



INTERNATIONAL PAPER

Second Quarter 2021 Earnings
July 29, 2021

Forward-Looking Statements

Certain statements in this presentation that are not historical in nature may be considered “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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) developments related to the COVID-19 pandemic, including the spread of new variants of the virus, the effectiveness and availability of vaccines and associated levels of vaccination, as well as the possibility that strains of the virus may be resistant to currently available vaccines, global economic conditions arising from the pandemic, impacts of governments’ responses to the pandemic on our operations, impacts of the pandemic on commercial activity, our customers and business partners and consumer preferences and demand, supply chain disruptions, and disruptions in the credit or financial markets; (ii) the level of indebtedness and changes in interest rates; (iii) industry conditions, including but not limited to changes in the cost or availability of raw materials, energy sources and transportation sources, the availability of labor and competitive labor market conditions, competition we face, cyclicity and changes in consumer preferences, demand and pricing for our products (including any such changes resulting from the COVID-19 pandemic); (iv) domestic and global economic conditions and political changes, changes in currency exchange rates, trade protectionist policies, downgrades in 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 health care costs; (vi) unanticipated expenditures or other adverse developments related to the cost of compliance with existing and new environmental, tax, labor and employment, privacy, and other U.S. and non-U.S. governmental laws and regulations (including new legal requirements arising from the COVID-19 pandemic); (vii) any material disruption at any of our manufacturing facilities or other adverse impact on our operations due to severe weather, natural disasters, climate change or similar 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 and other corporate transactions, (x) information technology risks; (xi) loss contingencies and pending, threatened or future litigation, including with respect to environmental related matters; (xii) the receipt of regulatory approvals relating to the spin-off transaction without unexpected delays or conditions; (xiii) our ability to successfully separate the SpinCo business (known as Sylvamo Corporate) and realize the anticipated benefits of the spin-off transaction; (xiv) the ability to satisfy any necessary conditions to consummate the spin-off transaction within the estimated timeframes or at all; and (xv) the final terms and conditions of any spin-off transaction, including the amount of any dividend by Sylvamo to us and the terms of any ongoing commercial agreements and arrangements between us and Sylvamo following any such transaction, the costs of any such transaction, the nature and amount of indebtedness incurred by Sylvamo, the qualification of the spin-off transaction as a tax-free transaction for U.S. federal income tax purposes (including whether an IRS ruling will be obtained), diversion of management’s attention and the impact on relationships with customers, suppliers, employees and other business counterparties, and the impact of any such transaction on the businesses of the Company and Sylvamo and the relationship between the two companies following any such transaction. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements can be found in our press releases and U.S. Securities and Exchange Commission filings. In addition, other risks and uncertainties not presently known to the Company or that we currently believe to be immaterial could affect the accuracy of any forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Statements Relating to Non-U.S. GAAP Measures

While the Company reports its financial results in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), during the course of this presentation, certain non-U.S. GAAP financial measures are presented. Management believes certain non-U.S. GAAP financial measures, when used in conjunction with information presented in accordance with U.S. GAAP, can facilitate a better understanding of the impact of various factors and trends on the Company’s financial condition and results of operations. Management also uses these non-U.S. GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company’s performance. The non-GAAP financial measures in this presentation have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with GAAP. In addition, because not all companies use identical calculations, our presentation of non-GAAP financial measures in this presentation may not be comparable to similarly titled measures disclosed by other companies, including companies in our industry. A reconciliation of all presented non-U.S. GAAP measures (and their components) to U.S. GAAP financial measures is available on IP’s website at <http://www.internationalpaper.com/performance/presentations-events/webcasts-presentations>.

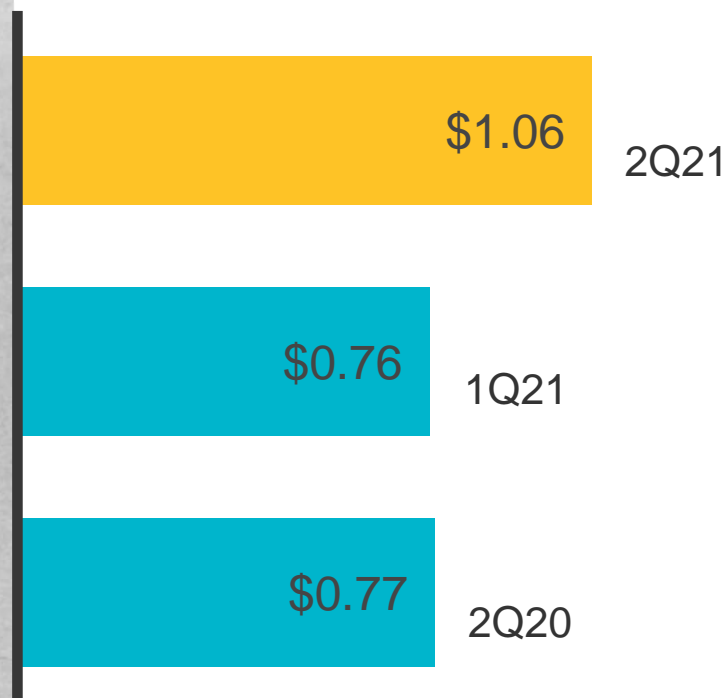
Ilim JV Information

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

Second Quarter 2021 Results

- Solid earnings growth and strong cash generation
 - ✓ \$793MM Adjusted EBITDA²
 - ✓ \$633MM Free Cash Flow³ generation
- Strong revenue growth
- Solid mill and converting performance
- Highest maintenance outage quarter in past decade
- Impacted by extremely low containerboard inventory and significant input and transportation cost pressure
- Outstanding Ilim performance; equity earnings of \$101MM
- Capital allocation:
 - ✓ Debt repayment of \$796MM
 - ✓ Share repurchases of \$57MM
 - ✓ Monetized remaining stake in GPK

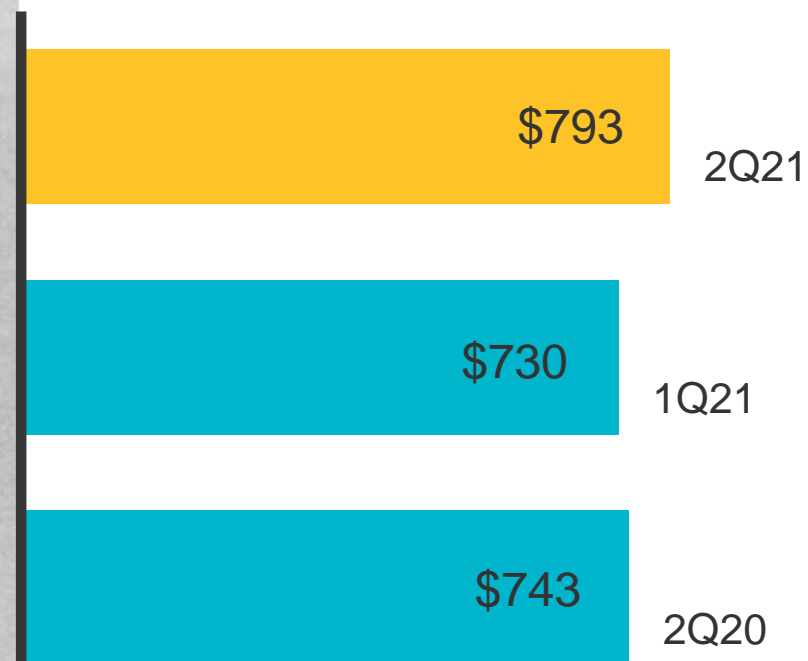
Adjusted Operating EPS¹



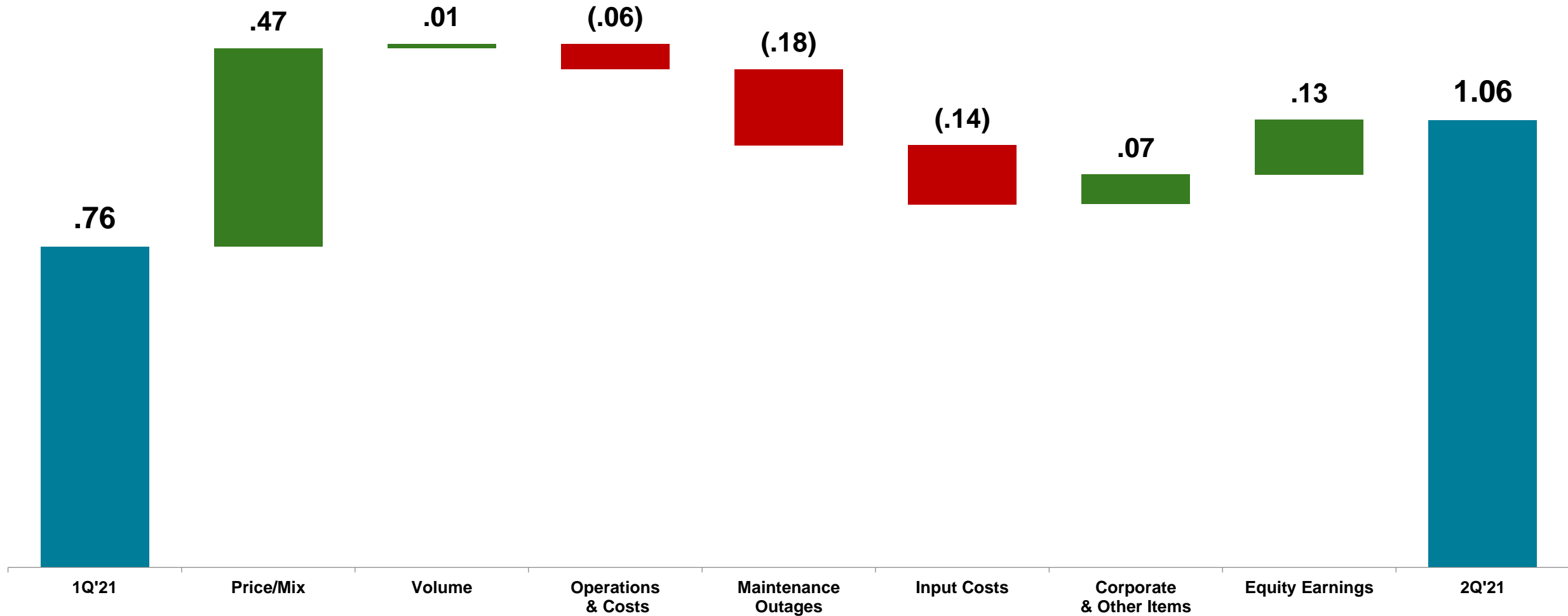
Second Quarter 2021 Financials

	2Q20	1Q21	2Q21
Sales (\$B)	\$4.9	\$5.4	\$5.6
Adjusted EBIT ¹ (\$MM)	\$431	\$421	\$487
Adjusted Operating EPS ²	\$0.77	\$0.76	\$1.06
Adjusted EBITDA ¹ (\$MM)	\$743	\$730	\$793
Adjusted EBITDA Margin ¹	15.3%	13.6%	14.1%
Equity Earnings (\$MM)	\$72	\$49	\$104
Free Cash Flow ³ (\$MM)	\$638	\$423	\$633

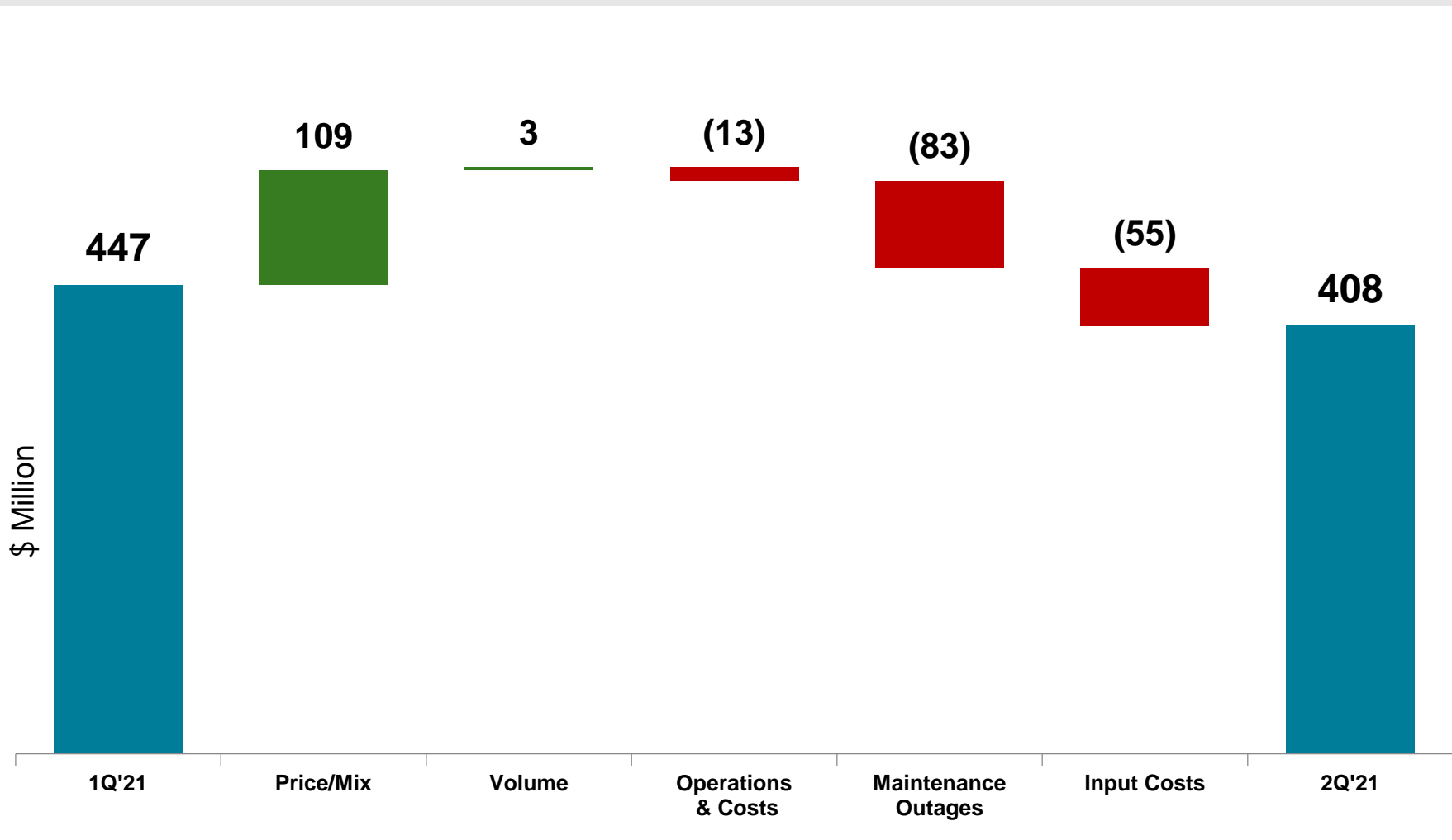
Adjusted EBITDA¹ (\$MM)



2Q21 vs. 1Q21 Adjusted Operating EPS¹



Industrial Packaging | 2Q21 vs. 1Q21 Adjusted EBIT¹



Strong demand across all channels
 IP 2Q21 U.S. box shipments +3.9% YoY (daily)
 Solid mill and converting performance
 Operating costs impacted by low containerboard inventories and transportation congestion
 ~75% of annual outages in 1H21
 Significant input and transportation cost pressure; sharp increase in OCC

N.A. Industrial Packaging | Positioned for Strong 2H21 Margin Expansion

Commercial



- Strong demand continues across all channels
- Volume growth +10% Y/Y across our U.S. channels in 2Q21
- Excellent progress on price realization of our March 2021 price increase

Operations



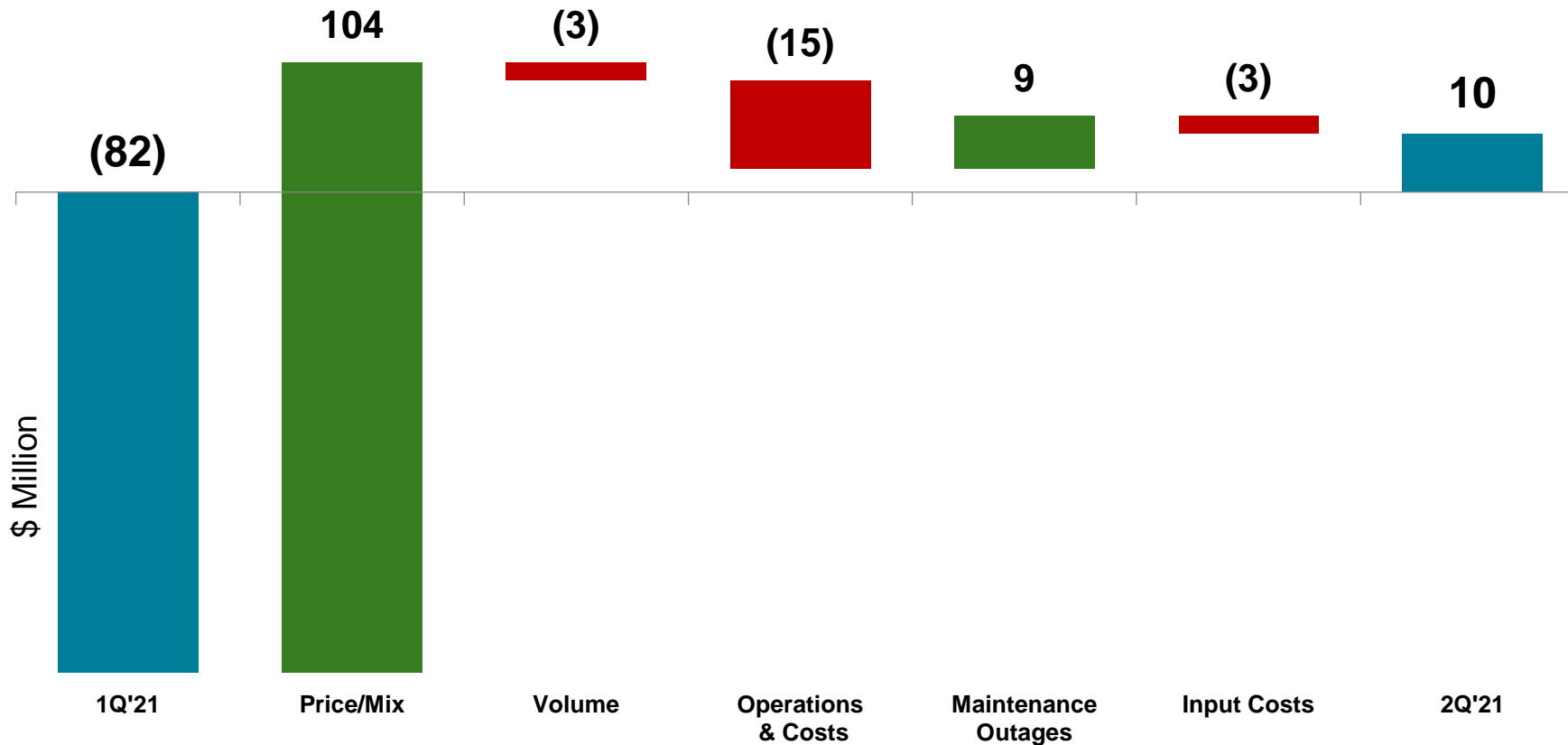
- Mills well positioned for strong 2nd half performance
- Replenishing containerboard inventory enables operational and supply chain efficiency

Costs



- Recovered fiber costs expected to remain elevated
- Input and transportation cost pressure expected to continue

Global Cellulose Fibers | 2Q21 vs. 1Q21 Adjusted EBIT¹



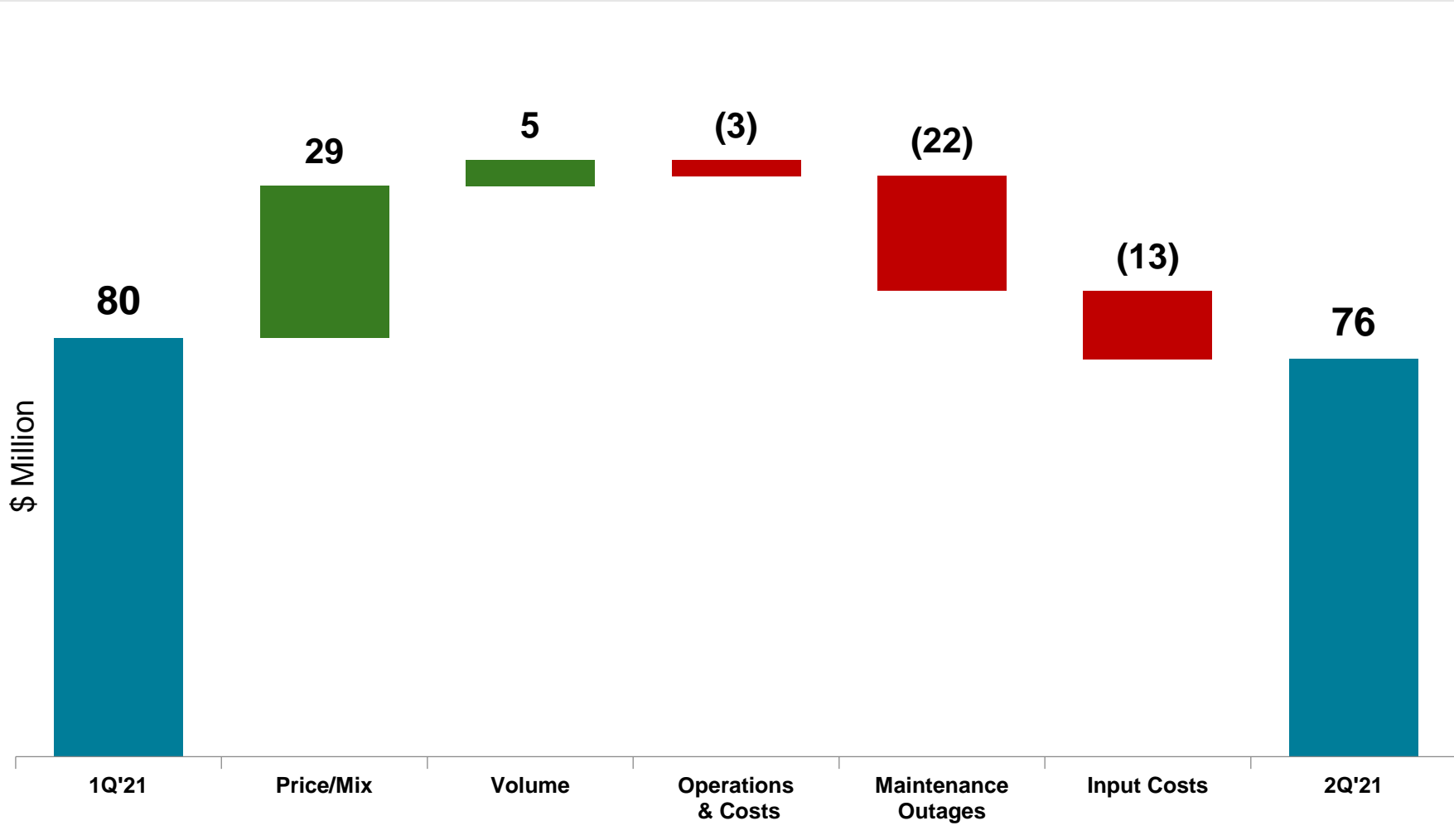
Solid demand and healthy backlogs for fluff pulp

Strong price realization across all regions and segments

Strong mill performance

Shipments and operating costs pressured by port congestion and stretched supply chains

Printing Papers | 2Q21 vs. 1Q21 Adjusted EBIT¹



- Demand recovering in all regions
- Strength of global brands and commercial excellence driving volume outperformance
- Price realization across all regions
- Input and transportation cost pressure
- On track for Oct. 1 spin-off

ILIM Joint Venture | 2Q21 vs. 1Q21



\$ Million	2Q20	1Q21	2Q21
Sales Volume (thousand metric tonnes)	854	797	907
Sales	\$494	\$531	\$733
EBITDA ¹	\$223	\$181	\$335
F/X (Impact of USD Net Debt) ²	\$85	\$0	\$0
Adj. Operating EBITDA ³	\$138	\$181	\$335
IP Equity Earnings (Loss) ⁴	\$63	\$49	\$101




Price/mix improvement driven by price realization for pulp and containerboard

Solid operational performance to mitigate input cost and transportation cost headwinds

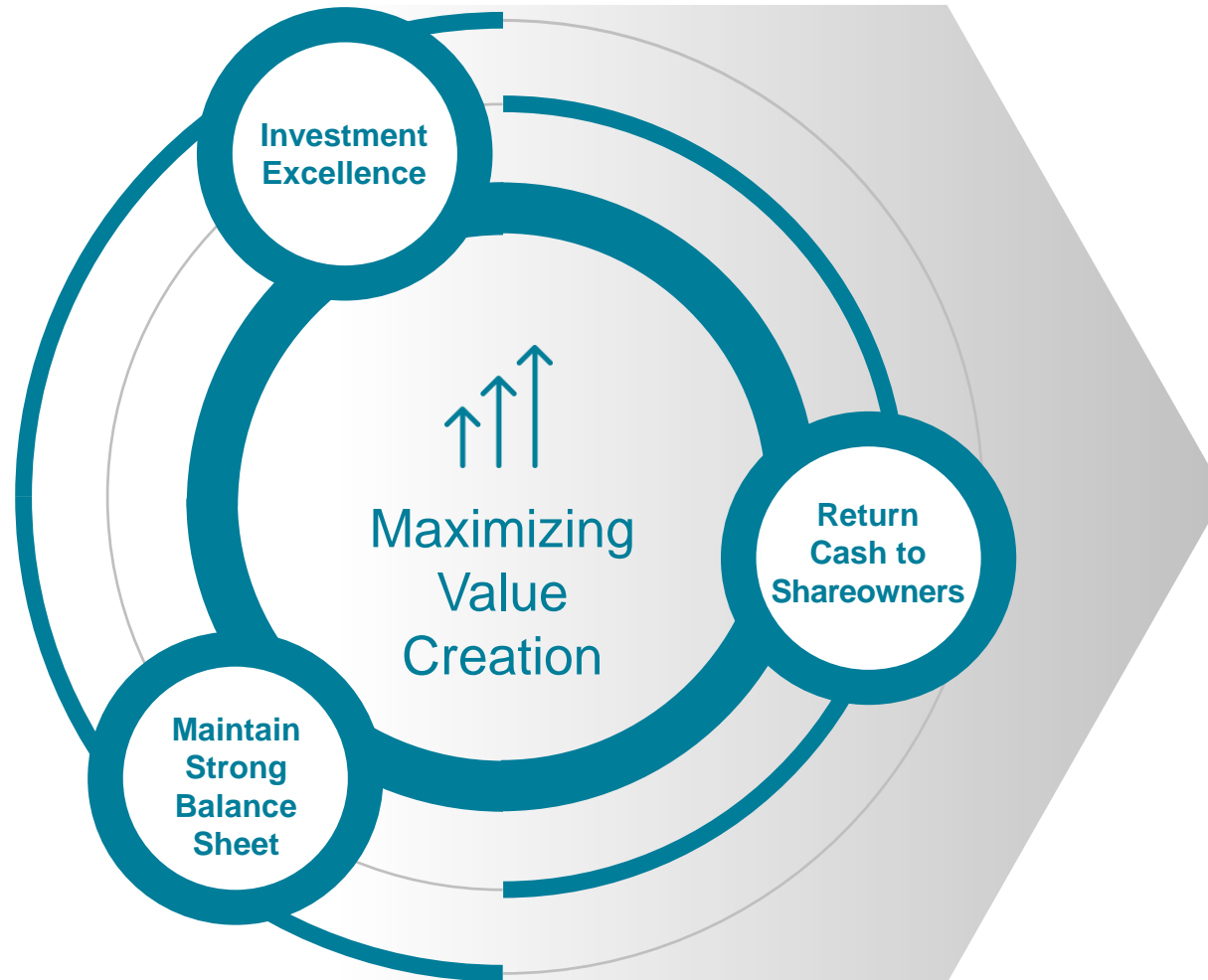
2Q21 EBITDA margin 47%

\$144 million cash dividend received 2Q21

Third Quarter Earnings Outlook | Changes from 2Q21

	Industrial Packaging 	Cellulose Fibers 	Printing Papers 
Price & Mix	Price realization (March 2021 increase)	Price realization on prior increases	Price realization on prior increases
Volume	Strong N.A. demand (+) EMEA seasonality (-)	Solid demand	Demand recovery
Ops & Costs	Inventory replenishment	Port congestion	Stable
Maintenance Outages	\$122MM lower	\$15MM lower	\$23MM lower
Inputs & Freight	Higher OCC and other inputs	Moderately higher	Moderately higher
Equity Earnings	<ul style="list-style-type: none"> Ilim JV \$100MM¹ 	Other	<ul style="list-style-type: none"> 3Q21 corporate expense of ~\$15MM 3Q21 interest expense of \$85MM 3Q21 tax rate outlook of ~25%

Capital Allocation Framework | Maximize Value Creation



2Q21 Highlights

Further strengthened balance sheet

- Debt repayment of \$796MM in 2Q21
- Debt repayment of \$904MM YTD

Returned \$258MM to shareowners

- Dividend \$201MM
- Share repurchases \$57MM

Investing to create value

- 2021 Capex \leq \$800MM
- Monetized remaining investment in GPK
 - ~\$400MM cash proceeds 2Q21
 - Tax Receivable Agreement proceeds of ~\$100MM (pre-tax) expected 2H21

CEO Perspective

Building a Better IP

Positioned for strong earnings and margin expansion 2H21



Papers business carries strong momentum as we approach the October 1st spin-off



Maximizing value creation through earnings growth and capital allocation



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Footnotes

Slide 3

¹ Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings Attributable to International Paper (GAAP) before special items and non-operating pension expense (income))

² Before special items and non-operating pension expense (income) (non-GAAP)

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

Slide 4

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

² Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings Attributable to International Paper (GAAP) before special items and non-operating pension expense (income))

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

Slide 5

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

Slide 6

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

Slide 8

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Footnotes

Slide 9

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Slide 10

Ilim JV results are on U.S. GAAP basis

¹ A non-GAAP financial measure

² Represents F/X impact including amounts related to Ilim Group USD-denominated net debt balance; Ilim Group's functional currency is the Ruble (RUB); Non-functional-denominated currency balances are measured monthly using the month-end exchange rate

³ Before F/X impact including USD-denominated net debt

⁴ IP Equity Earnings (Loss) for 2Q20 includes after-tax F/X gain (primarily on USD-denominated net debt) of \$34MM

Slide 11

¹ Assumes stable F/X as of June 30, 2021

Slide 18

¹ Before special items

Slide 24

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

² Includes Ilim Joint Venture, Investment in Graphic Packaging and other investments

³ Includes special items interest expense (income) of \$(28)MM for 2Q21

⁴ Excludes special item of \$1MM related to the allocation of EMEA Packaging – Turkey gain on sale to non-controlling interest for 2Q21

Footnotes

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 <http://www.internationalpaper.com/performance/presentations-events/webcasts-presentations>

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Slide 26

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

Slide 27

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

Slide 28

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Slide 29

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Slide 30

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Select Financial Metrics¹

		\$ Million	2019	2020	2021F
Maintenance Outage Expense			\$518	\$454	\$640
Capex	Maintenance & Regulatory		\$750	\$430	} ≤ \$800
	Cost Reduction		\$150	\$30	
	Strategic		\$400	\$290	
Depreciation & Amortization			\$1,301	\$1,286	\$1,310
Net Interest Expense			\$493	\$446	\$350
Corporate Expense			\$54	\$(7)	\$60
Effective Tax Rate			26%	25%	24% - 25%

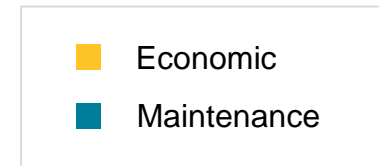
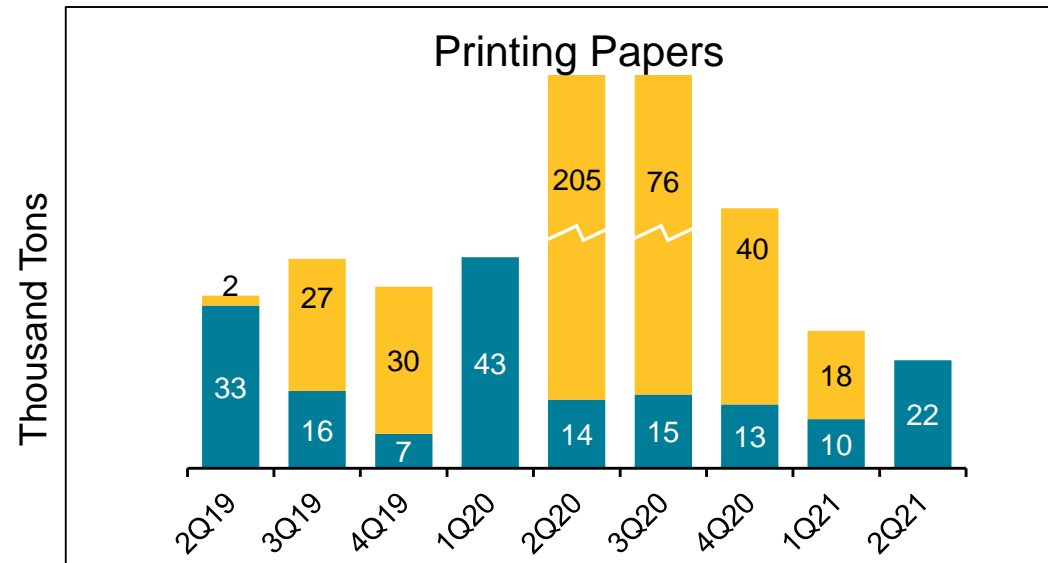
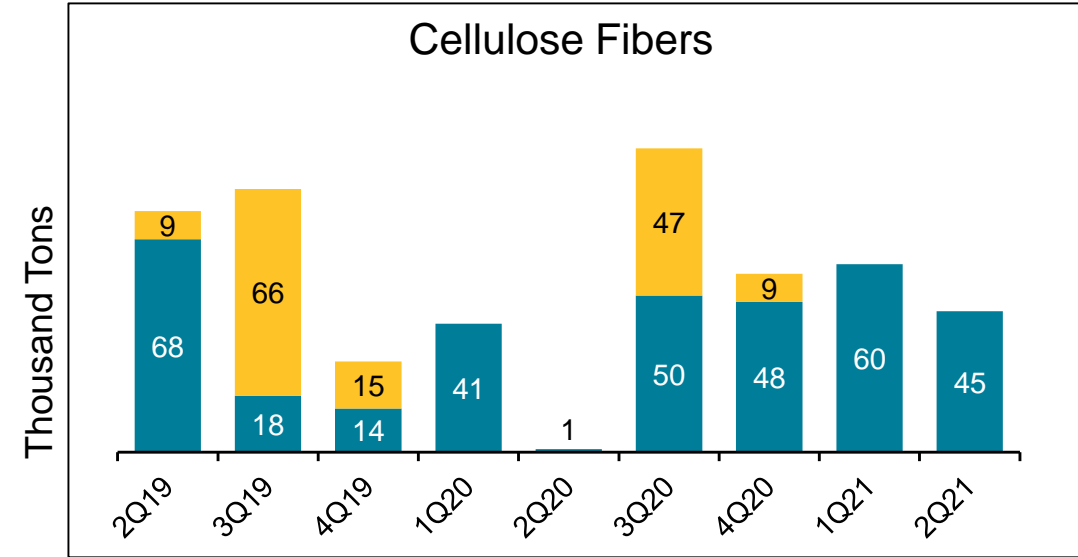
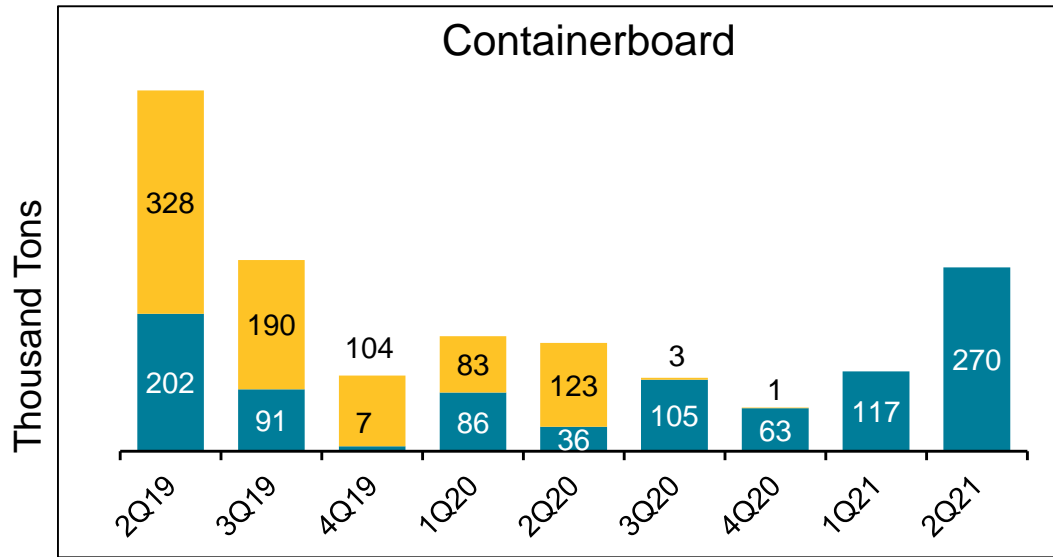
Free Cash Flow

\$ Million	2018	2019	2Q20	2020	1Q21	2Q21
Cash Provided by Operations	\$3,226	\$3,610	\$890	\$3,063	\$512	\$766
Cash Invested in Capital Projects, Net of Insurance Recoveries	\$(1,572)	\$(1,276)	\$(252)	\$(751)	\$(89)	\$(133)
Free Cash Flow	\$1,654	\$2,334	\$638	\$2,312	\$423	\$633

Maintenance Outages Expenses | 2021 Forecast

\$ Million	1Q21A	2Q21A	3Q21F	4Q21F	2021F
 Industrial Packaging	\$91	\$174	\$52	\$51	\$368
North America	\$91	\$166	\$49	\$50	\$356
Europe	-	-	\$2	\$1	\$3
Europe Coated Paperboard	-	\$8	\$1	-	\$9
 Global Cellulose Fibers	\$47	\$38	\$23	\$66	\$174
North America	\$47	\$36	\$22	\$55	\$160
Europe	-	\$2	\$1	\$11	\$14
 Printing Papers	\$16	\$38	\$15	\$31	\$100
North America	\$13	\$26	\$8	\$19	\$66
Europe	\$2	\$12	\$1	\$12	\$27
Brazil	\$1	-	\$6	-	\$7
Total Impact	\$154	\$250	\$90	\$148	\$642

North America Downtime



Special Items Before Tax | Continuing Operations

Special Items Pre-Tax \$(Million)		2Q20	1Q21	2Q21
Industrial Packaging	EMEA Packaging Impairment – Turkey		\$(2)	\$8
	EMEA Packaging Business Optimization		\$(12)	
	Brazil Packaging Impairment	\$(9)		
	Other	\$(3)		
Global Cellulose Fibers	Other	\$(2)		
Printing Papers	Foreign Value-Added Tax Credit Accrual			\$42
Corporate	Debt Extinguishment	\$(18)	\$(18)	\$(170)
	Printing Papers Spin-off / Build a Better IP		\$(25)	\$(28)
	Real Estate – Office Impairment			\$(21)
	Other	\$1		\$(7)
	Environmental Remediation Reserve Adjustment			\$(5)
	Foreign Value-Added Tax Credit Accrual			\$28
	Gain on Sale of Equity Investment in Graphic Packaging		\$74	\$130
	India Transaction	\$6		
	Asbestos Litigation Reserve Adjustment	\$(43)		
Total Special Items Before Tax		\$(68)	\$17	\$(23)

Special Items Net of Tax

	2Q21	
	\$ Million	EPS
Earnings Before Special Items	\$421	\$1.06
Special Items Net of Taxes:		
Debt Extinguishment	\$(128)	
Printing Papers Spin-off / Build a Better IP	\$(23)	
Real Estate – Office Impairment	\$(16)	
Other	\$(5)	
Environmental Remediation Reserve Adjustment	\$(3)	
EMEA Packaging Impairment – Turkey	\$2	
Foreign Value-Added Tax Credit Accrual	\$47	
Gain on Sale of Equity Investment in Graphic Packaging	\$98	
Total Special Items Net of Taxes	\$(28)	\$(0.07)
Non-Operating Pension Expense	\$39	\$0.10
Net Earnings (Loss) Attributable to International Paper	\$432	\$1.09

Operating Profits by Industry Segment

	\$ Million	2Q20	1Q21	2Q21
Earnings (Loss) Before Income Taxes and Equity Earnings		\$261	\$399	\$432
Interest Expense, Net		\$116	\$92	\$57 ³
Non-controlling Interest Adjustment		\$0	\$(1)	\$0 ⁴
Corporate Items, Net		\$(3)	\$25	\$7
Net Special Items		\$68	\$(17)	\$50
Non-Operating Pension Expense (Income)		\$(14)	\$(53)	\$(52)
Business Segment Operating Profit		\$428	\$445	\$494
Industrial Packaging ¹		\$449	\$447	\$408
Global Cellulose Fibers ¹		\$(10)	\$(82)	\$10
Printing Papers ¹		\$(11)	\$80	\$76
Total Business Segment Operating Profit¹		\$428	\$445	\$494
Equity Earnings (Loss), Net of Taxes²		\$72	\$49	\$104

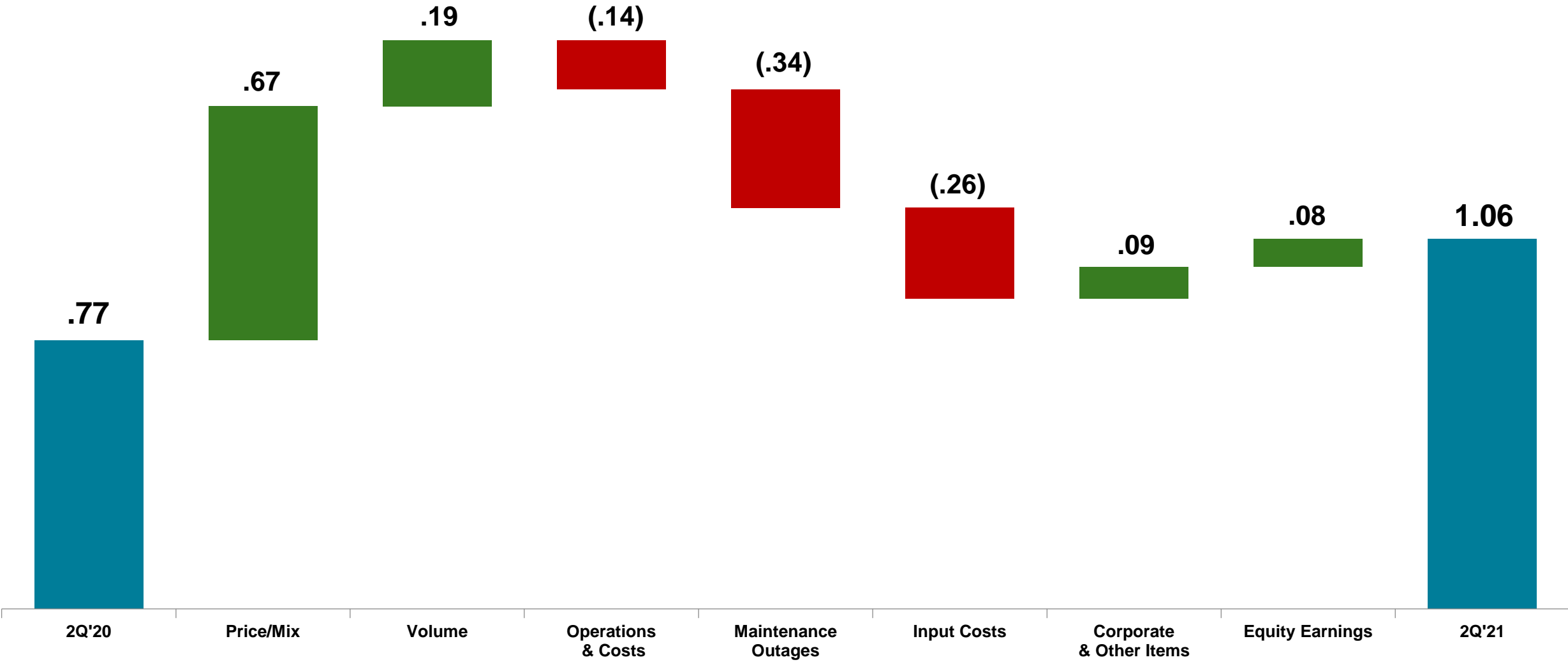
Geographic Business Segment Operating Results | Quarterly

	\$ Million	Sales			D & A ¹	Business Segment Operating Profit ¹		
		2Q20	1Q21	2Q21	2Q21	2Q20	1Q21	2Q21
Industrial Packaging								
North America	\$3,241	\$3,485	\$3,587	\$182	\$434	\$395	\$377	
Europe	\$297	\$396	\$394	\$15	\$5	\$26	\$12	
Europe Coated Paperboard	\$84	\$98	\$102	\$1	\$12	\$26	\$19	
Brazil	\$42	\$0	\$0	\$0	\$(2)	\$0	\$0	
Global Cellulose Fibers								
Global Cellulose Fibers	\$605	\$581	\$671	\$66	\$(10)	\$(82)	\$10	
Printing Papers								
North America	\$265	\$366	\$410	\$21	\$(23)	\$15	\$18	
Europe	\$209	\$250	\$255	\$6	\$13	\$22	\$15	
Brazil	\$108	\$168	\$189	\$15	\$(1)	\$43	\$43	

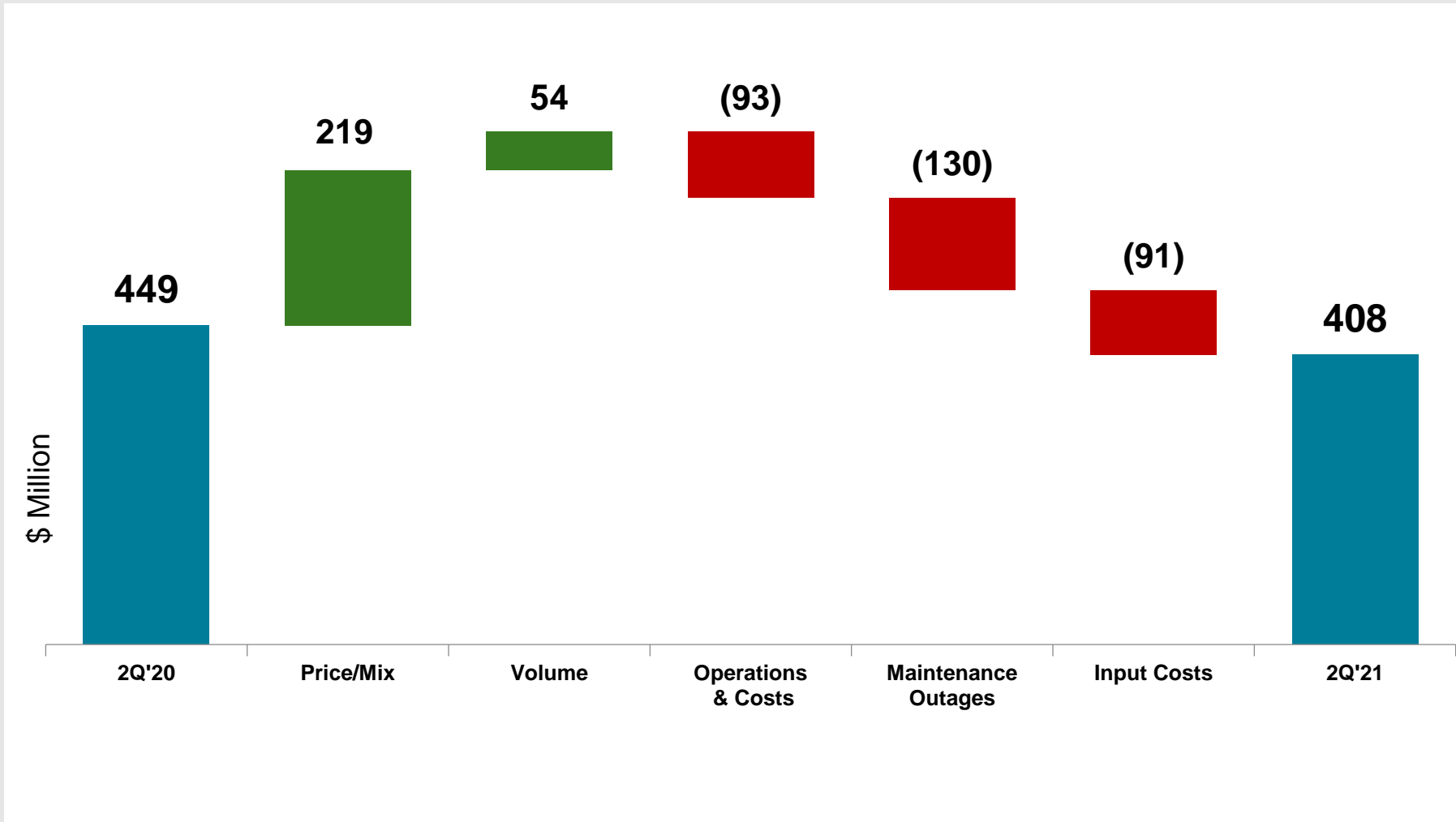
2021 Operating Earnings

	Pre-Tax \$MM	Tax \$MM	Non- controlling Interest \$MM	Equity Earnings	Net Income \$MM	Average Shares MM	Diluted EPS ¹
Net Earnings from Continuing Operations							
1Q21	\$399	\$(99)	-	\$49	\$349	395	\$0.88
2Q21	\$432	\$(102)	\$(2)	\$104	\$432	397	\$1.09
Net Special Items							
1Q21	\$(17)	\$7	-	-	\$(10)	395	\$(0.02)
2Q21	\$22	\$5	\$(1)	-	\$28	397	\$0.07
Non-Operating Pension Expense							
1Q21	\$(53)	\$13	-	-	\$(40)	395	\$(0.10)
2Q21	\$(52)	\$13	-	-	\$(39)	397	\$(0.10)
Adj. Operating Earnings							
1Q21	\$329	\$(79)	-	\$49	\$299	395	\$0.76
2Q21	\$402	\$(84)	\$(1)	\$104	\$421	397	\$1.06

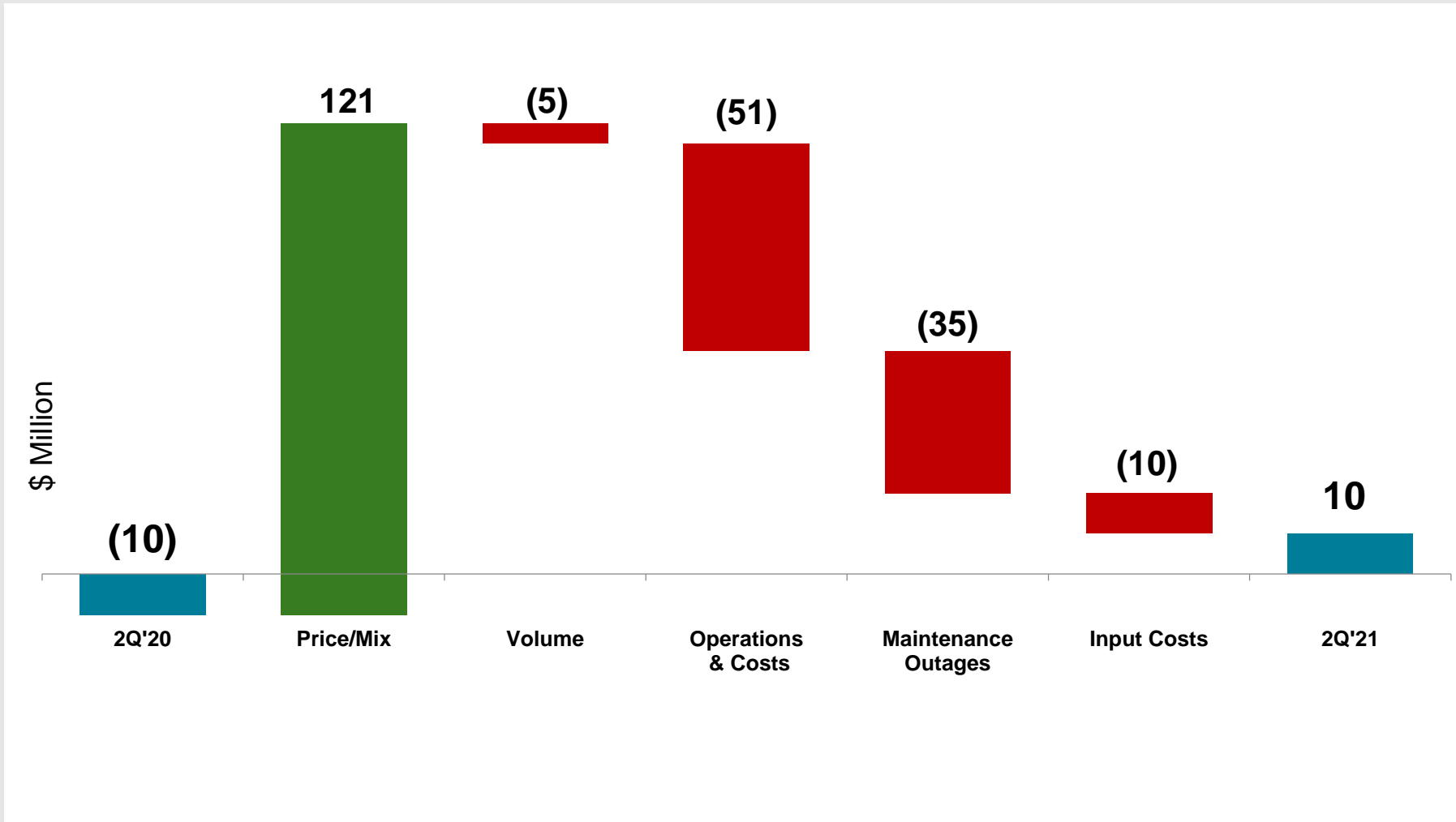
2Q21 vs. 2Q20 Adj. Operating EPS¹



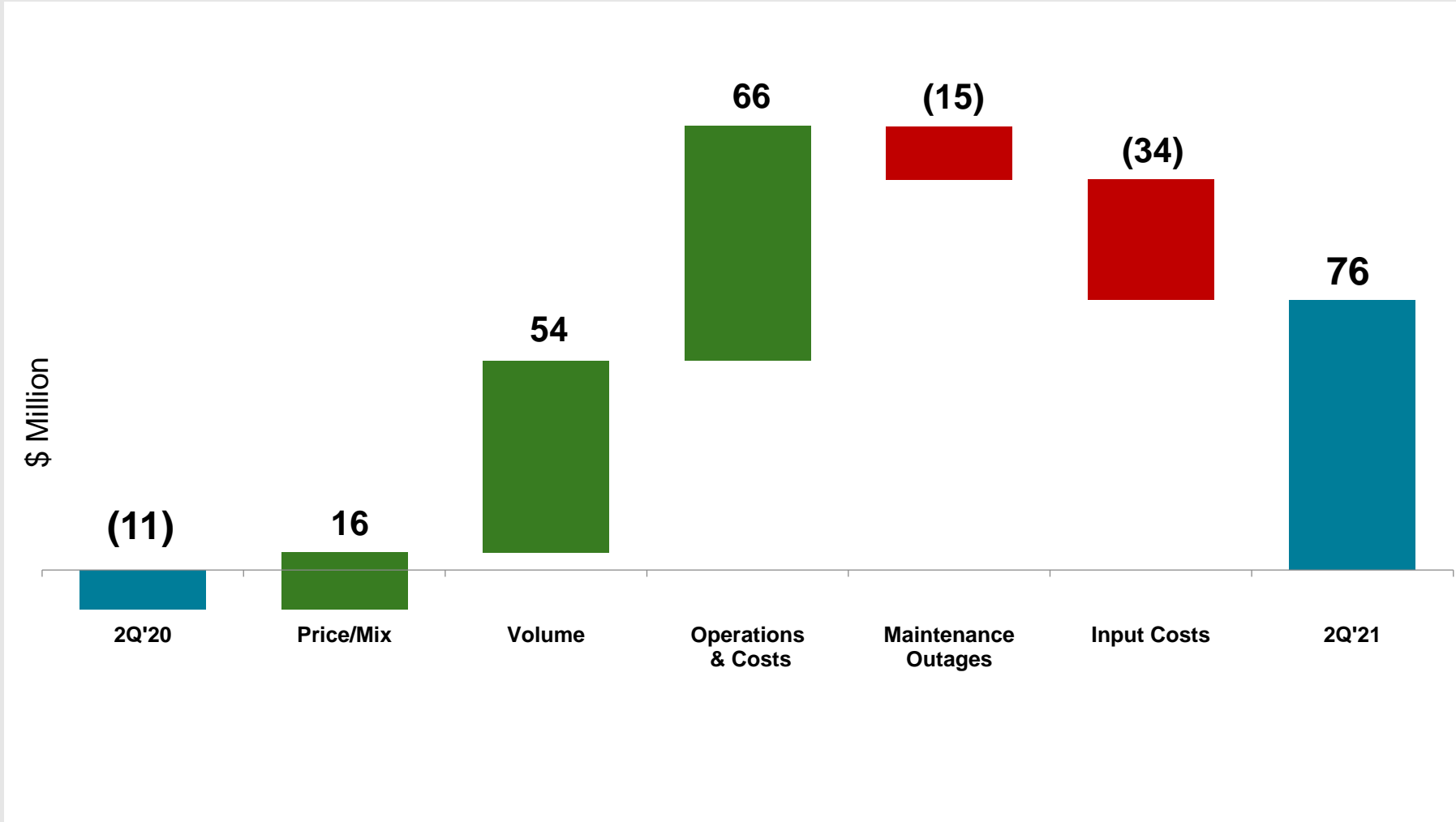
Industrial Packaging | 2Q21 vs. 2Q20 Adj. EBIT¹



Global Cellulose Fibers | 2Q21 vs. 2Q20 Adj. EBIT¹

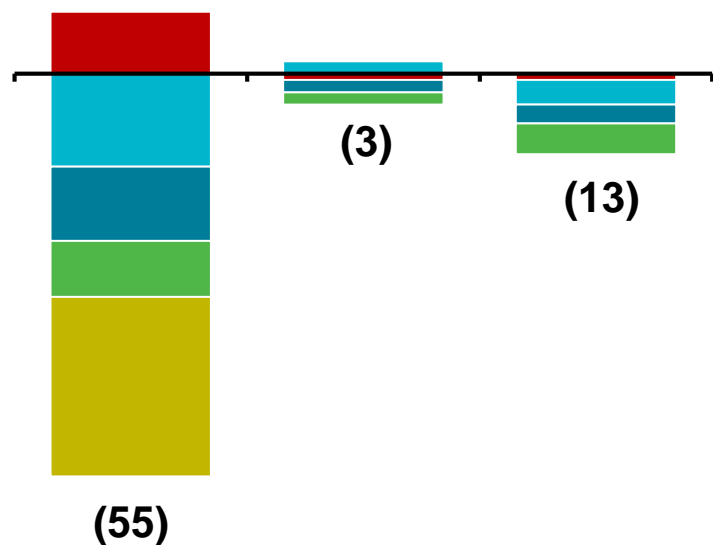


Printing Papers | 2Q21 vs. 2Q20 Adj. EBIT¹

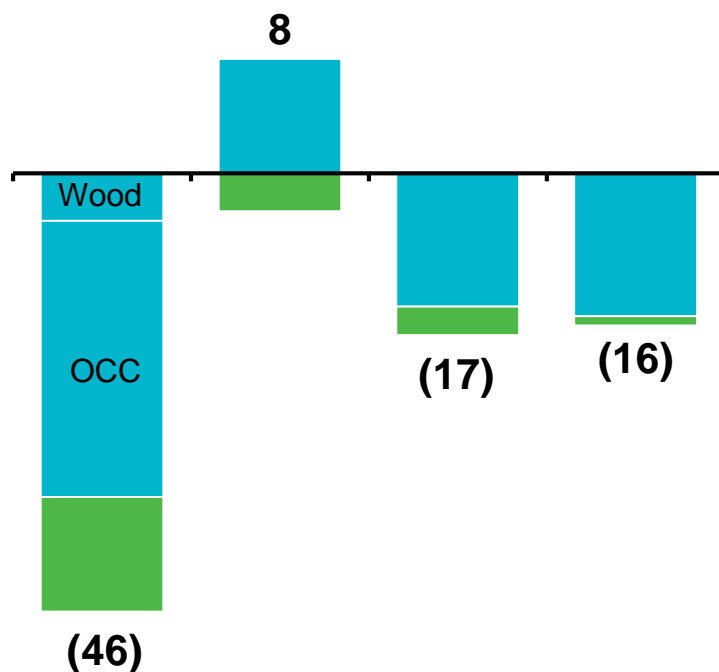


Global Input Costs 2Q21 vs. 1Q21 | \$71MM Unfavorable, (\$0.14) per share

By Business



By Input Type



U.S. Average Cost vs. 1Q21		
Wood	NC	▶
OCC	17%	▲
Natural Gas	12%	▼
Electricity	1%	▲
Chemical Composite	9%	▲

■ Energy
 ■ Wood
 ■ Chemicals
 ■ Freight
 ■ OCC

■ North America
 ■ Outside North America