BAML Global Agriculture & Materials Conference | March 1, 2018



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Forward-Looking Statements

Certain statements in these slides and made during this presentation may be considered forward-looking statements. These statements reflect management's current views and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. Factors which could cause actual results to differ include but are not limited to: (i) the level of our indebtedness and changes in interest rates; (ii) industry conditions, including but not limited to changes in the cost or availability of raw materials, energy and transportation costs, competition we face, cyclicality and changes in consumer preferences, demand and pricing for our products; (iii) global economic conditions and political changes, including but not limited to the impairment of financial institutions, changes in currency exchange rates, credit ratings issued by recognized credit rating organizations, the amount of our future pension funding obligation, changes in tax laws and pension and health care costs; (iv) unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation; (v) whether we experience a material disruption at one of our manufacturing facilities; (vi) risks inherent in conducting business through joint ventures; and (vii) our ability to achieve the benefits we expect from strategic acquisitions, divestitures and restructurings. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements are discussed in greater detail in the Company's Securities and Exchange Commission filings. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Statements Relating to Non-GAAP Financial Measures

During the course of this presentation, certain non U.S. GAAP financial measures will be presented, such as Adjusted Operating EPS, Adjusted EBIT, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Cash Conversion and Adjusted ROIC.

A reconciliation of all presented non-GAAP measures (and their components) to U.S. GAAP financial measures is available on the company's website at internationalpaper.com under Performance/Investors.

Ilim JV and GPK Investment Information

All financial information and statistical measures regarding our 50/50 Ilim joint venture in Russia (“Ilim”) and our 20.5% ownership interest in a subsidiary of Graphic Packaging Holding Company (“GPK”), other than historical International Paper Equity Earnings and dividends received by International Paper, have been prepared by the management of Ilim and GPK, respectively. Any projected financial information and statistical measures reflect the current views of Ilim and GPK management and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such projections. See “Forward-Looking Statements.”

Strategic & Financial Framework for Value Creation

Fiber-based Packaging, Pulp and Paper

Advantaged Positions

- Differentiated innovation and value propositions
- Low-cost positions
- Operational excellence
- Optimization and productivity gains
- Selective capital investment

Attractive Markets

- Strong positions in growing markets
- Sell products in markets where they are valued
- Winning with the right customers and segments

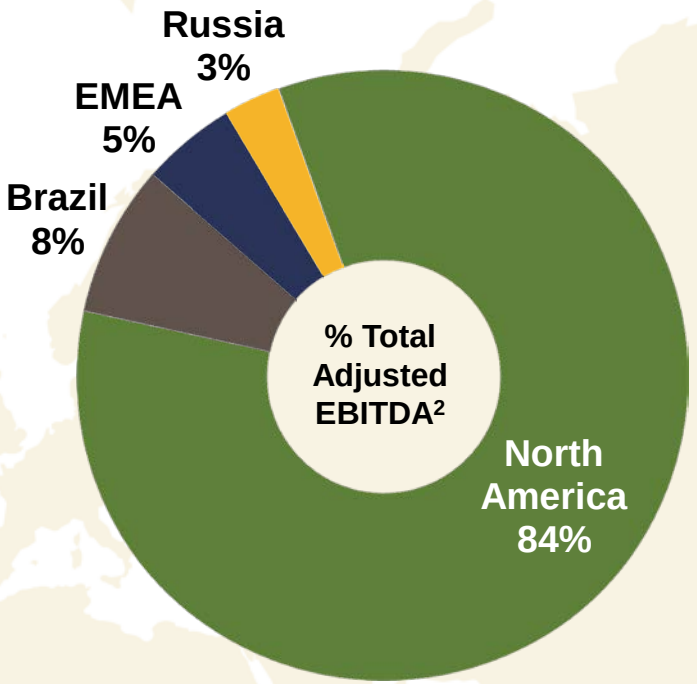
Shareholder Value

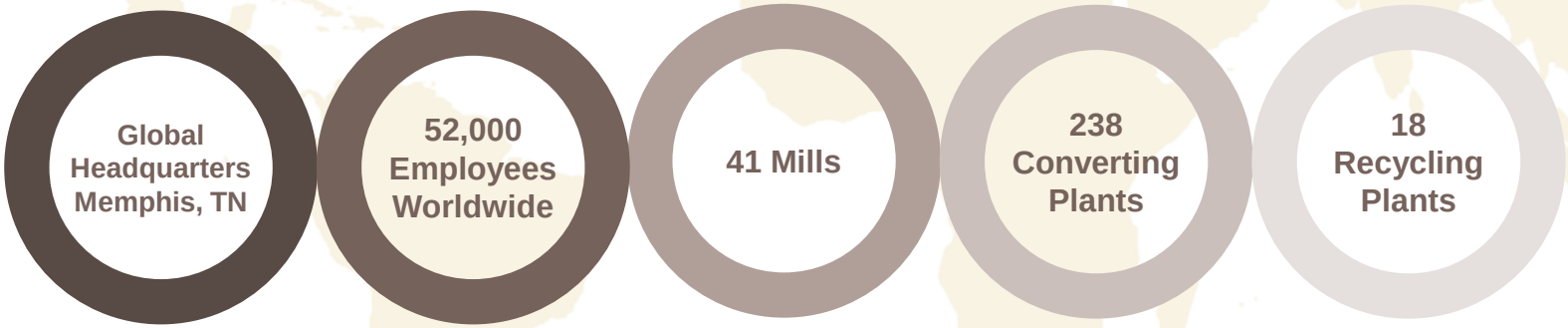
- Strong and sustainable free cash flow
- Increase value creation through investments above cost of capital (ROIC > WACC)
- Return capital to shareholders

Renewable Natural Resources
Availability and access to low-cost, sustainable fiber

IP Overview

$ Billion (Except as noted)	2017
Sales	$21.7
Adj. EBITDA[1]	$3.7
Adj. EBITDA Margin	17.2%
Equity Earnings ($MM)	$177
FCF	$2.0
Dividend per share[3]	$1.90





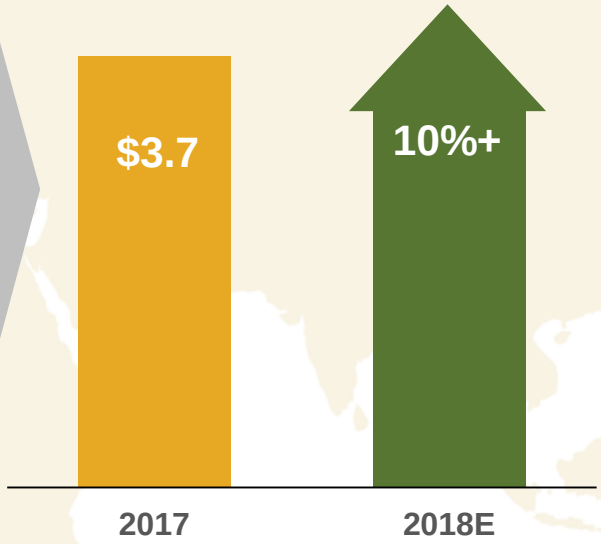
[1] From continuing operations before special items and non-operating pension expense
[2] Based on 2017 Adjusted EBITDA Margins
[3] Annualized dividend as of 4Q17

2018 Outlook | Momentum Continues

Confident in Another Year of 10%+ Growth in EBITDA

Demand	Strong outlook in core businesses
Margin	Full-year price flow through of 2017 increases
Catalysts	Cost reduction initiatives GCF optimization Madrid Mill start-up
Free Cash Flow	Strong cash generation and conversion

Adjusted EBITDA[1] ($MM)



[1] From continuing operations before special items and non-operating pension expense

Equity Earnings | Ilim JV & Graphic Packaging

Ilim Group

Leading Russian producer of paper, packaging and market pulp

- 50/50 JV established in 2007
- Near-record equity earnings of $183MM in 2017 and ~$130MM cash dividend
- Strong outlook in 2018 with continued solid demand-driven market fundamentals
- ~$120MM cash dividend expected in 2018
- 1Q18 equity earnings projected to be $80MM - $90MM vs. $50MM in 1Q17





Graphic Packaging

Premier fiber-based consumer packaging company, well positioned for long-term value creation

- 20.5% ownership established in 2018
- Maintains exposure and optionality in strategic consumer packaging space
- 2018 EBITDA[1] outlook $1.0B vs. $0.7B in 2017
- Ongoing cash dividend to IP (~$25MM annually at GPK's current dividend policy)





[1] GPK Fourth Quarter 2017 Earnings Call Presentation

Corporate Tax Reform | Enhancing Global Competitiveness

Tax Reform

Effective Tax Rate 25 - 27%

Estimated annual impact ~$200MM beginning in 2018

- U.S. Federal tax rate 21%
- Accelerated capital expensing
- Repatriation of cash
- No limitation to interest deductibility

2018 Cash Tax

Cash Tax Rate 12 - 14%

2018 cash tax rate meaningfully lower than ETR

- Primary difference between ETR and cash tax rate:
  - Accelerated capital expensing
  - AMT credit carryforward in 2018
  - State credits and losses will be a cash tax offset in 2018

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