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# International Paper Co. (IP)

## Q4 2025 Earnings Call

# CORPORATE PARTICIPANTS

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# MANAGEMENT DISCUSSION SECTION

**Operator**: Good morning, and thank you for standing by. Welcome to International Paper's Fourth Quarter 2026 (sic) [2025] Earnings Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, you will have an opportunity to ask one question. [Operator Instructions]

It is now my pleasure to turn the call over to Mandi Gilliland, Senior Director of Investor Relations. Ma'am, the floor is yours.

## Mandi Gilliland

*Senior Director-Investor Relations, International Paper Co.*

Good morning and good afternoon, and thank you for joining International Paper's fourth quarter 2025 earnings call. Our speakers this morning are Andy Silvernail, Chairman and Chief Executive Officer; Lance Loeffler, Senior Vice President and Chief Financial Officer; and Tim Nicholls, Executive Vice President and President of DS Smith.

There is important information at the beginning of our presentation, including certain legal disclaimers. For example, during the call, we will make forward-looking statements that are subject to risks and uncertainties. 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 US Securities and Exchange Commission.

We will also present certain non-US GAAP financial information. A reconciliation of those figures to US GAAP financial measures is available on our website. Our website also contains copies of the fourth quarter earnings press release and today's presentation slides.

Beginning on slide 3. Before we jump into the presentation, I want to provide clarity on what will be discussed on the call today. We will begin by walking through the separation announcement for the EMEA Packaging business. Then we will discuss our 2025 full-year and fourth quarter results, followed by our outlook for Packaging Solutions North America and Packaging Solutions EMEA. We will close out the call with Q&A.

So now, let me turn the call over to Andy Silvernail, who will start on slide 4.

## Andrew K. Silvernail

*Chairman & Chief Executive Officer, International Paper Co.*

Thanks, Mandi. Good morning and good afternoon, everybody, and thank you for joining us to discuss the next steps in our transformation journey.

Today, I'm excited to announce our plan to create two publicly traded, scaled, regional packaging solution leaders in North America and EMEA. I recognize that this action, understandably, is a surprise to most of you. But during this call, I'll walk you through why this is the right step to accelerate value creation for both businesses.

My objective today is to answer a few critical questions, what, why, and why now? We look forward to helping you understand how the swift, decisive action is a continuation of our 80/20 focus strategy, and accelerate toward our ambitions and supports our ultimate objective, which, as always, is to maximize long-term value for our shareholders. But first, turning to slide 5.

I want to anchor you in our core strategy, and how we operationalize it to our 80/20 performance system. While our portfolio is changing, the core strategic principles and the operating model are not. 80/20 is the driver for our transformation, the lens we use to determine where to play and how to win, and it guides us on how we operate each day. The four elements of 80/20 are simplify, segment, resource, and grow, and they ensure that resources are focused on the highest value areas across geographies, customers, and products. The 80/20 methodology is also how we drive sustainable value creation through our virtuous cycle as we build an advantaged cost position and a high relative supply position, all delivered for world-class customer experience.

I'm now on slide 6. The acquisition of DS Smith strengthened our regional footprint, and positions both businesses in North America and EMEA to advance our virtuous cycle. Through the application of 80/20, we have made significant progress on building [indiscernible] (00:04:14) cost position, executing $710 million of cost-out actions through 2025 on a full run rate basis, which includes synergy benefits that'll be realized in 2026 and 2027. This was achieved through actions such as optimizing our footprint in North America, streamlining and reducing structural organizational layers in EMEA, and exiting lower-margin segments.

The combination also advanced our competitive positioning. Our voice of the customer surveys show that we have achieved the highest customer satisfaction among direct competitors in North America, and leading scores and customer experience relative to the other top players in EMEA. The improved positioning and bolstered operational capabilities will provide ongoing benefits for each independent region going forward.

Moving to slide 7. So, why separate, and why now? The combination of IP and DS Smith enables important steps forward in terms of cost and relative supply positions, and enables superior customer experience, as demonstrated by a high and increasing in-region Net Promoter Scores. Since the combination, our teams have made tremendous progress rapidly integrating the businesses within each region, and implementing our 80/20 roadmap. I'm proud of how our teams have embraced the challenge. And because of these efforts, it has become clear that each business is at a positive inflection point.

By acting now, we can more fully enable the full potential of each business. Taking this action will allow both businesses to accelerate progress toward maximizing long-term profitable growth, to greater speed, agility, and differentiation, as well as enhanced focus on the different regions and targeted investment approaches. Creating independent companies will further enable the businesses to win in distinctive competitive markets through focused leadership, tailored commercial strategies, independent balance sheets, and flexible capital allocation aligned to attractive, but different in-region opportunities.

The separation will also give each business the ability to customize their messaging for regional customers without diluting the message for global audience, which is a very small portion of the customer opportunity.

I'm now on slide 8. Overall, we are playing in the two most attractive global profit pools, with significant and increasing demand. After the combination of IP and DS Smith, the regional integration of the legacy positions of both businesses, each of the regional businesses is better equipped to compete and win in their respective geographies.

However, there are key structural differences in the competitive and commercial landscapes that will require tailored commercial and capital allocation strategies going forward. North America is more integrated and resilient in terms of supply positions and buyers, has a high degree of supply integration and steady demand growth. EMEA has more localized dynamics at the country level and relatively higher demand growth. Customers in EMEA value different product and supplier traits as well, with greater emphasis on sustainability. Consequently, it's important that each business unit tailor its strategy to best meet the distinct customer expectations in their markets. Creating two separate businesses will enable each region to accelerate its path to long-term profitable growth.

I'm now on slide 9. I want to address what is changing, and what is not. As we discussed, our 80/20 methodology starts with simplify, which we have been working toward over the past year, de-emphasizing or exiting select businesses, markets, and functions, and then redirecting our resources to a sharper focus and higher value. The action we are discussing today is the next step in the 80/20 performance system, segmenting the business to further optimize resource allocation and enable long-term profitable growth. While these actions separates the businesses from one entity into two discrete, highly focused companies, both businesses will continue to emphasize the powerful operating discipline of 80/20 and our three strategic pillars.

Our 80/20 approach, with a clear focus on cost optimization and operating efficiency, strategy execution and customer centricity, will remain core to both businesses. The independent, scaled businesses will benefit from true alignment to the characteristics of their distinct customers and regions, local leadership and optimize capital allocation strategies without regional tradeoffs. Most importantly, both companies will continue to be customer-driven organizations, focused on delivering exceptional customer service with attention to detail around on-time delivery, quality and engagement.

Turning to slide 10, let me provide an overview of what the post-separation International Paper will look like. IP will be the leading scaled sustainable packaging solutions provider in North America, relentlessly focused on customers with advantaged cost position and leading innovation capabilities. The business will be comprised of the current Packaging Solutions North America, including both legacy IP and DS Smith assets.

As you can see from the pro forma results on the slide, the business that will become standalone IP had full-year 2025 net sales of more than $15 billion, and approximately $2.3 billion of adjusted EBITDA that is poised to accelerate rapidly over the next 24 months. The sharper regional focus will enable IP to further accelerate value creation for our shareholders. We have already made significant progress executing our transformation strategy, and expect the benefits to flow through adjusted EBITDA over the coming year. We'll provide more detail about that in the earnings portion of the presentation. Additionally, we expect that the acceleration of our transformation to result in expanded margins, growing free cash flow, which will support disciplined investments in organic and inorganic growth opportunities.

We have a robust plan in place to continue delivering our strategic ambitions, which you can see on slide 11. This is a continuation of our 80/20 approach in our virtuous cycle. We will continue to assess our mill and plant footprint, and transform day-to-day operations, deliver differentiated customer service, and develop and deploy local commercial strategies. These actions will enable strategic reinvestment in the business to accelerate organic growth, drive productivity, and support disciplined bolt-on acquisitions. This will all be supported by a strong investment grade balance sheet and a capital structure that supports an attractive dividend. Our ultimate goal will continue to be to provide customers with the best possible solutions, and creating value for our shareholders as a preeminent packaging company in North America.

I'll now turn the call over to Tim to talk about the post-separation EMEA Packaging business.

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**Timothy S. Nicholls**

*Executive Vice President & President-DS Smith, International Paper Co.*

Thanks, Andy.

I'm on slide 12. I'm excited to talk to you about the post-separation EMEA Packaging business, which will continue to be a leading provider of innovative, sustainable packaging solutions across Europe. The new independent company will be defined by its strong customer relationships, high-performance operations, and best-in-class innovative solutions that help our customers meet their sustainability goals. The business will be comprised of IP's current Packaging Solutions EMEA business, including the combination of legacy DS Smith and IP assets.

As you can see from the pro forma results on the slide, the business will become the standalone EMEA business at full year 2025 net sales of approximately $8.5 billion, and approximately $800 million of adjusted EBITDA. Over the past year, we have created and begun to implement an 80/20 roadmap based on the proven 80/20 performance system. We are still at an early stage of the transformation to optimize our footprint, structurally reduce costs, and extend our innovation leadership, but we expect to begin seeing the benefits of these actions in 2026. The separation will enable us to accelerate this progress, enhancing the new company's ability to make both organic and inorganic investments into our business, to further improve our cost position, and enhance customer experience and relative supply positions.

You can see the priorities for the post-separation EMEA Packaging business on slide 13. A key area of focus is to continue using our 80/20 approach to complete the integration of legacy acquisitions made by DS Smith prior to the combination with IP, transforming our footprint, and aligning resources to drive value. We will remain laser-focused on our customer-centric mindset, rigorously aligning our resources and investments with the needs of our key customers.

As we execute our strategy and 80/20 roadmap, we'll be focused on delivering organic growth and structural cost reductions in order to expand margins, and drive strong cash flow in returns. We expect the post-separation

 

EMEA Packaging business to have a strong investment grade balance sheet and a dividend policy that is supported by strong operational profit and high-return organic and inorganic investments. Our goal is to meet our customers' needs with the best possible packaging solutions, and to create value for our shareholders by delivering operating performance at the top of our peer group.

Our transformation will continue in 2026, and we believe that by the time the separation is complete, we will be making significant progress against our financial targets, and toward a more definitive market leadership and sustainable packaging solutions.

I'll now turn the call over to Lance, who'll go over the details of the transaction.

## Lance Loeffler

*Senior Vice President & Chief Financial Officer, International Paper Co.*

Thanks, Tim.

Moving to slide 14, let me walk you through some of the specifics of the separation. First, we expect the transaction to be structured as a spinoff of the EMEA Packaging business to shareholders, with International Paper retaining a meaningful ownership stake in the new company. Second, whether the transaction will be tax-free to US shareholders will depend on the ultimate terms of the transaction, the percentage of ownership retained and other factors. Third, we expect the separation to be completed within the next 12 to 15 months, subject to satisfaction of certain customary conditions and regulatory approvals, with plans for the company to be listed on both the London and New York Stock Exchanges.

As part of the management plan, Andy, Tom Hamic and I will continue in our respective roles at International Paper. Following the separation, Tim will serve as the CEO of the publicly traded EMEA Packaging Business. As many of you know, Tim previously served as CFO of International Paper, and has been leading the EMEA Packaging business during the past year, overseeing EMEA's 80/20 implementation and strategic transformation. The International Paper board has confidence that he is the right person to continue leading EMEA's transformation.

Also, David Robbie is expected to be appointed as Chairman of the Board. David has a wealth of experience, having served on the former DS Smith board as Senior Independent Director until joining the International Paper board in 2025. In order to position the EMEA Packaging business for success following the separation, we plan to invest approximately $400 million in EMEA throughout the course of 2026 to fund the ongoing transformation of the business and 80/20 implementation.

As mentioned earlier, we intend to create strong investment grade balance sheets for both businesses, and we will continue to provide updates and additional information on our progress as the details of the separation materialize.

I'll now turn the call over to Andy to discuss our full year results and fourth quarter performance. Andy?

## Andrew K. Silvernail

*Chairman & Chief Executive Officer, International Paper Co.*

Shifting now to our full year and quarterly earnings update on page 15. In North America, we made significant progress on implementing our 80/20 plan and executing our strategy this year, achieving approximately 37% year-over-year adjusted EBITDA growth in 2025. And we expect our volume growth to outpace the underlying market by 3 percentage points to 4 percentage points in the fourth quarter, which is well ahead of where we thought we'd be earlier last year.

Throughout the year, we continue to advance our cost improvement strategy, delivering approximately $510 million of run rate cost benefits. The ongoing transformation resulted in approximately $110 million related to footprint optimization in 2025, and we expect to have similar amounts in 2026. We'll share more detail on these dynamics for North America in a moment.

In EMEA, we're moving decisively on our transformation of the packaging business. We have actioned 20 site closures impacting approximately 1,400 roles, with another 7 sites and 700 roles in work council discussions. We have a clear roadmap for applying our commercial and structural cost levers, and expect to see the benefits of our cost and commercial actions accelerate through 2026.

Turning to our enterprise results for full year 2025, which reflect the steadfast commitment of the entire IP team to execute our transformation plan, continue to deliver best-in-class customer experience, and create value for shareholders. We continue to drive strong growth from integration in 80/20 in the year of significant transformation. We expanded adjusted EBITDA margin by 230 basis points. Our adjusted EBIT and EPS were impacted by $958 million of accelerated depreciation by our footprint optimization and higher levels of depreciation and amortization related to the DS Smith acquisition. As anticipated, our investment in the transformation resulted in negative free cash flow of $159 million. As a reminder, I would note that the enterprise earnings numbers have been restated to exclude GCF, and we are pleased that we closed the transaction at the end of last week.

Now, I'll turn it over to Lance to take you through the drivers of North America performance, including what drove the year-over-year improvements and what to expect in 2026.

## Lance Loeffler

*Senior Vice President & Chief Financial Officer, International Paper Co.*

Thanks, Andy. I'm on slide 17. I'd like to begin by reiterating the progress and momentum we built in North America. Our teams delivered meaningful improvement across the business in a challenging environment, and the results reinforce our strategy is working. Notably, we have gained commercial momentum through focused service and reliability efforts, increasing on-time delivery percentage to the upper 90s, which has allowed us to win the trust of both new and existing customers.

Also, our investments in our commercial team, adding new sales reps that upskilling the existing team, has supported customer excellence across our national and local accounts, evidenced by our above-market volume growth in the second half of 2025, as well as strong price realization. We continue to optimize our box footprint while rolling out our lighthouse model to shift decision making and strategy closer to our customers. We've now installed this in 85% of our box plants system.

Our mill investments are paying off, and we're beginning to see reliability improvements as we've expanded our lighthouse learnings to all our mills this year. The combination of our 37% year-over-year EBITDA improvement and 340 basis point margin expansion gives us confidence in our roadmap and our ability to achieve results in North America.

Moving to slide 18. As a reminder, we are using adjusted EBITDA for our bridges as a better comparative metric during the company's transformation. Now, let me walk you through the sequential variance for the fourth quarter. Volume was $87 million unfavorable, largely in line with our expectations, due to an almost $60 million impact as a result of exiting the non-strategic export business, as well as the impact of three fewer shipping days in the quarter, which was partially offset by continued momentum and onboarding our strategic customer wins.

Operations and costs were $3 million favorable. The cost-out benefit from the mill closures was offset by timing of spending across the business, including transitory costs as we optimize our network in line with our new footprint, as well as higher seasonal labor costs. Maintenance and outages were $41 million unfavorable as we continue to invest in the reliability and quality of our mill system. And input costs were $24 million favorable for the quarter, primarily due to minimizing the impact from the natural gas curtailment at our Valliant Mill early in the quarter, which has now been resolved. All of this leads to an adjusted EBITDA for North America of $560 million for the fourth quarter of 2025.

Turning to slide 19 and looking ahead to 2026, our EBITDA growth will be primarily driven by approximately $100 million of commercial benefits, as well as $500 million of cost benefits. Key drivers to this include strategic customer wins in the commercial front, as well as cost-out benefits across footprint optimization, productivity, supply chain, sourcing and overhead. Those benefits will be offset by approximately $200 million of non-recurring transformation costs related to our ongoing investments in reliability and capacity, primarily driven by the Riverdale Mill conversion in the first half of 2026. These investments are critical to support our profitable growth ambitions and bolster our lightweight capabilities to meet customer demand.

This year, we also expect inflation to rise by approximately $200 million while we continue to optimize our sourcing and procurement to minimize the impacts. The takeaway here is that we remain confident in our trajectory to deliver on our 2026 targets of $2.5 billion to $2.6 billion, with the assumption that the industry growth is flat to up 1%, and we outperform the industry by approximately 2%. Our 2026 target does not include the impact of any future pricing realization, as we do not forecast price until it publishes. However, we would expect to see an incremental adjusted EBITDA impact of approximately $90 million for every $10 per ton price move on an annualized basis.

Now moving to slide 20. We wanted to provide additional visibility into how we anticipate this year playing out with our planned transformation investments. There are a few factors driving the shape of 2026 that we wanted to be very clear about. In the first half of the year, we expect to see typical seasonality and one fewer shipping day. However, the main driver of our anticipated year-over-year decline comes from our planned investments in reliability, capacity and capabilities. This manifests itself in higher maintenance outages and costs related to our Riverdale Mill conversion. Altogether, these represent approximately $165 million of non-recurring timing impacts that will unwind in the second half.

Normalized for these one-time impacts, we remain on a strong growth trajectory with approximately 10% first half year-over-year EBITDA growth. In the second half, we expect our performance to materially accelerate, driven largely by non-repeating items from the first half and realizing the additional momentum from our 2025 transformation activities. To add some more color on the sequential jump, approximately $200 million would come from returning to a normalized outage schedule, approximately $80 million associated with Riverdale non-repeating items and margin benefits, and a $75 million benefit from second half volume seasonality.

The remaining $200 million in our plan will be achieved through commercial and operational productivity actions as a part of our 80/20 transformation. The main drivers here are from continued footprint optimization, mill and box productivity improvements from rolling out the lighthouse model, as well as supply chain efficiencies, procurement initiatives, and the winding down of ongoing mill costs. Our team remains laser focused on executing against this plan, and we have high confidence in our ability to deliver.

 

Moving to the first quarter Packaging Solutions North America outlook on slide 21. Price and mix are expected to improve by $51 million, primarily due to seasonal mix improvement following a heavy e-commerce fourth quarter, as well as favorable mix related to our smaller but more strategic export customers. We believe volume to be unfavorable by $68 million. The sequential seasonal decrease as well as the exit of non-strategic markets, more than offset the increased volume from our strategic wins and one additional shipping day. All in, our first quarter 2026 outlook for North America is approximately $534 million of adjusted EBITDA.

One more note before we move on. The first quarter outlook I just shared does not include any impact from the winter storm that moved across the United States southeast this past week. We are currently assessing the impact, and at this point, we're estimating that the total impact could be in the range of $20 million to $25 million for the first quarter.

That wraps up our review of North America performance and outlook. And with that, let's move on to EMEA. Turning to Packaging Solutions EMEA on slide 22. We delivered a solid fourth quarter with sequential EBITDA growth of $19 million. The improvement was primarily driven by favorable pricing on key inputs, including fiber and natural gas, along with benefits for some of our early 80/20 cost actions. From a demand standpoint, the market remains soft but broadly stable, with continued pressure on board pricing. Overall, while we are still in the early stage of our transformation in EMEA, we are starting to see the benefits of our strategy materialize and are very confident of the path ahead.

Now on slide 23 and looking at a full year 2026, our adjusted EBITDA growth in EMEA will be driven by $200 million of commercial benefits, primarily driven by above industry growth with continued momentum of flow through already captured from 2025 growth with our strategic customers. In addition, we expect approximately $200 million of cost-out benefits, primarily driven by footprint and head count optimization, as well as cost improvements across procurement, distribution, and our mill and box systems. We expect these benefits to be offset by approximately $100 million of inflation impact. Overall, we continue to build momentum on our transformation, and we will continue to act decisively to optimize our footprint and operations while strategically investing in reliability and quality to best serve our EMEA customer base.

Moving to slide 24. I want to take a moment to share an additional detail on recent actions we've taken to improve our cost position and focus resources on the most attractive markets. In 2025, we actioned closures across 20 sites, reducing head count by more than 1,400 positions, while we are engaged in ongoing consultation on an additional 7 sites and more than 700 roles. We expect this to deliver run rate cost savings of more than $160 million. At the same time, it's important to recognize these actions affect people and their families. We do not make these decisions lightly, and I want to thank the employees across these facilities and offices for their professionalism, dedication and contributions to the company.

Turning to slide 25 and our outlook for the first quarter. We expect EBITDA to be roughly in line with the fourth quarter. We anticipate price and volume tailwinds of approximately $33 million, driven by favorable mix and continued benefits from our strategic wins in 2025. Ops and costs are higher by $42 million, primarily driven by the timing of energy subsidies typically received in the second half of the year, as well as costs related to accounting policy changes. We continue to build momentum with our strategic actions while managing through ongoing market volatility and focusing on those things that we can control as we execute our plan.

Now, let me turn it back over to Andy, who will close it out with some key takeaways from today. Andy?

**Andrew K. Silvernail**

*Chairman & Chief Executive Officer, International Paper Co.*

Thank you, Lance. Turning to slide 26 and our full year 2026 targets. We are confident on our trajectory, our plan for the coming year, and our ability to execute against our targets for 2026. We're projecting enterprise net sales of $24.1 billion to $24.9 billion, with adjusted EBITDA of $3.5 billion to $3.7 billion, and free cash flow of $300 million to $500 million. As for the first quarter, including corporate, we're guiding to $740 million to $760 million of adjusted EBITDA. Importantly, as Lance mentioned earlier, our guidance does not include the impact of price actions. The enhanced positioning and greater efficiency that we've realized through our strategic actions and 80/20 implementation have us well positioned for 2026, and we expect that we will begin to see that flow through in the coming year.

As we discussed today, we are taking swift and decisive action to create long-term value for our shareholders. The combination of IP and DS Smith created two regional powerhouses that are leading providers of sustainable packaging solutions with significant scale and strong customer relationships. Our 80/20 actions over the past year have reduced complexity in each region, and the next step to continue the transformation is to segment the businesses so they can realize their full potential.

Separating the businesses will provide each of the ability to best align capital and resources to distinct regional opportunities, market environments, and customer needs. Each business will have the necessary ingredient, including strong investment grade balance sheet to execute its 80/20 plan and the virtuous strategic cycle in the most effective way possible. We believe this is the most certain path to deliver our 2027 target of $5 billion of EBITDA, and enables each business to achieve best-in-class performance and best-in-class valuation as we create long-term value for our shareholders.

At this time, let's open up the line to questions.

# QUESTION AND ANSWER SECTION

**Operator**: Thank you. [Operator Instructions] Our first question is going to come from the line of George Staphos with Bank of America. Please go ahead.

**George L. Staphos**
*Analyst, BofA Securities, Inc.*
Q

Hi, everyone. Good morning. Thanks for the details. My question, in your free cash flow guidance of $300 million to $500 million, can you give us some of the other important assumptions that are in there? I don't believe price is in there, but if you could confirm that? Related is, are you out with a price letter to customers? And then most importantly, in terms of the question, if you want to just take this $300 million, $500 million doesn't cover your dividend. Andy, with the spin, might you consider reviewing the dividend policy over time? Thank you.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

Thanks, George, and good morning.

**George L. Staphos**
*Analyst, BofA Securities, Inc.*
Q

Good morning.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

So first, yes, we are out with a price letter. We have done that earlier this week. And so that will play itself out in the normal course of business. As you noted, no, there is no inclusion of price in the numbers that we have provided today, into the guidance that we have provided today, incremental price to come through. And as Lance said in there, each $10 of price that sticks is worth about $90 million of price realization into the market. So that – I think that covers that question there.

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**George L. Staphos**
*Analyst, BofA Securities, Inc.*
Q

Yeah.

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**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

Lance can cover any other topics, you want to talk on about other elements of free cash flow. What was the second part of the question, George?

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**George L. Staphos**
*Analyst, BofA Securities, Inc.*
Q

Just...

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**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

On the dividends. Yes.

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**George L. Staphos**
*Analyst, BofA Securities, Inc.*
Q

...dividend of $1 billion and the free cash flow $300 million, $500 million. Might the spin be an opportunity to review the policy and how do you feel about it? Thank you.

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**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

Yeah, sure. So, we've said all along that the – covering the dividend was about $3.6 billion to $3.7 billion of EBITDA is the breakeven. Obviously, in 2026, we have substantial restructuring costs that are going in and some one-time costs that don't fit into the restructuring line. So you've got a combination of those things. We are maintaining our dividend policy as it is through 2026. And of course, through any process like this, you're going to review that work in conjunction with shareholders to make sure we get to the right place on a dividend post spin, and we'll evaluate that throughout the year in conversation with the shareholders.

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**George L. Staphos**
*Analyst, BofA Securities, Inc.*
Q

Thank you so much.

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**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

You bet.

**Operator**: And our next question is going to come from the line of Mark Weintraub with Seaport Research Partners. Please go ahead.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*
Q

Thank you.

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*
A

Hi, Mark.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*
Q

First a couple of real straight – good morning. A few just really...

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

Good morning.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*
Q

...straightforward questions. One is, so on some of the slides, it says like at the segment level, it doesn't exclude – that it's excluding corporate. And then on the final slide, it doesn't sort of say anything about that. So just one clarification. How should we be thinking about corporate relative to the various numbers you're putting out there, that $3.5 billion to $3.7 billion?

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*
A

Yeah.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*
Q

Is that included or not included?

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

No, those...

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*
A

Yeah. So the guide that Andy gave on a total company basis, $740 million to $760 million includes the impact of corporate. So if you take what we gave you on the region slides and the difference between that should cover the corporate line item.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah. Same thing for the year, Mark.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*

Q

Okay. And with the spin, is there any meaningful change to what you expect corporate costs would go to?

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*

A

Well, they would go to their independent regions. But in terms of being an overall increase, no, they would not be.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*

Q

Okay. Very good. And then second, any specific reason why and maybe this is normal course, but why 12 to 15 months to complete this process? It seems like a long time to me. But maybe I'm just wrong.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah, I'll touch on that. You know, there's a – you got the mechanics, frankly, of accounting. Right? There's just – it's a heavy lift from an accounting perspective. What we don't have here is, is kind of large legal entity issues or things like that. And obviously, we're going to move to do it as quickly as possible, Mark. But the best guidance that we've been given and the precedents are usually somewhere in that 12- to 15-month timeframe. Lance, anything you'd add to that?

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*

A

Yeah. No, I would say, I would echo Andy's comments. I think this is a little different than if you look back at the Sylvamo exercise we went through several years ago that had a lot more operational tethering that we had to unwind to get that to where it needed to be. This is largely an accounting exercise that we're going to start off today in real haste to try to get this thing done by the end of the year. But right now we're contemplating 12 to 15 months.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*

Q

And one last one and hopefully not an unfair one. But, so you've got this big step up in the second half of next year, particularly in North America and you lay it out very clearly. It does include that a big cost take-out acceleration...

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*

Q

...that $200 million. And if we look back, you had a great first quarter relative...

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

Yeah.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*
Q

...to expectations, etcetera. And then the last three quarters though, you fall in shy...

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

Yeah.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*
Q

...on ops and costs. And so maybe talk a little bit about why you have a lot of confidence that you get back on track and you can deliver a really big number second half of 2026?

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

Yeah, a few things in there, Mark. So, first and foremost, that the vast majority of what we're talking about are things that have been actioned and the tail here are the cost of finalizing that. So as an example, closures and the lingering cost of finalizing those closures. Those tails start to fall off as we get through this year. That's a big one. Second, we've got more actions. They're not the large scale actions that we've seen so far, but we're starting to get much more into the nitty gritty around things like supply chain and procurement...

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*
A

Distribution.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

...distribution, rolling out the lighthouse models throughout the mill system, and the productivity investments that we're ramping up going into that. And so, there's a lot of intensity that happened last year and certainly throughout this year that's going to continue to drive those. So those benefits start to accumulate more and more as time goes on through there.

So, the key to it is it's literally the costs have got to be counted down to the penny in terms of facilities, impact to people, which is always unfortunate, but a tough reality in a transformation. And that's the level of granularity we're operating at and that's both in North America. And you saw for the first time today that we were able to, now that we've gotten past a bunch of the consultation periods, to lay out the granularity in Europe, and you can see the magnitude of what we're doing in Europe that we will accelerate throughout the year. So, this is extremely granular. You know, look, I'm also realistic. There's a lot of moving parts. There's no doubt about it. But we are executing quite well.

**Mark Adam Weintraub**
*Analyst, Seaport Research Partners*

Q

Thanks so much.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Thank you, Mark.

**Operator**: Your next question comes from the line of Charlie Muir-Sands with BNP Paribas. Please go ahead.

**Charlie Muir-Sands**
*Analyst, BNP Paribas Exane*

Q

Yeah. Thanks very much, guys. Good morning.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Hey, Charlie.

**Charlie Muir-Sands**
*Analyst, BNP Paribas Exane*

Q

Hey. Just, firstly, [indiscernible] (00:39:57) in the second half of the year in North America. [indiscernible] (00:40:04) seen the industry data yet. Can you just talk about the relative [ph] profitability of say (00:40:09) on those new wins versus the old [indiscernible] (00:40:12)? And also, I think you sort of suggested there's something similar in EMEA. I wonder if you could share kind of like for like [ph] or what's the pro forma (00:40:23) volume performance we've achieved in that region? Thanks.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah. Charlie, I apologize. You were pretty muffled on that call. So I'm going to do my best where I think I heard the question, which is really around the volume wins and the quality of profitability around those volume wins if I understand it...

**Charlie Muir-Sands**
*Analyst, BNP Paribas Exane*

Q

Yeah.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

...right. Yes, so...

**Charlie Muir-Sands**
*Analyst, BNP Paribas Exane*

Q

Correct.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

...they're very good. Yeah. As you recall back a couple of years ago, we really started to reset our discipline of around ensuring that we were pricing to market. And we've obviously kept that discipline. And if you look at the volume wins we've had in North America, they have been absolutely at those quality levels that we've been talking about. And so I feel really good about the business that we're winning and coming on. You know, again, we won substantial market share here in North America in the back half of the year. We were 3 points or 4 points above market. We'll find out where the market actually settled later on here. But we feel very confident given that the other results that we've seen that we have one quality market share. And you can see the expanding margins at the same time.

In Europe, right, that the market has been softer in Europe. And just like in the US, you have to play where the market is. We have been really disciplined about making sure that we are bringing our value to the market and we're not chasing bad business. That's very important in a softer market and we have not been doing that. And again, you can count it by meters or you can count it by tons. We can see where those wins have come in and then how they'll be layered into the year. So we feel good about the wins that we have. We feel good about the commercial momentum in both regions, particularly in North America, where we've won substantial market share and our work is to keep that momentum continuing.

**Operator**: Your next question comes from the line of Phil Ng with Jefferies. Please go ahead.

**Philip Ng**
*Analyst, Jefferies LLC*
Q

Hey guys.

**Timothy S. Nicholls**
*Executive Vice President & President-DS Smith, International Paper Co.*
A

Hey, Phil.

**Philip Ng**
*Analyst, Jefferies LLC*
Q

Thanks for all the great color.

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*
A

Hey, Phil.

**Philip Ng**
*Analyst, Jefferies LLC*
Q

Thanks for...

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

You bet, Phil.

**Philip Ng**
*Analyst, Jefferies LLC*

Q

...all the great color. A lot to unpack. I guess, kind of kick things off. The 2026 guidance. Lance, last quarter, you guys gave us a nice slide deck, calling out $600 million of self-help and commercial efforts. Certainly there's – feels like there's some movement. But the guide itself, does it account for any incremental cost actions that has yet to be announced, so – or is that kind of accounted for?

Second, I think on the commercial front, certainly better in North America and Europe. And correct me if I'm wrong, Lance, the North America piece accounts for the exports, we kind of co-mingled it. So where are you seeing some of the wins on the commercial side, whether it's North America and Europe? I mean, Europe, I'm particularly curious, just given, I thought commercial side of things were quite good, but it was more on the cost out. So, help us kind of tease through some of those dynamics.

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*

A

Yeah. So I'll start with the cost-out side. Yeah. So what we described I think [indiscernible] (00:43:23) was like slide 15 on the deck on the third quarter call where we talk about a lot of the momentum that we had and carrying over, things that had already been announced in 2025 and what that impact would be. I think that was the $500 million that you were characterizing. We are going to continue to optimize in North America around our 80/20 transformation. So it's a incremental $200 million of cost benefit that should be accruing to us as we continue to execute that plan as we look into second half of 2026 and into 2027.

On the commercial side, we're really pleased with the amount of progress that we've made about – we're ahead of schedule, I think, as Andy mentioned, in terms of North America and our exit this year in the fourth quarter. And we thought we'd be at market. We're clearly ahead of that. And we're excited about onboarding some very important customers that allow us to achieve those metrics. And we're excited about the wins that we've got in Europe. We expect to outperform. We believe the market next year will be up 1.7%, I believe next year, and – or excuse me, in 2026. And we believe we'll outperform by about 50 basis points ahead of that. So we're excited about the momentum that we've got in that market as well.

**Philip Ng**
*Analyst, Jefferies LLC*

Q

Got it. So – just so that I heard you correctly, Lance. The upside on the cost out the $200 million. That's incremental cost actions you haven't taken in the back half of 2026 that you still need to execute.

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*

A

Yeah.

[indiscernible] (00:45:00)

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*

A

We'll be executing – yeah. So, Phil, those will be – those are – that amount and those actions or stuff that was not announced or actioned in 2025 that we will continue in terms of our momentum into 2026.

**Philip Ng**
*Analyst, Jefferies LLC*

Q

Okay. And the other piece I want to tease out perhaps for you, Andy. Mark kind of teased it out already. Last year, a nice beat in the first quarter, in the back – Q2 to Q4 was a little uneven. Just want to get – give us some comfort that the framework you've laid out accounts for any hiccups along the way, just because it's a choppy environment. So like, how you kind of...

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah.

**Philip Ng**
*Analyst, Jefferies LLC*

Q

...laid out the framework where, is this conservative or you're baking like a lot of stuff kind of has to kind of stick to landing just because you got a lot of moving pieces here?

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah. I think the range that we've given provides a pretty decent margin in there in terms of the $740 million to $760 million in the quarter and the $3.5 billion to $3.7 billion in the year. You know, in terms of kind of I just call them, good guys, bad guys, how do you think about that over the year. On the good guy side, the year has started strong. And I will certainly say that January was strong. Obviously, the ice storm that's going to be on the bad guy side, to see kind of what that impact is going to be.

It's a super thumbnail sketch of $20 million to $25 million. It's just hard to know, right? You could make that up. But certainly, mill shutdowns and certainly some of the areas that were hit hard in terms of box. The box, I will come back fast. But you got some mill impact that we'll see how that plays out. But that's a pretty modest bad guy that's out there. Again, January has started strong. We've seen that in our daily numbers. We expect that to even off throughout the year. And again, we said we thought the North American market would be flat to up 1%, and we'll take a couple of points of market share in there.

In terms of other good guys, right, we have – we don't have anything in here for price. And we don't normally do that, we don't normally guide that. And so, we've kept to that practice. But depending upon what happens with pricing, that's a pretty substantial good guy that's not in any of our numbers here.

The real big bad guy is potentially out there. We don't know as what we faced last year was the global economy. And, again, right now things have started well. But that's hard to predict throughout there. So, I feel good about where we are. I think that there, given the pricing, there's more upside than downside in terms of opportunity. And so, we feel like we've played it down the middle.

**Philip Ng**
*Analyst, Jefferies LLC*

Q

Okay. Appreciate the color, Andy. Thank you so much.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

You bet. Thank you.

**Operator**: Our next question comes from the line of Mike Roxland with Truist Securities. Please go ahead.

**Michael Roxland**
*Analyst, Truist Securities, Inc.*

Q

Yeah. Thank you, Andy, Lance, Mandi, and team for taking my questions. Some costs in North America appear to be more sticky, like mobile liability, et cetera. I mean, your volume is up 2% in 4Q better than you expected, yet EBITDA missed. So, wondering if you can speak to costs in North America. Which ones are more problematic, stickier? How you intend to tackle them? And was the cost structure in North America part of your calculus in terms of deciding to spin out Europe? And what I mean – what I'm trying to get is, if you have to deal with a cost structure that's a little bit more challenging than you expected, it's hard to tackle that plus having a European arm as well. So, any color you can provide would be helpful. Thank you.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah. So, on the cost side, look, I'm really happy with what we've done. We've taken out over $700 million in total costs when you look at the execution on that. So, I'm very happy with the progress that we've made on that. The things that are harder to get at, there's really two, right. One is the speed at which you take things down, and all of those costs go away, right. So as you close a mill, there tend to be lingering costs during the shutdown, and ultimately into the final closure, and then potentially the sale or disposal of the property. Those tend to linger a little bit.

And then on the reliability front, it's – as we have described, which is you've got to get in there and you've got to make the investments consistently over a period of time to drive the reliability and not have things pop up that can be very expensive in any given period. As you know, a singular mill struggling can be $100 million hit in a year easily, if a mill is really struggling. And so, we are putting – aggressively investing back into our mill system in North America. And that's, if you look at the expanded CapEx, if you look at the onetime accelerated transformation costs, even the lighthouse rollout, those are all things that we are doing to drive that reliability.

It's absolutely showing up for the customers, they're feeling that positive reliability, and it's showing up in their customer satisfaction numbers. It's showing up in our cost numbers. But it is, that's a slugfest. And you got to stick with it. And the team is doing an excellent job.

On the European side, look, what Tim and team are doing in Europe is pretty exceptional. They are tackling structural costs in a way that's very unusual in the European marketplace. And you can see from the magnitude of what was on that one slide, that we're getting after it. And so, we're getting after it fast, and we'll continue to do that throughout 2026.

**Michael Roxland**
*Analyst, Truist Securities, Inc.*

Q

Got it. Just one quick follow-up. I mean, so it sounds like, with respect to Europe, the costs are the harder to get at and taking a little bit longer. So, was that part of what was factored into your – was that what you consider in terms of the spin? Was that a huge factor in terms of your consideration for spinning Europe? Because, then...

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

No, not...

**Michael Roxland**
*Analyst, Truist Securities, Inc.*

Q

...when I go back [indiscernible] (00:51:01)

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

No, no.

**Michael Roxland**
*Analyst, Truist Securities, Inc.*

Q

Okay.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

No, not at all. I – the real driver for this decision is the fact that the value is really in the regions. When you get right down to it and you look at where value is created, the acquisition and the combination, what it did was it created two regional powerhouses that really have very, very, very little overlap. I'm talking almost zero overlap in terms of how those businesses they're structured in the market, how those businesses go to market with customers, and how you execute all the way from inputs, fiber supply, all the way through the market.

They're really distinctive markets. And so, using 80/20 as the lens and as the mindset, you want to simplify, right. You want to take the complexity out. You want to focus on where the value is in the discrete markets. And then, you want to get capital and people aligned and focused to those best opportunities. And that's really the driver there.

The exciting opportunity in Europe is, even with the headwinds that the business had all of last year, with a combination of the war in Ukraine and trade tensions and the softness in the market, is the business performed well relative to the marketplace, and is getting after the changes in a way that's really distinctive to that marketplace. And this business coming out as a standalone business is going to have a great balance sheet. It's going to have great positioning in the market, top of its class in terms of customer satisfaction. And the ability to direct and align people and capital to that unique mission, and that's really what this is all about.

So, I'm super-excited for what team and the – Tim and the team have lined up. And as an independent company, I believe it's going to thrive having that focus and that aligned capital allocation. And the same thing in the US. And this really allows us for each to realize its unique mission and really drive incredible value.

**Michael Roxland**
*Analyst, Truist Securities, Inc.*

Q

Got it. Thank you very much.

**Operator**: Your next question comes from the line of Anojja Shah with UBS. Please go ahead.

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*

A

Good morning, Anojja.

**Anojja Shah**
*Analyst, UBS Securities LLC*

Q

Hi, good morning. Good morning.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Good morning.

**Anojja Shah**
*Analyst, UBS Securities LLC*

Q

I just wanted a quick clarification. So clearly, the price increase is not built into commercial initiatives in North America. I get that really loud and clear. But in EMEA, the commercial initiatives bucket is now $200 million in contribution. I think in Q3, it was $100 million. So, what happened there? And can you confirm that if price goes down in Europe, that – whether that's already in that bucket or not?

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah. So, specific to – so, yes, you're correct on North America first. There is nothing in there in terms of price. In EMEA, same thing. It's only things that have been executed and we have line of sight too. So, you have the underlying assumption of market growth in there which, as Lance said, was 1.7%. And then, you got 0.5 point, which are wins that we know that we have today. And so, we do not have incremental price that has not been – that is not settled into the market, built into there. So, there's no price.

Now, that being said, as I mentioned in my remarks, just as there's a $70 price increase in North America that's been put out into the marketplace by us to our customers. In Europe, there have been a lot of – there's been a lot of activity, and there's about €100 paper price increase that's gone out in most markets. And what we don't know is whether, kind of, what's going to stick. It's a more dynamic market.

In the US on an annualized basis, if you got every penny of that, that's a little over $600 million, about $630 million. And in Europe, if you got every penny of that, it would be about $300 million incrementally from what we're talking about today. But in neither case do we have those built into the numbers.

**Anojja Shah**
*Analyst, UBS Securities LLC*

Q

Perfect. That's very helpful. I'll turn it over. Thank you.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

You bet.

**Operator**: Your next question comes from the line of Detlef Winckelmann with JPMorgan. Please go ahead.

**Detlef Winckelmann**
*Analyst, JPMorgan Securities Plc*

Q

Morning, guys. Just if I can ask two. Maybe the first one, regarding your commercial improvements year-on-year [ph] in – that you guided for now (00:55:28) looks like about $100 million in North America. If I go back to third quarter, it was sitting at about $300 million based on your bridge that you gave. Just wondering if anything has changed, and why the delta.

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*
A

Yeah, I don't know. I have to go back and look. Nothing rings a bell. I mean, I think nothing has really changed other than the relationship that we've described. I think the extra $100 million is incremental to where we were in the third quarter. But we do have some commercial tradeoffs that we've talked a lot about in North America, about leaving the export business and the closure around Savannah.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

Yeah. That might be part of what you're looking at there is that $100 million, if we're talking about North America, right, that is netted against the tradeoffs with the export business that we have exited.

Did we answer your question, Detlef?

**Detlef Winckelmann**
*Analyst, JPMorgan Securities Plc*
Q

Okay, got it.

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*
A

I want to make sure we answered your question.

**Detlef Winckelmann**
*Analyst, JPMorgan Securities Plc*
Q

Yeah, yeah, I think so. It was kind of a net-zero right in the beginning, not a net $100 million. If I...

**Lance Loeffler**
*Senior Vice President & Chief Financial Officer, International Paper Co.*
A

Yeah.

**Detlef Winckelmann**
*Analyst, JPMorgan Securities Plc*
Q

...really correctly...

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*
A

Correct.

**Detlef Winckelmann**
*Analyst, JPMorgan Securities Plc*
Q

...understand.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah.

**Detlef Winckelmann**
*Analyst, JPMorgan Securities Plc*

Q

And if I can ask one more follow-up. I mean, right in the beginning on your Investor Day, you very helpful in giving an EMEA and North America splits all the way to 2027. Now, I know partway through the year, you said demand is a bit worse, pricing came down a bit from your initial expectations. So, I think you were talking about maybe Europe coming down a bit from that initial guide of quote, $1.8 billion to $2 billion. I'm wondering, given the context of your $5 billion guide now, what Europe plays a part of in that, if you can share? Any color would be great.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah. Yeah. We haven't broken out specifically, but generally you're talking about kind of $3.5 billion in North America and $1.5 billion in Europe.

**Detlef Winckelmann**
*Analyst, JPMorgan Securities Plc*

Q

Okay. Perfect. Thanks very much.

**Operator**: Our last question today is going to come from the line of Matthew McKellar with RBC Capital Markets. Please go ahead.

**Matthew McKellar**
*Analyst, RBC Dominion Securities, Inc.*

Q

Good morning. Thanks for taking my question. Just following up on questions from Charlie and Phil, and apologies if I missed it. But is the 2% outperformance versus the North American industry you expect in 2026 based solely on those customer wins you've seen so far, mostly in the back half of 2025? Or have you seen further wins and share gains as the year progresses as part of that outperformance assumption? And I guess with that, could there be upside to that number as the year progresses, given the improved service quality and customer experience metrics you've highlighted? Thanks.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Yeah. So, those are – it's a great question. Those are based on what we have line of sight to today, so business that we have won. So, we don't need major incremental wins in this year to move the needle. And to be fair, right, the – what will move a needle in a short period are going to be local wins, right. The national business tends to be more on a contract cycle. And so, we know what we want in 2025. That's now showing up in 2026. That's what we're communicating here. And then, you'll have the local piece of business, which is much more day to day, much less contractual in there. So, if we were to win incremental business throughout the year, obviously, that would be an upside.

**Matthew McKellar**
*Analyst, RBC Dominion Securities, Inc.*

Q

Thanks very much. I'll turn it back.

**Andrew K. Silvernail**
*Chairman & Chief Executive Officer, International Paper Co.*

A

Great.

**Operator**: Thank you. I'll now turn the call over to Andy Silvernail for closing comments.

## Andrew K. Silvernail
*Chairman & Chief Executive Officer, International Paper Co.*

Well, thank you very much. I appreciate everybody joining us today. This is an important and a very exciting day for International Paper. The decision to split into two public companies to build two powerhouses that we have put together from the legacy pieces of International Paper and the legacy pieces of DS Smith, now have two regions that are number one in their regions, have an exciting strategy in terms of cost position, how we're working with customers, how we're building our relative share position, and ultimately the financial upside that we see here.

All of the hard work that's been put in, the focus on 80/20, making really tough to choices around assets and reinvesting back into the business aggressively to drive the customer service experience that we're seeing today, winning share, aggressively taking cost out, and maximizing return on invested capital. When I look at that, I see two businesses that will stand on their own with great balance sheets, with the ability to invest in their future, with the ability to make dynamic capital allocation decisions to maximize value for shareholders. I'm very excited about that future. And I applaud the team for all the incredible work that they've done, thank our shareholders for your interest in the business and what this can become. And I'm incredibly excited about the future.

Again, the year has started strong. We've seen a nice pick-up in business here. And we're excited for the year to come and in the years to come. So, thank you very much. Take care.

**Operator**: Once again, we'd like to thank you for participating in International Paper's fourth quarter 2026 (sic) [2025] earnings call. You may now disconnect.