



**International  
Paper**

# Third Quarter 2023 Earnings

October 26, 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 green house gases 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, cyclical 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, military conflict (including the Russia/Ukraine conflict, the conflict in Israel and surrounding areas, the possible expansion of such conflicts, and the potential geopolitical and economic consequences associated therewith), 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) risks inherent in conducting business through joint ventures; (ix) our ability to achieve the benefits expected from, and other risks associated with, acquisitions, joint ventures, divestitures, spinoffs and other corporate transactions, (x) cybersecurity and information technology risks, including as a result of security breaches and cybersecurity incidents; (xi) loss contingencies and pending, threatened or future litigation, including with respect to environmental related matters; (xii) our exposure to claims under our agreements with Sylvamo Corporation; (xiii) 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 (xiv) 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 reports filed with the U.S. Securities and Exchange Commission. 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 previously announced, the Company sold its interest in the Ilim joint venture on September 18, 2023. Current and historical results have been adjusted to reflect Ilim as a discontinued operation.

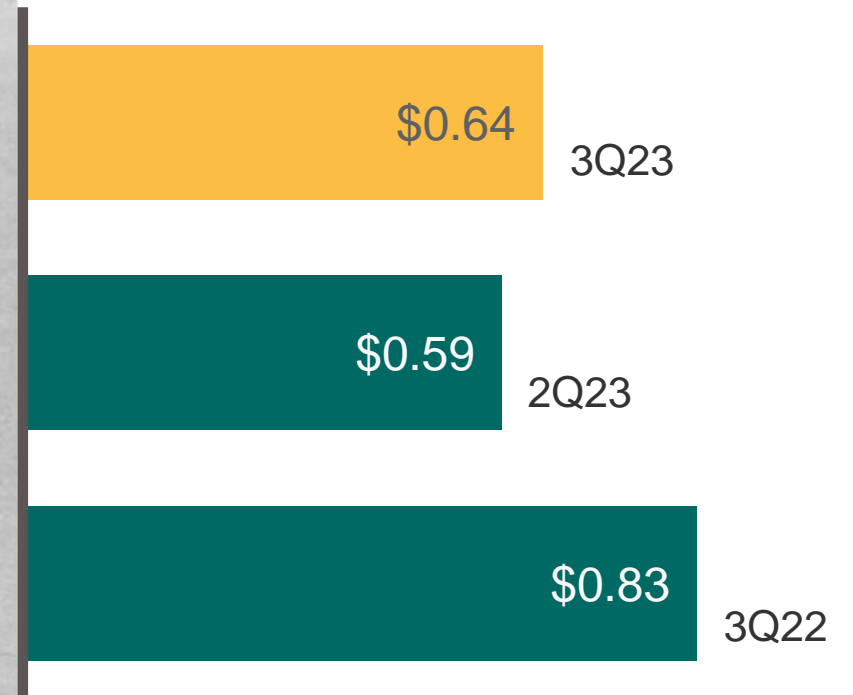
## Ilim JV and Sylvamo Corporation Investment Information

All financial information and statistical measures regarding our prior 50/50 ownership in the 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.

# Third Quarter 2023 Highlights

- Taking actions while navigating challenging macro environment
  - Accelerating marginal cost reduction
  - Exceeded FY target for Building a Better IP initiatives
  - Optimizing our mill system to reduce fixed cost
- Solid mill operating performance
- Demand recovery continued
- Completed sale of Ilim

## Adjusted Operating EPS<sup>1</sup>



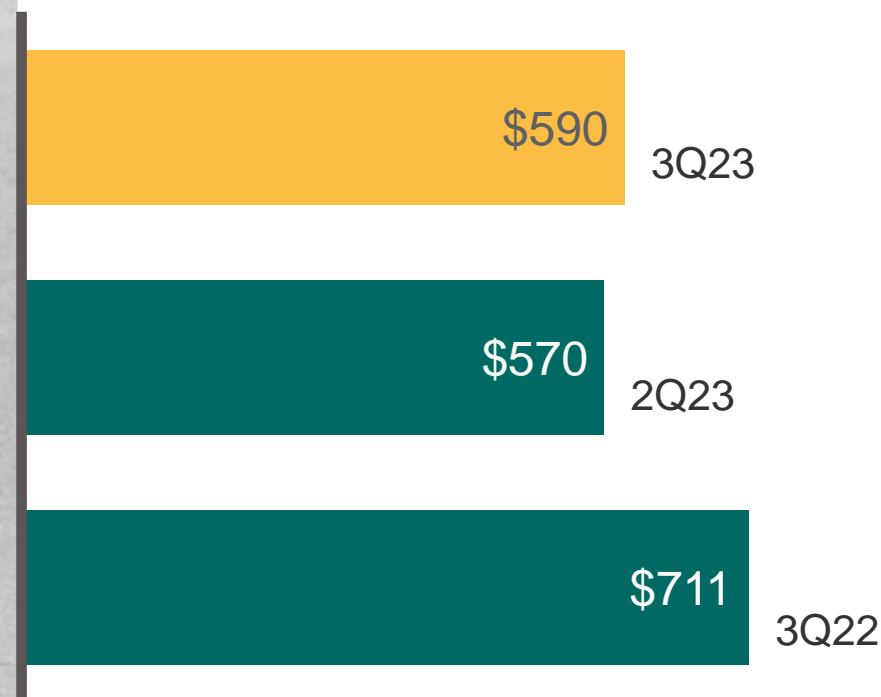
All periods have been adjusted to reflect the Ilim JV as discontinued operations

# Third Quarter 2023 Financials

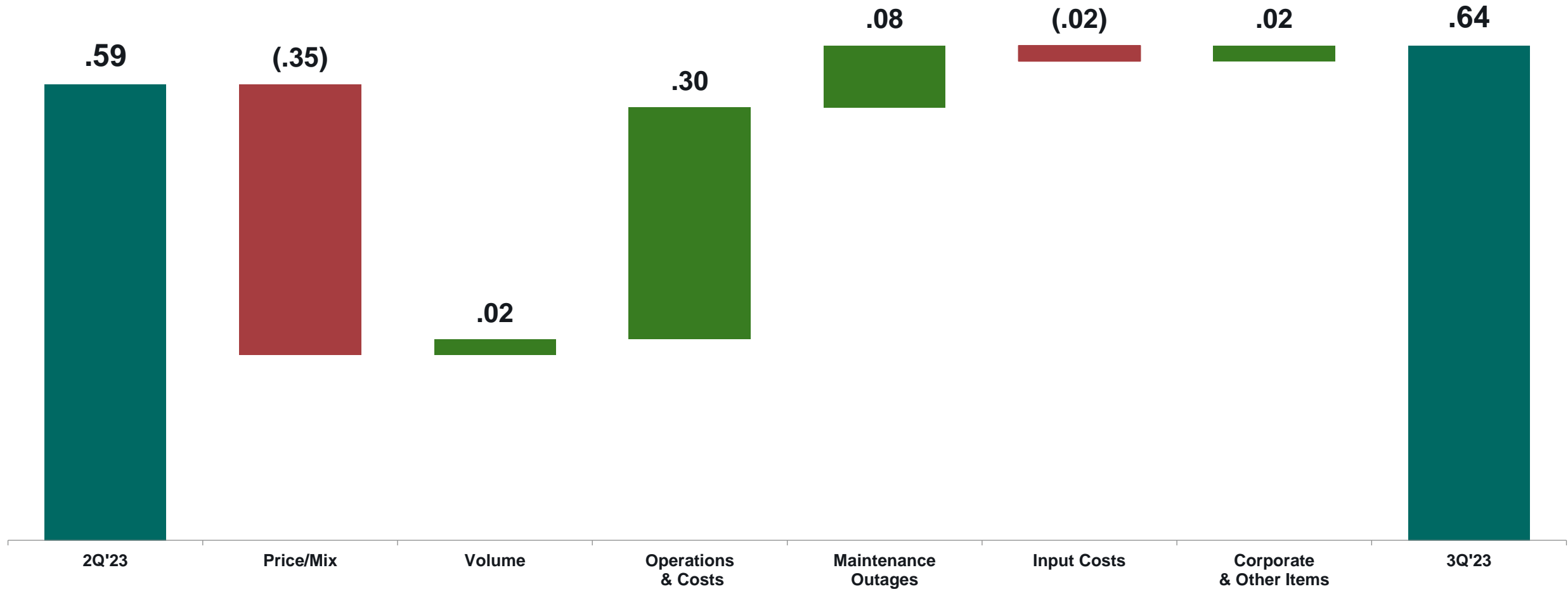
	3Q22	2Q23	3Q23
Sales (\$B)	\$5.4	\$4.7	<b>\$4.6</b>
Adjusted EBIT <sup>1</sup> (\$MM)	\$450	\$326	<b>\$332</b>
Adjusted Operating EPS <sup>2</sup>	\$0.83	\$0.59	<b>\$0.64</b>
Adjusted EBITDA <sup>1</sup> (\$MM)	\$711	\$570	<b>\$590</b>
Adjusted EBITDA Margin <sup>1</sup>	13.2%	12.2%	<b>12.8%</b>
Free Cash Flow <sup>3</sup> (\$MM)	\$197	\$261	<b>\$240</b>

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

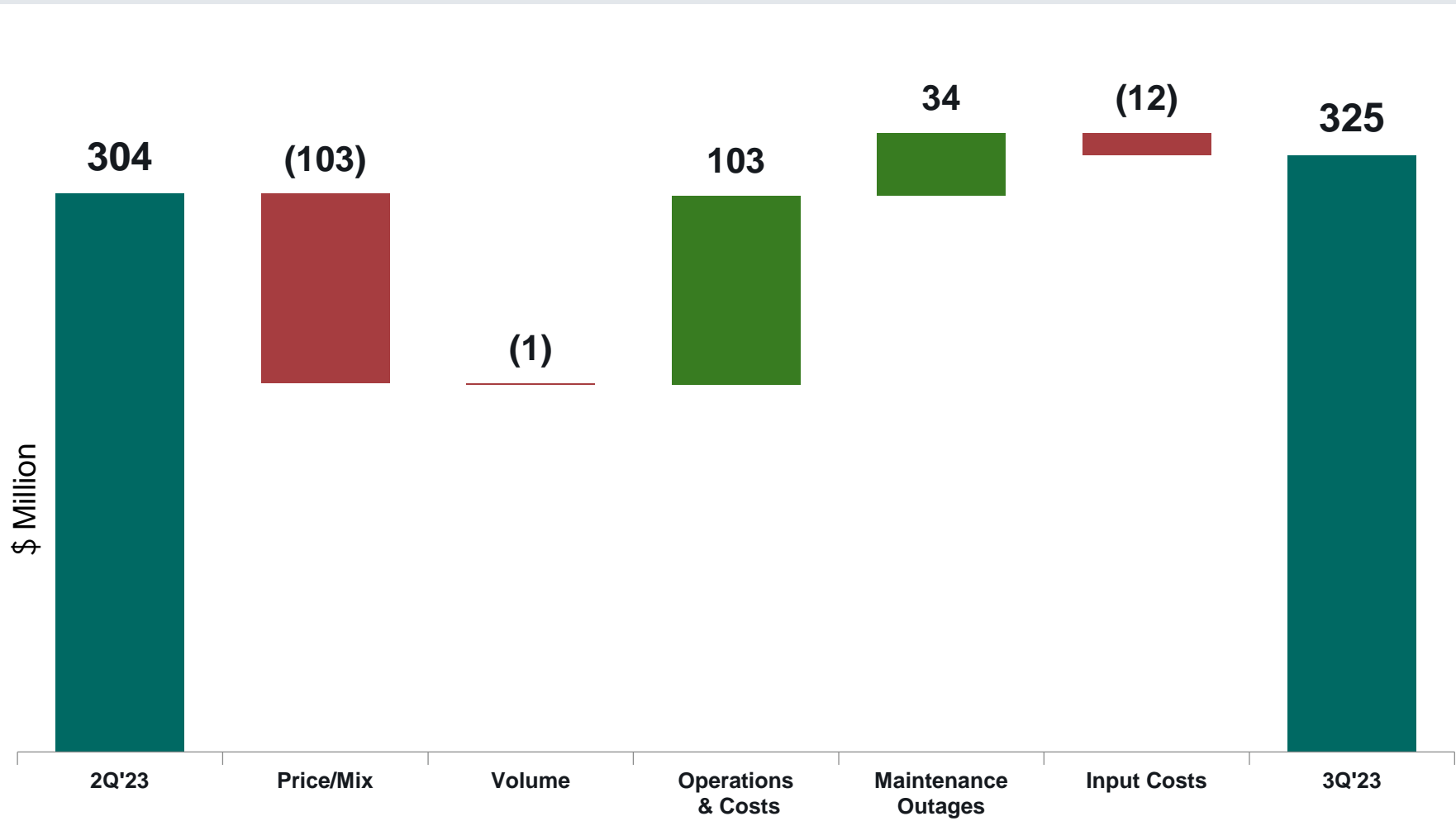
## Adjusted EBITDA<sup>1</sup> (\$MM)



# 3Q23 vs 2Q23 Adjusted Operating EPS<sup>1</sup>

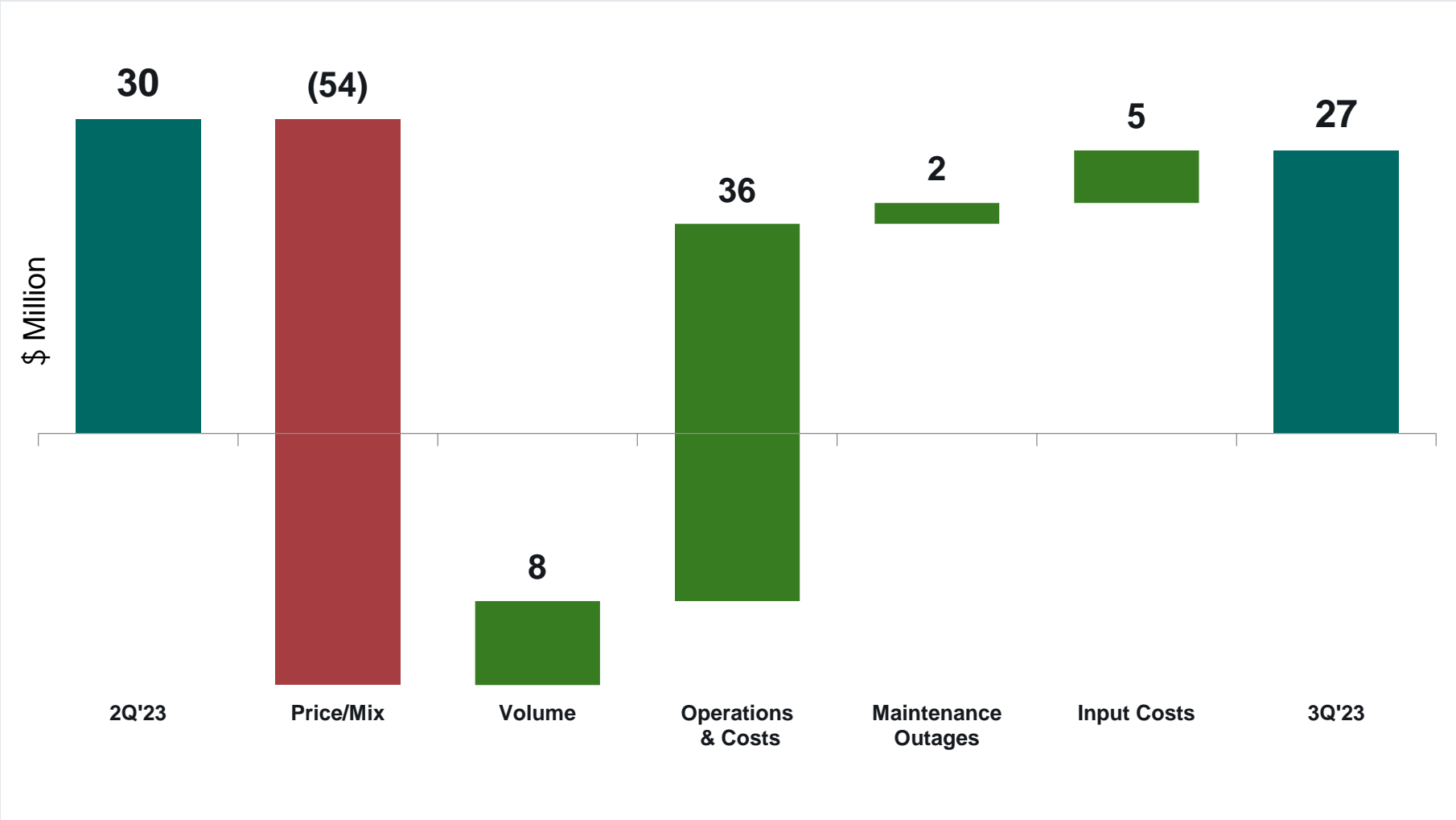


# Industrial Packaging | 3Q23 vs 2Q23 Adjusted EBIT<sup>1</sup>



- Lower price/mix from index movement and exports
- One less shipping day QoQ
- IP U.S. box shipments -4.0% YoY (daily)
- Export channel demand improved
- Strong mill operating performance
- Effective cost management, lower cost of company paid benefits, and less economic downtime
- Higher energy and OCC, partially offset by lower chemical costs

# Global Cellulose Fibers | 3Q23 vs 2Q23 Adjusted EBIT<sup>1</sup>



- Lower price/mix from index movement
- Higher fluff volume, partially offset by reduction in commodity pulp
- Strong mill operating performance
- Effective cost management, improved supply chain cost, and lower cost of company paid benefits
- Lower wood and chemical costs

# Fourth Quarter Earnings Outlook | Changes from 3Q23

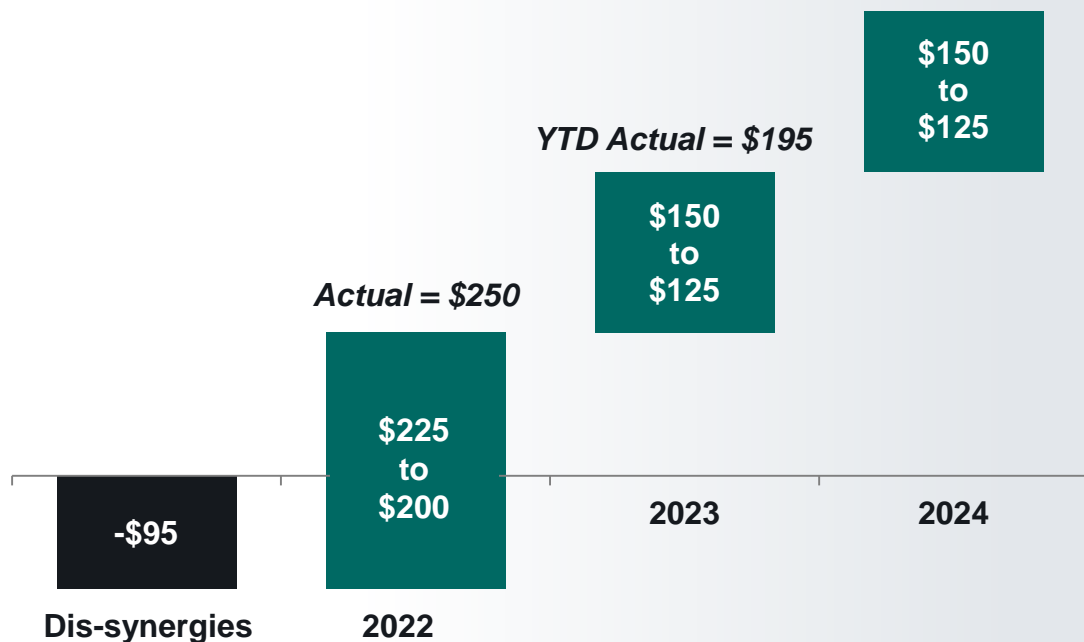
	Industrial Packaging	Cellulose Fibers
Price & Mix	Prior index movement & lower export pricing to date	Prior index movement Improving mix
Volume	Seasonality & improving demand (+) N.A. 1 less day (-)	Improving demand, less commodity
Ops & Costs	Non-repeats (-) Lower unabsorbed fixed costs	Non-repeats & timing of spend (-) Lower unabsorbed fixed costs
Maintenance Outages	\$21MM lower	\$28MM higher
Inputs & Freight	Higher OCC	Lower
Other	<ul style="list-style-type: none"> <li>• 4Q23 corporate expense of \$(15)MM</li> <li>• 4Q23 interest expense of \$(50)MM</li> <li>• FY23 tax rate outlook of ~22%</li> </ul>	



# Building a Better IP | Exceeded Full Year Target

## Incremental Annual Earnings Growth Target

\$ Millions



## YoY Achievement

**\$75MM 3Q23 / \$195MM YTD**

**YTD**

**80%**

### Strategy Acceleration

- Value capture
- Profitable growth

**15%**

### Process Optimization

- Leverage advanced technology & data analytics
- Optimize customer order scheduling & transportation planning
- Mill monitoring & process control
- Sourcing opportunities

**5%**

### Lean Effectiveness (significant improvement in '22)

- Streamline the organization
- Overhead spend reduction

# Industrial Packaging | Taking Actions to Drive Profitable Growth



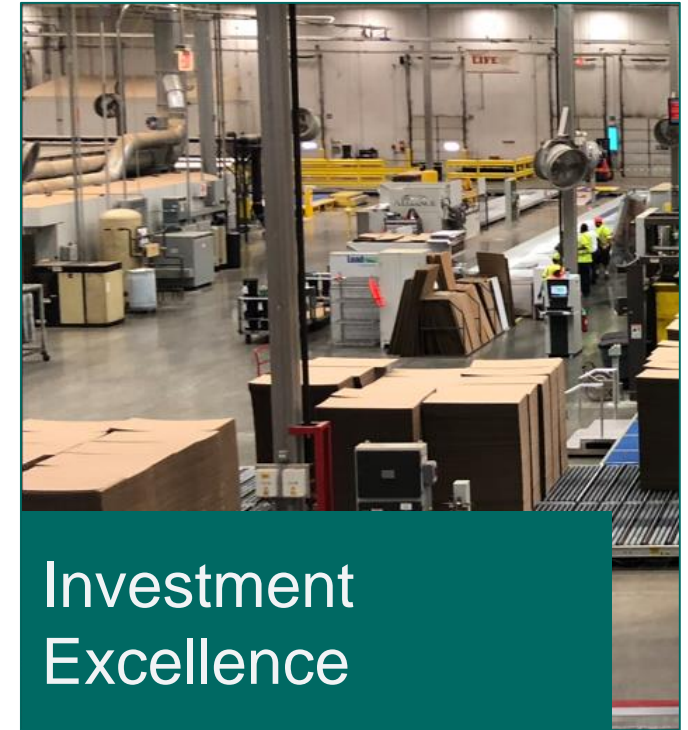
## Commercial Excellence

- Improving customer & segment mix
- Capturing additional value
- Leveraging data analytics to improve margins
- Growing specialty businesses
- Innovation



## Operational Excellence

- Reducing fixed & marginal costs
- Leveraging advanced technology
- Developing workforce skillsets



## Investment Excellence

- Expanding capabilities
- Improving productivity
- Optimizing system flexibility
- Strengthening box system
- Building talent

# Industrial Packaging | Investing Across our Box System to Create Value

Expanding  
Capabilities

Improving  
Productivity

System  
Flexibility

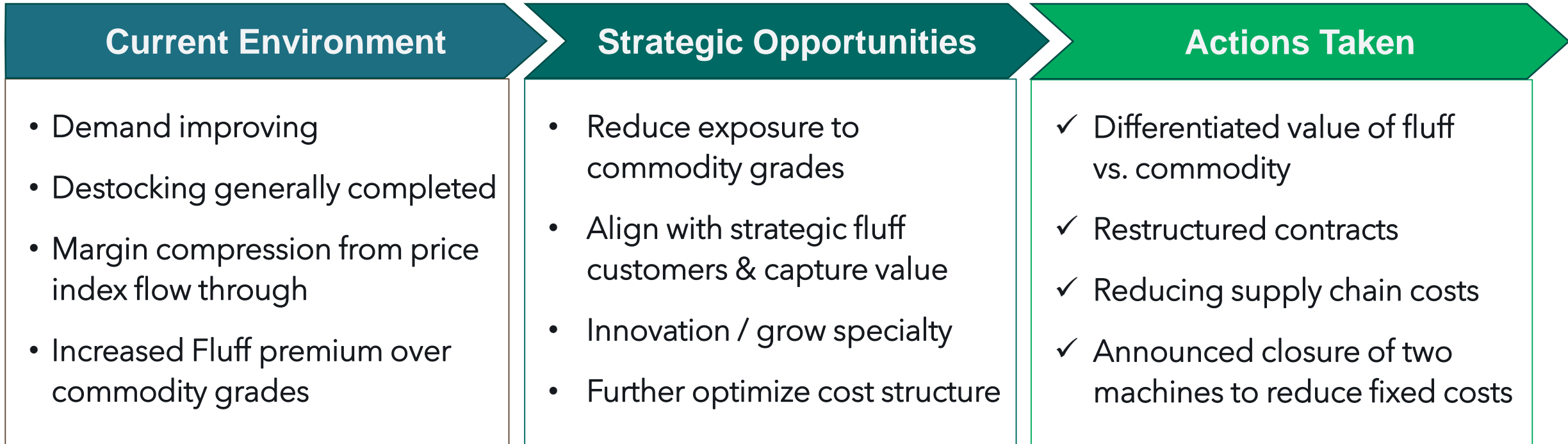
Building  
Talent

- **Strengthening value proposition to customers**
- **>70 projects in 2022/2023**
  - New converting machines
  - Corrugator upgrades
  - Specialty equipment
- **New world class box plant**



Atglen box plant in eastern PA

# Global Cellulose Fibers | Path to Maximizing Value



# CEO Perspective | IP is Well Positioned for the Future

Strong financial foundation

Solid execution in challenging macro environment

Taking actions to maximize value





# International Paper

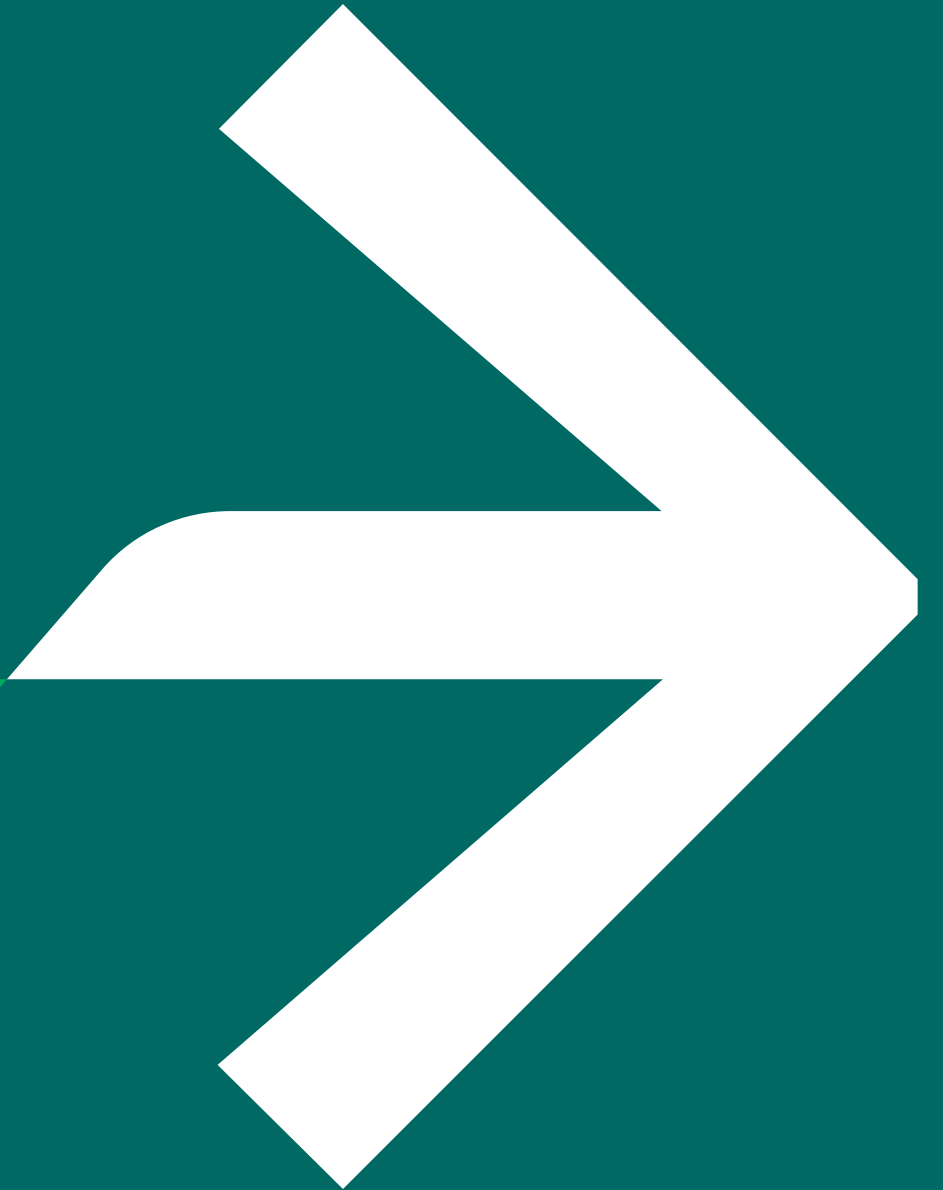
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# Appendix & Footnotes



International  
Paper

# Mill / PM Closure Impact

\$ Million	Industrial Packaging Orange Mill	Global Cellulose Fiber Pensacola PM4 & Riegelwood PM20
	Amount	Amount
Total Cost	\$450 <sup>1</sup>	\$214 <sup>1</sup>
Non-Cash	\$395 <sup>1</sup>	\$200 <sup>1</sup>
Cash Cost	\$55 <sup>1</sup>	\$14 <sup>1</sup>
EBITDA Impact <sup>2</sup>	~\$140MM	~\$90MM
Capacity Reduction (tons)	800k	300k Fluff 200k SBSK

<sup>1</sup>Closure Costs are approximate and will be recorded as Special Items in 4Q'23. Additionally, approximately 60% of cash closure costs will be paid in 2024. The remainder of cash closure costs will be paid in 2025 and beyond.



# 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

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

		\$ Million	2021	2022	2023F
<b>Maintenance Outage Expense</b>			\$531	\$601	\$587
<b>Capex</b>	<b>Maintenance &amp; Regulatory</b>		\$415	\$649	Targeting \$1,100 - \$1,200
	<b>Cost Reduction</b>		\$10	\$50	
	<b>Strategic</b>		\$124	\$232	
<b>Depreciation &amp; Amortization</b>			\$1,097	\$1,040	\$1,000
<b>Net Interest Expense</b>			\$337	\$267	\$235
<b>Corporate Expense</b>			\$134	\$34	\$50
<b>Effective Tax Rate</b>			19%	24%	22%

# Free Cash Flow

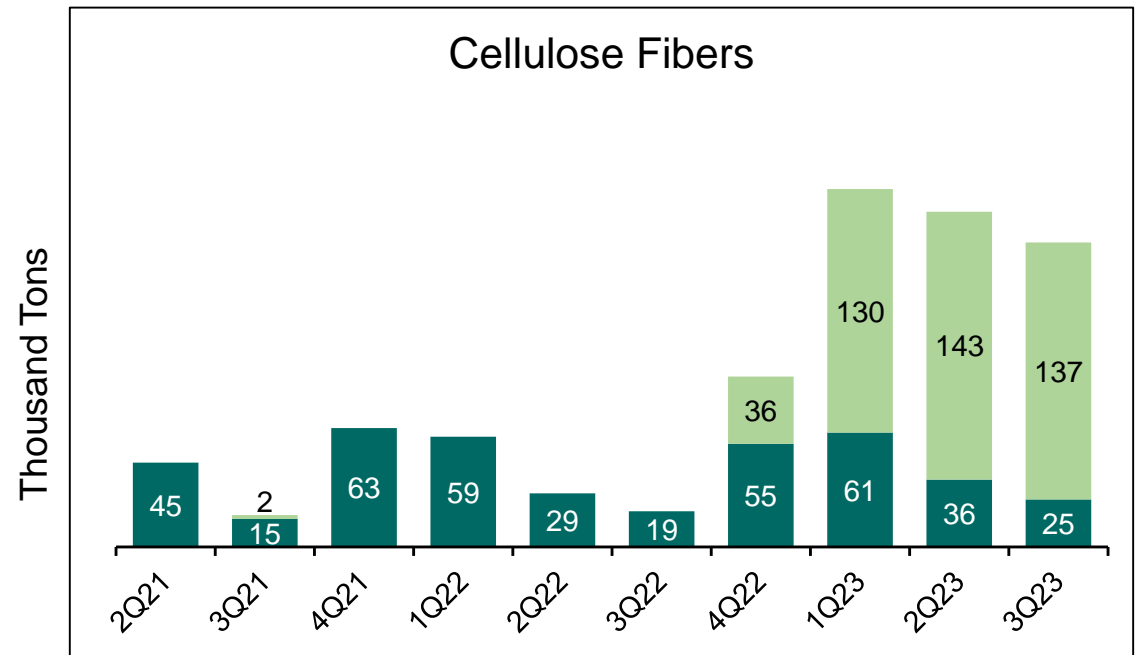
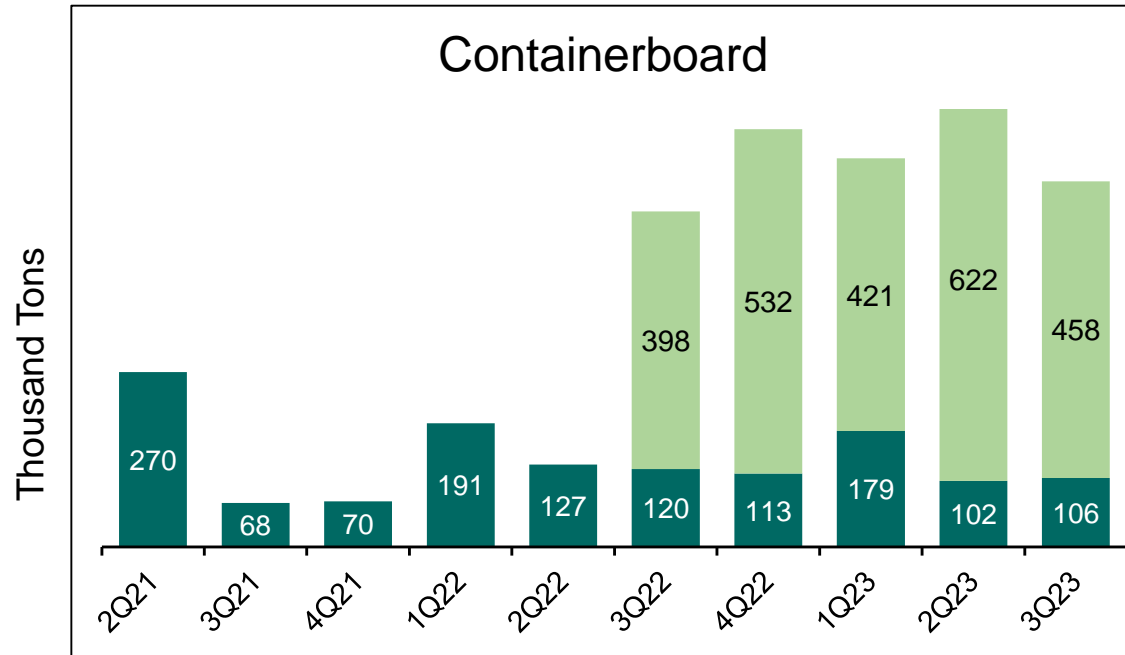
\$ Million	2020	2021	3Q22	2022	2Q23	3Q23
Cash Provided by Operations	\$3,063	\$2,030 <sup>1</sup>	\$435	\$2,174	\$528	\$468
Cash Invested in Capital Projects, Net of Insurance Recoveries	\$(751)	\$(549)	\$(238)	\$(931)	\$(267)	\$(228)
<b>Free Cash Flow</b>	<b>\$2,312</b>	<b>\$1,481</b>	<b>\$197</b>	<b>\$1,243</b>	<b>\$261</b>	<b>\$240</b>

<sup>1</sup>2021 cash provided by operations includes tax payments of ~\$0.5B related to monetization transactions and CARES Act payroll tax deferral

# Maintenance Outages Expenses | 2023 Forecast

\$ Million	1Q23A	2Q23A	3Q23A	4Q23F	2023F
<b>Industrial Packaging</b>	<b>\$161</b>	<b>\$107</b>	<b>\$73</b>	<b>\$52</b>	<b>\$393</b>
North America	\$161	\$86	\$73	\$49	\$369
Riverdale Papers	-	\$21	-	-	\$21
EMEA	-	-	-	\$3	\$3
<b>Global Cellulose Fibers</b>	<b>\$68</b>	<b>\$34</b>	<b>\$32</b>	<b>\$60</b>	<b>\$194</b>
North America	\$53	\$34	\$32	\$60	\$179
Georgetown Papers	\$15	-	-	-	\$15
<b>Total Impact</b>	<b>\$229</b>	<b>\$141</b>	<b>\$105</b>	<b>\$112</b>	<b>\$587</b>

# North America Downtime



■ Economic  
■ Maintenance

# Special Items Before Tax | Continuing Operations

Special Items Pre-Tax \$(Million)		3Q22	2Q23	3Q23
Industrial Packaging		-	-	-
Global Cellulose Fibers		-	-	-
Corporate	Environmental Remediation			\$(29)
	Legal Settlement	\$15		
	Tax Audit Settlement Interest		\$6	
	Debt Extinguishment	\$(93)		
	Timber Monetization Settlement Interest	\$(55)		
	Sylvamo Investment MTM Gain / (Losses)	\$16		
<b>Total Special Items Before Tax</b>		<b>\$(117)</b>	<b>\$6</b>	<b>\$(29)</b>

# Special Items Net of Tax

	3Q23	
	\$ Million	EPS
Earnings Before Special Items	\$224	\$0.64
<b>Special Items Net of Taxes:</b>		
Environmental Remediation	\$(22)	
<b>Total Special Items Net of Taxes</b>	<b>\$(22)</b>	<b>\$(0.06)</b>
<b>Non-Operating Pension (Expense) Income</b>	<b>\$(10)</b>	<b>\$(0.03)</b>
<b>Discontinued Operations Net of Tax</b>	<b>\$(27)</b>	<b>\$(0.08)</b>
<b>Net Earnings (Loss)</b>	<b>\$165</b>	<b>\$0.47</b>

# Operating Profits by Business Segment

	\$ Million	3Q22	2Q23	3Q23
<b>Earnings (Loss) Before Income Taxes and Equity Earnings</b>		<b>\$313</b>	<b>\$255</b>	<b>\$232</b>
<b>Interest Expense, Net</b>		\$123 <sup>2</sup>	\$59 <sup>2</sup>	\$58
<b>Adjustment for Less Than Wholly Owned Subsidiaries</b>		\$(1)	\$0	\$0
<b>Corporate Expenses, Net</b>		\$15	\$8	\$20
<b>Net Special Items</b>		\$62	\$0	\$29
<b>Non-Operating Pension Expense (Income)</b>		\$(48)	\$12	\$13
<b>Business Segment Operating Profit</b>		<b>\$464</b>	<b>\$334</b>	<b>\$352</b>
Industrial Packaging <sup>1</sup>		\$369	\$304	\$325
Global Cellulose Fibers <sup>1</sup>		\$95	\$30	\$27
<b>Total Business Segment Operating Profit<sup>1</sup></b>		<b>\$464</b>	<b>\$334</b>	<b>\$352</b>



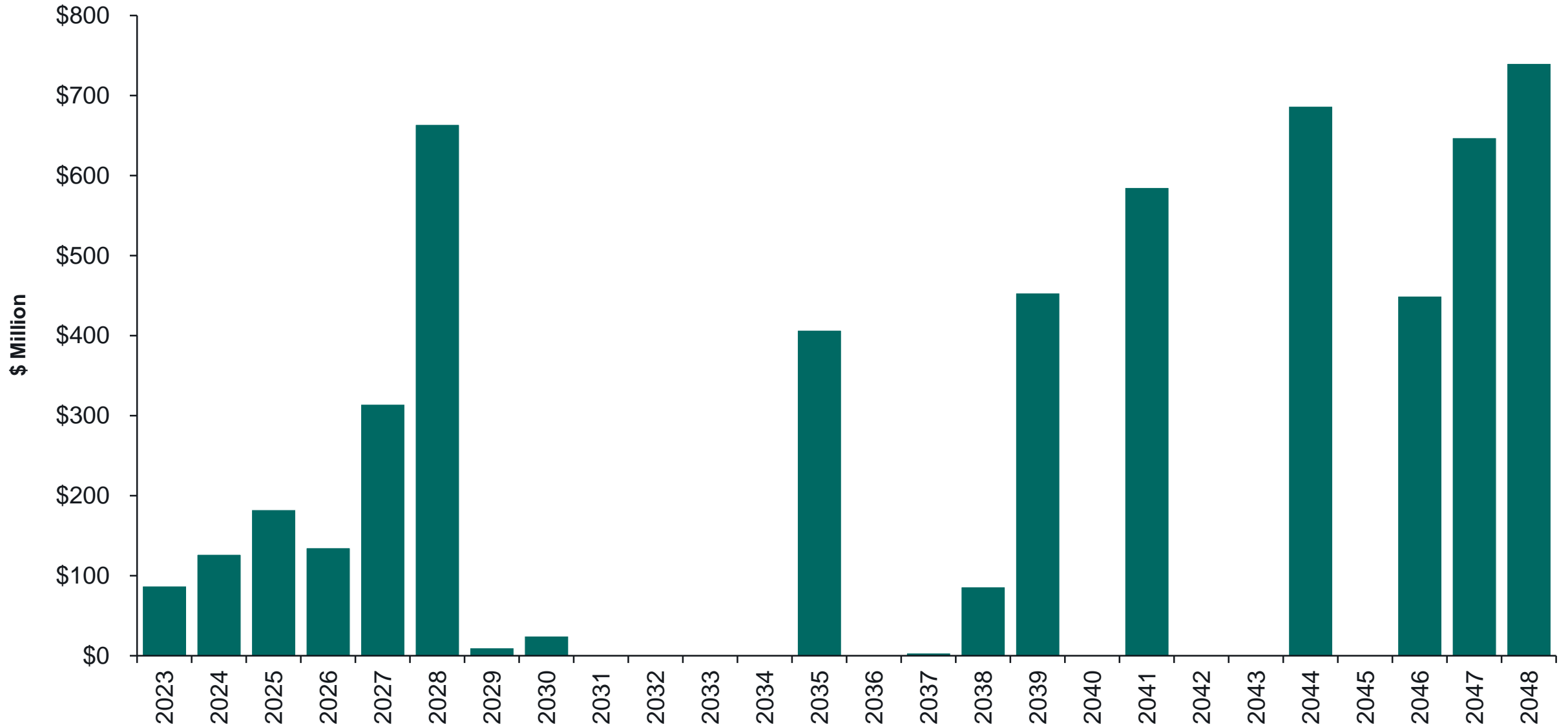
# Geographic Business Segment Operating Results | Quarterly

\$ Million	Sales			D & A <sup>2</sup>	Business Segment Operating Profit <sup>1</sup>		
	3Q22	2Q23	3Q23	3Q23	3Q22	2Q23	3Q23
<b>Industrial Packaging</b>							
North America	\$4,055	\$3,550	\$3,491	\$187	\$387	\$284	\$313
EMEA	\$355	\$351	\$316	\$15	\$(18)	\$20	\$12
<b>Global Cellulose Fibers</b>							
Global Cellulose Fibers	\$887	\$698	\$725	\$55	\$95	\$30	\$27

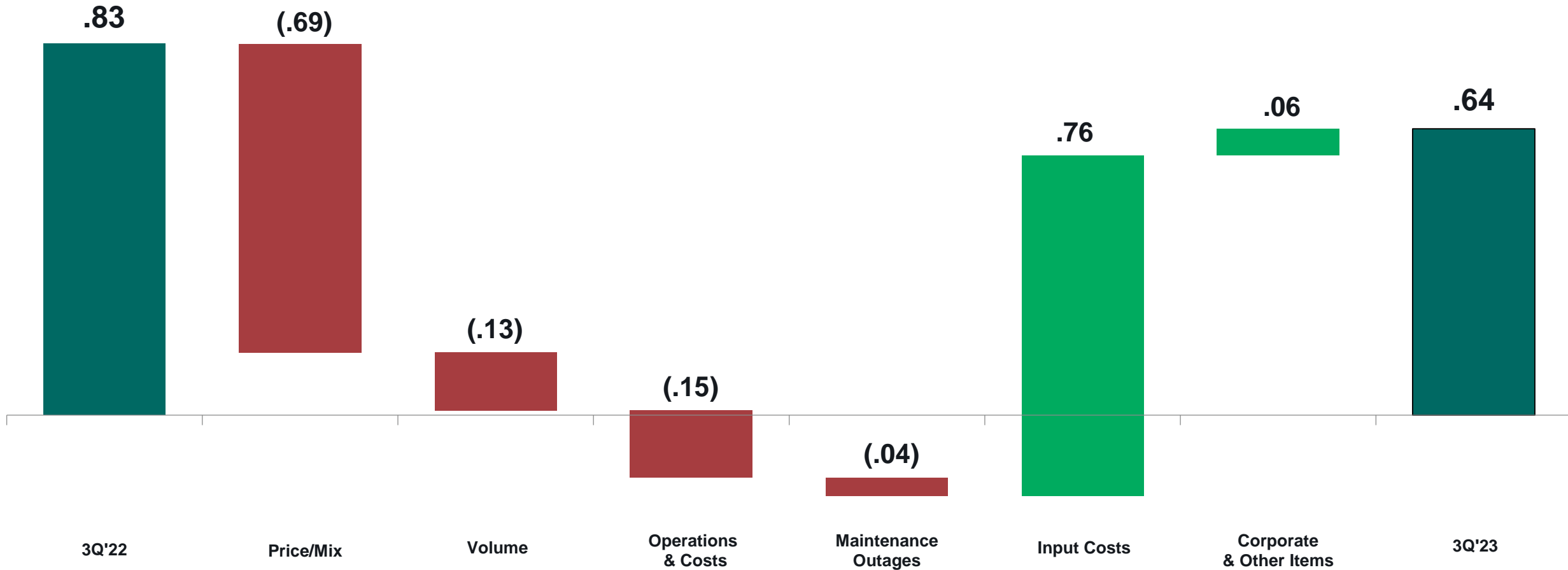
# 2023 Operating Earnings

	Pre-Tax \$MM	Tax \$MM	Non- controlling Interest \$MM	Equity Earnings	Net Income \$MM	Average Shares MM	Diluted EPS <sup>1</sup>
<b>Net Earnings from Continuing Operations</b>							
1Q23	\$221	(\$48)	-	(\$1)	\$172	353	\$0.49
2Q23	\$255	(\$33)	-	-	\$222	347	\$0.64
3Q23	\$232	(\$39)	-	(\$1)	\$192	348	\$0.55
<b>Net Special Items</b>							
1Q23	\$3	(\$1)	-	-	\$2	353	\$0.01
2Q23	(\$6)	(\$21)	-	-	(\$27)	347	(\$0.08)
3Q23	\$29	(\$7)	-	-	\$22	348	\$0.06
<b>Non-Operating Pension Expense</b>							
1Q23	\$15	(\$4)	-	-	\$11	353	\$0.03
2Q23	\$12	(\$3)	-	-	\$9	347	\$0.03
3Q23	\$13	(\$3)	-	-	\$10	348	\$0.03
<b>Adj. Operating Earnings</b>							
1Q23	\$239	(\$53)	-	(\$1)	\$185	353	\$0.53
2Q23	\$261	(\$57)	-	-	\$204	347	\$0.59
3Q23	\$274	(\$49)	-	(\$1)	\$224	348	\$0.64

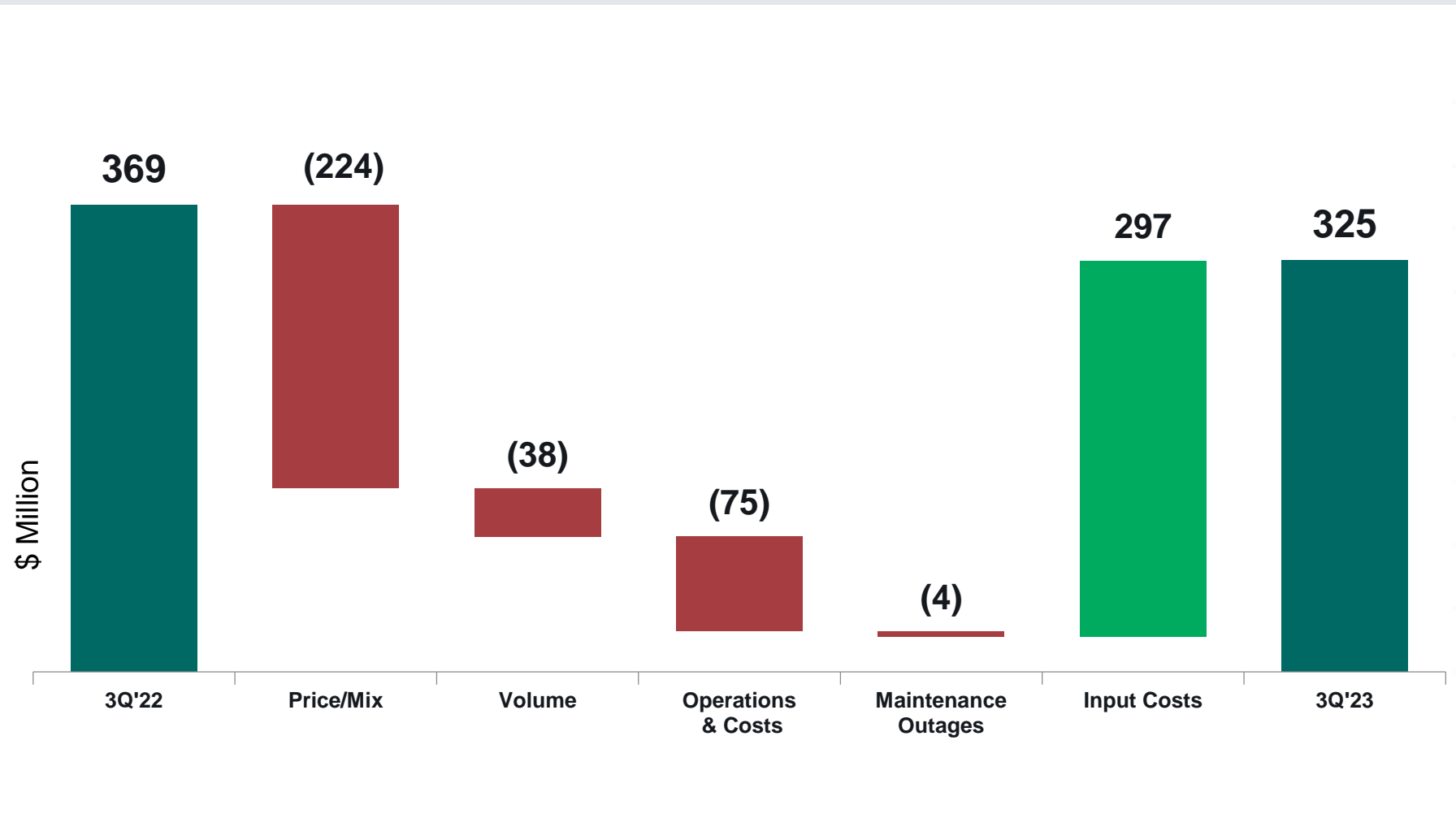
# Debt Maturity Profile | Maturities as of September 30, 2023



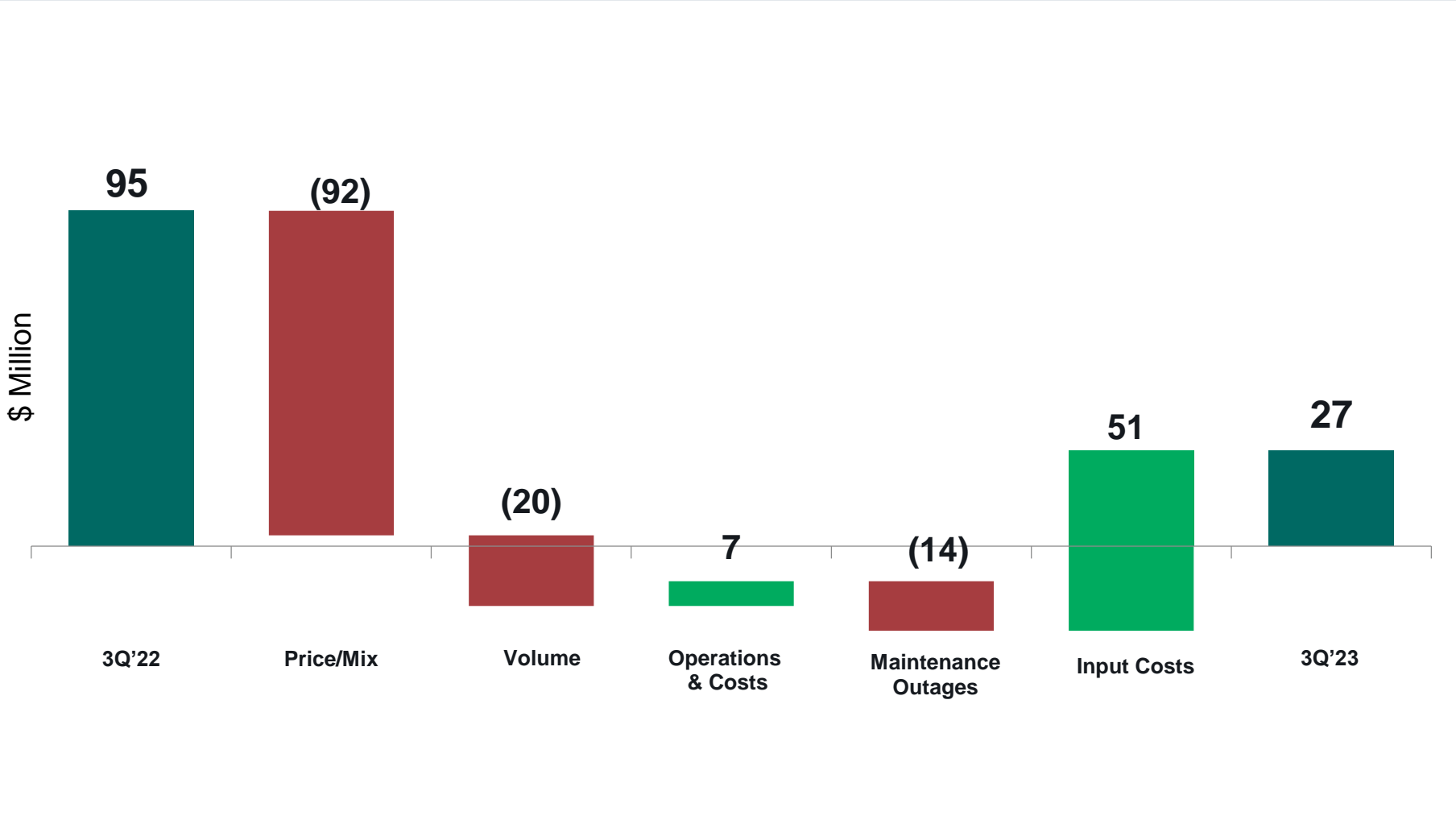
# 3Q23 vs 3Q22 Adjusted Operating EPS<sup>1</sup>



# Industrial Packaging | 3Q23 vs 3Q22 Adjusted EBIT<sup>1</sup>



# Global Cellulose Fibers | 3Q23 vs 3Q22 Adjusted EBIT<sup>1</sup>



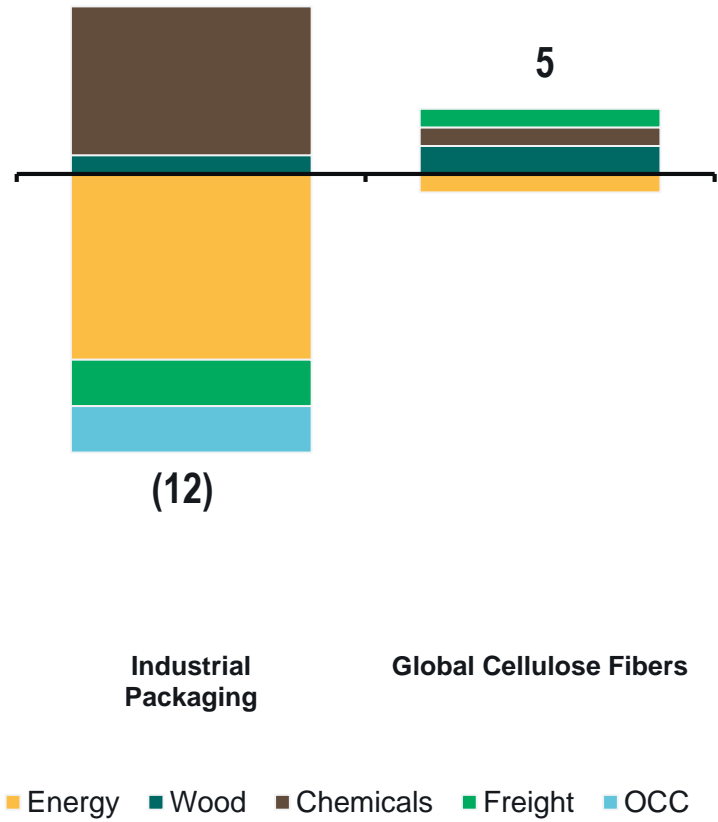
# Global Consumption | 2022 Annual Purchases for Key Inputs

	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

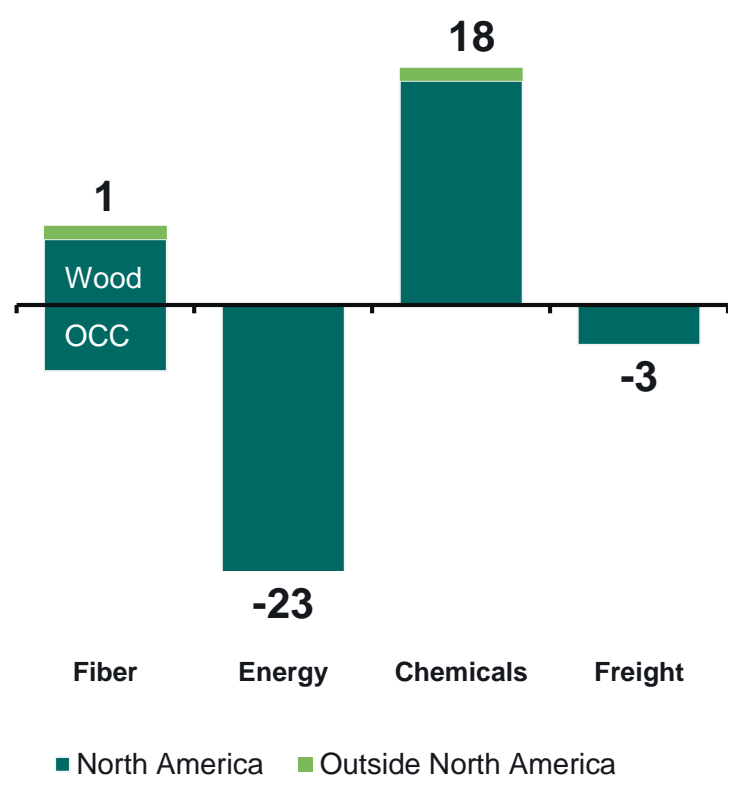
North America excludes converting facilities

# Global Input Costs 3Q23 vs 2Q23 | \$(7)MM Unfavorable, \$(0.02) per share

By Business



By Input Type



U.S Average Cost vs 2Q23

Wood	-2%	▼
OCC	10%	▲
Natural Gas	20%	▲
Electricity	10%	▲
Chemical Composite	-7%	▼



# Footnotes

## Slide 3

<sup>1</sup> 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

<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 from Continuing Operations (GAAP) before net special items and non operating pension expense (income))

<sup>3</sup> See slide #19 for a reconciliation of cash provided by operations to Free Cash Flow, a non-GAAP financial measure

## Slide 5

<sup>1</sup> 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

<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 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 7

<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 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 16

<sup>2</sup> Before special items

## Slide 18

<sup>1</sup> Before special items

# Footnotes

## Slide 24

<sup>1</sup> 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

<sup>2</sup> Includes special items income of \$6MM in 2Q23 for interest income associated with the settlement of tax audits and includes special items expense of \$55MM related to the previously announced settlement of the timber monetization restructuring tax matter

## Slide 25

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>

<sup>1</sup> 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

<sup>2</sup> Before special items

## Slide 26

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

## Slide 28

<sup>1</sup> 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 29

<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 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

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<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 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