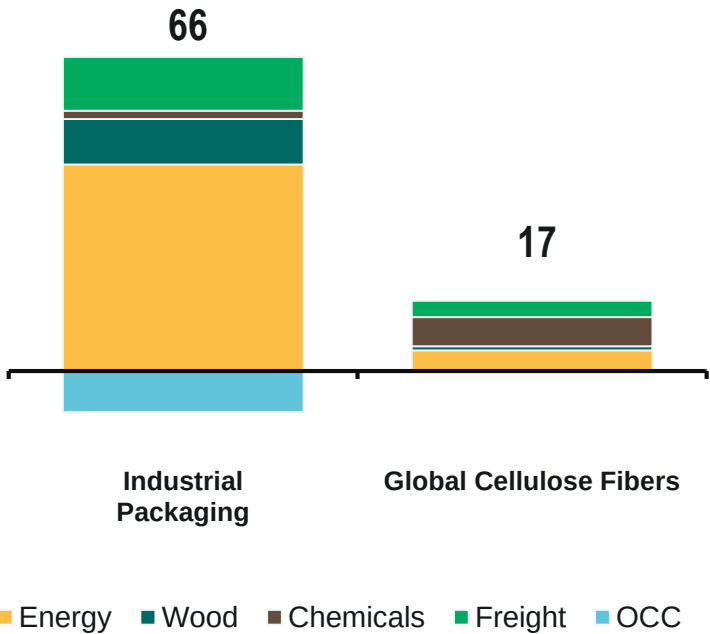
	Commodity	North America	EMEA
Energy	Natural Gas (MMBTUs)	85,000,000	2,200,000
	Fuel Oil (Barrels)	252,000	0
Fiber	Wood (Tons)	46,000,000	0
	Old Corrugated Containers / DLK (Tons)	4,700,000	500,000
Chemicals	Caustic Soda (Tons)	360,000	1,500
	Starch (Tons)	240,000	55,000

North America excludes converting facilities

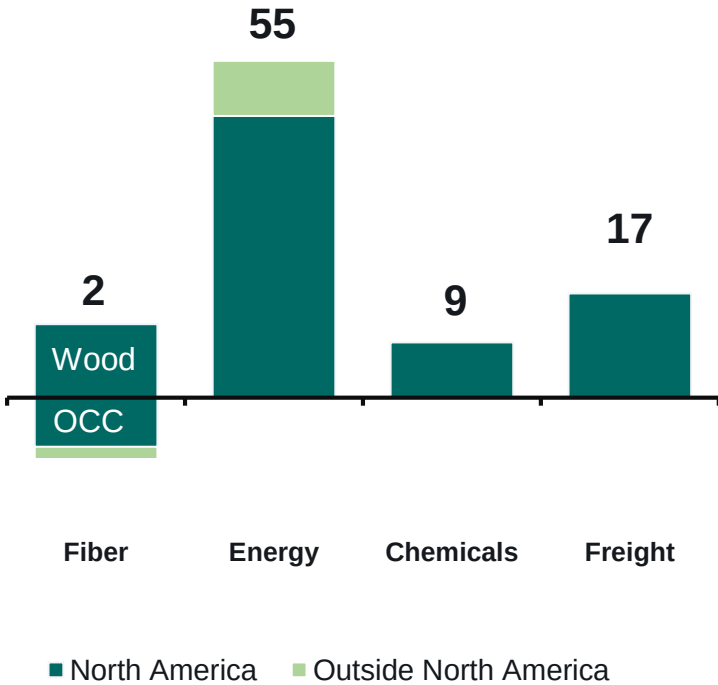
Second Quarter 2023 Earnings 7/27/2023

Global Input Costs 2Q23 vs 1Q23 | \$83MM Favorable, \$0.18 per share

By Business



By Input Type



U.S Average Cost vs 1Q23

Wood	-4%	▼
OCC	4%	▲
Natural Gas	-37%	▼
Electricity	-6%	▼
Chemical Composite	-10%	▼

Footnotes

Slide 3

¹ Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings from Continuing Operations (GAAP) before net special items and non operating pension expense (income))

Slide 4

¹ Before special items and non-operating pension expense (income) (non-GAAP)

² Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings from Continuing Operations (GAAP) before net special items and non operating pension expense (income))

³ See slide #22 for a reconciliation of cash provided by operations to Free Cash Flow, a non-GAAP financial measure

Slide 5

¹ Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings from Continuing Operations (GAAP) before net special items and non operating pension expense (income))

Slide 6

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

Slide 9

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

Slide 12

¹ Before special items and non-operating pension expense (income) (non-GAAP)

² Before special items

Slide 21

¹ Before special items

Footnotes

Slide 27

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² Includes special items income of \$6MM in 2Q23 for interest income associated with the settlement of tax audits and an expense of \$3MM in 1Q23 related to the previously announced settlement of the timber monetization restructuring tax matter

Slide 28

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 <https://www.internationalpaper.com/investors/financial-reports/quarterly-results>

¹ Business segment operating profit defined as earnings (loss) before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, 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

² Before special items

Slide 29

¹ A non-GAAP reconciliation to GAAP EPS is available at <https://www.internationalpaper.com/investors/financial-reports/quarterly-results>

Slide 31

¹ Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings from Continuing Operations (GAAP) before net special items and non operating pension expense (income)). All periods have been adjusted to reflect the Ilim JV as discontinued operations.

Slide 32

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Slide 33

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