International Paper Company

Moderator: Bjorkman, Hans

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OPERATOR: This is Conference # 3557125

Operator: Good morning, and thank you for standing by. Welcome to today's Sylvamo Corporation Investor Day 2021 Call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question, please press *1 on your telephone keypad. To withdraw your question, press the pound key.

I'd now like to turn the conference over to Tom Cleves, Senior Vice President, Corporate Affairs. Please go ahead Sir.

Tom Cleves: Thank you, Stephanie. Good morning everyone and good afternoon to our European colleagues. Thanks for joining us today for Sylvamo's first ever Investor Day.

Slides two and three in our deck containe important information including certain legal disclaimers. For example, during this call, we will make forward-looking statements that are subject to risks and uncertainties including the impact of COVID-19. We will also present certain non-US GAAP financial information. A reconciliation of those figures to US GAAP financial measures is available in our appendix. Our website also contains copies of the slides that will discuss today.

Slide four features today's discussion leaders. Upfront, we'll hear from Jean-Michel Ribiéras, our Chairman & Chief Executive Officer and John Sims, our Senior Vice President and Chief Financial Officer. Jean-Michel's 35 years Paper and Packaging career, spands three continents and multiple businesses. Jean-Michel has lived in and led all three Sylvamo regions. He has been an International Paper officer since 2002, and in 2013 he was elected senior vice president and president of IP Europe, Middle-East, and Africa. In 2016, Jean-Michel was named Senior Vice President of Global

Cellulose Fibers where he led the integration of Weyerhaeuser's cellulose fibers business. Most recently, he served as Senior Vice President of IP's Industrial Packaging business.

John Sims joined International Paper in 1994, after serving as an officer in the United States Navy. He has been an International Paper Officer since 2008 and in 2016, he was elected Senior Vice President and President Europe, Middle East, And Africa. John served as Vice President and Strategic planning, Vice President and General Manager of North American Papers and Vice President of Finance and Strategy for Industrial Packaging where he led the acquisition of Temple-Inland. Most recently he served as IP's Senior Vice President of Corporate Development. Later on, we introduce our regional leaders Oliver, Rodrigo, and Greg, our Senior Vice Presidents and General Managers.

Slide five shows our agenda for today. Jean-Michel will provide a company overview followed by John Sims who will present our investment thesis. Our general managers will provide overviews of each region and then John will come back for financial review. Following that, we will host a question-and-answer session.

So before we begin, allow me to make a few points to help set the stage for our conversation. First, we ask that you do not view Sylvamo only through a North American lens, but rather through a global lens. We have a strong US business, but many of our key assets and 70% of our earnings are in Europe and Latin America. Second, we believe in the promise of paper, we believe uncoated freesheet demand will continue to grow in Eastern Europe and Latin America. And in all regions of the world, uncoated freesheet is sustainable, affordable, and functional.

Third, we compete in mature demand segments, yet remain confident in our ability to create long-term shareowner value. We will explain how our key competitive advantages position us for long-term success. And finally, above all else, Sylvamo is a cash flow story. Cash flow is the basis for creating shareowner value. We will demonstrate our ability to generate robust and resilient free cash flow.

With those points in mind, please welcome our Chairman and Chief Executive Officer, Jean-Michel Ribiéras.

Jean-Michel Ribiéras: Thanks, Tom. And good morning, good afternoon everyone. We appreciate you joining us this morning. I am on slide seven. We are Sylvamo, the world's paper company, a premier global uncoated freesheet producer with annual revenue exceeding 3 billion dollars. Uncoated freesheet accounts for 89% of our total volume. Over the last twelve months, we generated $463 million in adjusted EBITDA and $363 million of free cash flow, despite the significant economic impact of the global COVID pandemic.

As Tom mentioned, we have a strong U.S. business, but we generate more than 70% of our profit in Europe and Latin America. We have outstanding assets including low-cost mills and 3.5 million tons of capacity. We also have an offtake agreement with International Paper for 680,000 tons of paper produced by IP Georgetown and Riverdale mills.

Slide 8, summarizes why we believe Sylvamo is a compelling story. Commercially, we have significant competitive advantages. Most notably, our iconic brands, strategic channel partnership and best-in-class commercial teams.

Operationally, we are building on IP's operational excellence. The foundation of our successes is our low-cost mills in attractive locations. Our Brazilian forestlands, our best-in-class operators and our advanced safety, environmental, social and governance practices. With respect to financial discipline, we expect continued robust, resilient free cash flow to create shareowner value. Our first priority is debt reduction. Then we will shift our focus to returning cash to shareowners. Each of our senior leaders, has been in the paper business for at least 25 years. We know this business well. We understand it at the detailed level in all three regions.

Slide 9 shows our three-pronged strategy of commercial excellence, operational excellence, and financial discipline. Our strategy starts with engaged employees helping our customers succeed. We know this business, our customers, and their end-users. And we use that knowledge to remain the supplier of choice and to drive sales and earnings. Our mill operate safely, responsibly, sustainably, and efficiently to produce low-cost high quality products. We will use the cash generated by our commercial and operational results to maintain a strong balance sheet, invest in our strengths and return cash to shareowners. Our strategy focuses on leveraging our key competitive advantages. It does not focus on the need to convert our mills or acquire additional assets.

Slide 10 please. We believe in uncoated papers. Uncoated freesheet is sustainable, affordable, and functional. Paper will remain an effective vehicle for education, communication, and entertainment. Cellulose fiber, our primary raw materials, comes from trees, which are a renewable resource. We generate more than 75% of our mill energy from carbon-neutral biomass residuals. And at the end of use, paper is one of the most recycled materials in the world. And uncoated papers play a critical role in education. Studies continue to show that students of all ages absorb more when reading on paper versus reading on electronic stream.

Slide 11 please. The use of uncoated papers is universal. Copy paper, forms, file folders, envelops, notebooks and many other products are used extensively in all industries, especially in healthcare, education, finance, insurance, and all government services. And while data continue to move digitally, paper-based records serve as backup security for online data and paper-based marketing remains effective. For example in the United States, direct mail marketing is experiencing a recovery. According to the US Postal Service, in their fiscal third quarter of 2021, marketing mail revenue grew by $1 billion, or nearly 40% versus the prior year. Direct mail marketing has historically been a resilient marketing channel and has reestablished its value with many US businesses that use a combination of investments in data and technology and direct mail campaigns.

Let's look at Slide 12, to understand why uncoated freesheet is the largest and most resilient of all graphic paper grades. What separates uncoated freesheets? It’s quite simple: Uncoated freesheet has the highest number of end-user applications. This is why the total demand for uncoated papers exceeds the sum of all the other printing and writing grades combined.

Slide 13 shows our pre-pandemic and pandemic earnings and free cash flow. Despite losing a significant amount of demand due to global COVID restrictions, over the last 12 months, we generated an adjusted EBITDA $463 million and $364 million in free cash flow. In the first half of this year, more evidence of the continuing recovery is apparent. As demand recovery continued and as pricing started to recover, we generated adjusted EBITDA of $247 million and $190 million of free cash flow.

It is important to note that we expect the second half earnings to be better than the first-half results, reflecting the flow through of volume and price

recovery and continued GDP recovery. Each month our results show the benefits of back-to-school and more return-to-office demand.

Slide 14 shows our profit mix by region. Over the last six months, we generated 29% of our operating profit in North America and 71% in Europe and Latin America. This regional diversification, and our strong supply positions in all three regions plus synergies across our regions are key to our success. One example of such synergies is our ability to export across the regions. Others involve innovation and e-commerce positioning. That's why it's important to view Sylvamo as the sum of strong commercial and operational positions in three regions. We are much more than a strong North American company.

Slide 15 provides a snapshot of our operations. We have five low-cost commodity mills and two low-cost premium mills. As I mentioned we also have a 10-year agreement to sell the products produced at IP Georgetown and Riverdale mills, plus an exclusive agreement in Russia with Ilim to sell its uncoated freesheet production. Our Brazilian forestlands are a key component of our low-cost position in Brazil. Rodrigo will provide additional information on this later on.

Let's turn to slide 16. Our employees, customers, and other key stakeholders know that Sylvamo is about more than just sales, earning, and shareowner returns. Our commitment to people and our planet is embedded throughout our culture and strategy. Our most important responsibility is to ensure that all employees and contractors return home safety at the end of each day. We improve people's lives, the planet and our company's performance by transforming renewable resources into papers for education, communication, and entertainment. We have assembled an outstanding governance team. Eight of our nine directors are independent and have diverse and extensive experience in all disciplines across many industries. They also have extensive experience with international operations and spinoffs.

Slide 17 shows how an uncoated free sheet company can generate robust and resilient free cash flow. We compete in the most attractive regions with talented and experienced teams and leverage our many competitive advantages. We are the largest producer in Brazil and Russia and a strong number two in North America. We are low-cost producer in all regions and

we have opportunities to further reduce our costs with high return investments that offer internal rates of return greater than 25%.

Next John will review our investment thesis.

John Sims: Thank you, Jean-Michel and good morning everyone. Thanks for joining our call. We do appreciate your interest in Sylvamo. I will take the next few minutes to explain why we believe Sylvamo is a compelling investment. So let's turn to slide 19 and look at our investment thesis.

Our investment thesis is built on the knowledge that people around the world will continue to use our paper for education, communication, and entertainment. The use of uncoated freesheet is universal. Businesses, schools, and governments have used, and we will continue to use uncoated freesheet.

As Jean-Michel explained, we will execute a three-pronged strategy to leverage our strength and build on our key competitive advantages. Our unique combination of strong supply positions and low-cost mills in attractive regions, will enable us to continue to generate substantial free cash flow. We will use that cash to strengthen our balance sheet, reinvest in our core capabilities, and return cash to shareowners in order to grow the equity value of Sylvamo on a per share basis.

Let me repeat this because I think it's important. We're going to leverage our strength to generate significant cash flow, so we can create shareowner value by growing our equity on a per share basis. We are going to do this by reducing our debt to less than 2.5 times, so we have the balance sheet and flexibility to invest in high return, quick payback projects to grow our cash and be in a position, when our board approves it, to return cash to our shareowners.

I've talked about the promise of paper being core to our investment thesis, so let's discuss demand post-pandemic. As you know the original COVID restrictions in the spring and summer of 2020 led to significant declines in paper demand. Copy paper demand in North America and Europe decreased significantly – more than any other uncoated grades such as offset and envelope papers - because big consumers of copy paper, including schools and offices, shutdown around the world. This was

unusual given that copy paper is typically the more resilient segment of uncoated papers even during economic downturns.

Importantly as schools and offices began to reopen, we expected copy paper demand to return and that's what we experienced starting in the spring of this year. As you know many offices remain essentially closed, so there is more demand recovery to come. Having said that though, we do expect that more people will work from home after the pandemic, especially for large companies and this will reduce copy paper demand in mature economies going forward.

Print advertising was also significantly curtailed during the 2020 COVID restrictions. Now that businesses have reopened and travel is resuming, uncoated freesheet demand for print advertising is also recovering. RISI projects continued demand growth in Eastern Europe and Latin America because the key driver for uncoated paper demand in these regions is GDP. As GDP increases in each region, white collar employment grows and people use more financial, professional, and other services that drive uncoated paper demand.

I said we operate in attractive regions. Slide 21 shows why we consider our regions attractive. Although we are the third-largest supplier in Europe, we have the largest supply position in Russia, given our agreement with Ilim. Russia is an attractive location from which to serve Eastern Europe and the Commonwealth of Independent States. We are also the largest producer in Latin America and have a strong number two supply position in North America.

Our low-cost mills and strong supply positions make these regions very attractive. At the bottom of slide, you can see the projected demand by region, which reinforces the attractiveness of Eastern Europe and Latin America. Our regional leaders will provide more detail on their respective businesses and how we create value for customers and shareowners in these attractive regions.

So, let’s go to slide 22 please. Brands are a differing advantage we have. We produce the iconic brands that consumers demand. These brands are the key reasons why we have outperformed the industry demand by an average of 120 basis points over the last six years. Chamex enjoys

unparalleled brand recognition throughout Latin America. Our distributors are exclusive there. The only branded copy paper they sell is Chamex.

SvetoCopy was the first branded paper produced in Russia and has strong brand loyalty. Since 1992, SvetoCopy has become synonymous with copy paper in Russia. Hammermill has deep roots in North America that go back more than 120 years. The Hammermill brand enabled us to secure a leading position in copy paper on Amazon's business e-commerce site. In addition to our own brands, we have the exclusive rights to manufacture HP Papers, which we sell in more than 75 countries. Our decades long relationship with HP enables us to keep up with the latest printing technologies as they change and allow us to develop new product with HP. We believe that we can drive volume and profitability, by further enhancing our brand position across the region.

Moving to slide 23. We have long-term committed channel partners and customer relationships, some of which began more than 100 years ago. We sell our products to merchants, office product suppliers, retailers, dealers, mass merchandisers and e-commerce channels. We also sell directly to converters who convert our products into envelopes, forms, file folders, packaging products and many other end-uses. It is important to note that not only do we have significant supply positions in the regions we serve, we are aligned with the channel partner that have leading positions in their own portions of the value chain. This winning combination of premier producer and premiere channel partner is another reason why we continue to outperform industry demand.

We believe that we can work with our strategic channel partners and loyal customers to tap into growing pockets of demand in select regions we operate.

Slide 24 shows the global cash cost curve for uncoated freesheet rolls. Nearly all of our capacity, as you can see, is in the first quartile, which on average has a $400 per ton cost advantage versus fourth quartile mills. It is one thing to be positioned in attractive markets. It's all altogether another thing, to have the advantages we have and be the low-cost producer in those markets, and that's what Sylvamo has. Our low-cost mills which are the green bars, generate strong local margins and can export profitably.

Our low-cost positions are particularly important given that we have exposure to regions with secular demand erosion. Historically, as demand declines, producers have shut down high-cost mills and converted other mills. Assuming these trends continue, operating rates will improve and as a result, we expect to be able to improve margins and cash flow despite stable or eroding industry demand.

Três Lagoas is depicted as a high-cost mill, but it is not. This mill is attached to another company's pulp mill, but this cost curve does not recognize the contractual rights we have for pulp, energy, steam, and certain Brazilian tax benefits we get. When these favorable benefits are included, Três Lagoas' cash costs are similar to Mogi Guacu cost far on the left. Our Ticonderoga and Saillat mills are shown in the orange bars. These mills produce premium grades and are low-cost mills for the products they produce. We have a 10-year supply agreement with IP that allows us to buy and sell all the uncoated freesheet and specialty papers produced at their Georgetown and Riverdale mills.

This agreement, which includes 680,000 tons of capacity is very attractive to Sylvamo, as we will only pay for the cash manufacturing costs for these products. Therefore we will realize the full cash contribution margins of these volumes and additionally, we will not be responsible for any maintenance capital for these paper machines.

Slide 25 shows our operating profit improvement by region. As you can see, our operating profits for the first six months of this year have increased 98 million versus the same period of last year. Our 2020 demand was about 25% less than 2019, but our demand has snapped back and since the second quarter of this year, all our mills across all the regions are running at full capacity. Our Latin America operating profit has improved the most because we've achieved faster price recovery than in Europe and North America. Our North American earnings improvement was driven by the volume recovery although North America and Europe still had some lack of order downtime in the first quarter of this year.

Our operating profit recovery in Europe has lagged since we did not begin to realize the benefit of price increases until the second quarter and we'll see that in the third and fourth quarter. In the second half of this year, we expect additional realization of prior price increases in Europe and North

America, which after full realization will more than offset inflation of chemical, energy, and distribution costs.

Let's move on to slide 26 and take a look at our free cash flow. Our business has been pressure tested over the last 18 months of the COVID pandemic. Now the recovery is underway. As I mentioned COVID restrictions reduced paper demands significantly in 2020, yet we still generated 284 million in free cash flow in the worst economic conditions since the Great Recession.

Now we are running at full capacity and beginning to realize prior pricing increases. We are still in the process of realizing the benefit of those increases, and yet our first-half margins are already approaching 2019 levels. And in the first half of this year, while still in the middle of the pandemic, we generated 190 million in free cash flow. We expect to have approximately 44.2 million shares outstanding. Looking at the chart on this page, you can do the math and see the cash that would have generated on a per share basis.

I will wrap up my comments on Slide 27, which summarizes our key competitive advantages, which is why we believe Sylvamo is an attractive investment. We have low-cost mills and the most attractive, highest margin regions for uncoated paper. We produce iconic brands, which we sell through strategic channel partners. We take advantage of cross-regional synergies, which is something no other uncoated producer has the ability to do. Our best-in-class commercial and operational teams drive our success. These strengths makes us confident in our ability to generate robust free cash flow and to create long-term value for our customers and shareowners.

Now it's time for our regional overview, so I will turn it over to Tom to introduce our regional general manager.

Tom Cleves: Thanks John. Let’s hear from each of our regional leaders who will provide more color on how Sylvamo is positioned in the most attractive regions for producing and selling uncoated free sheet papers. Oliver Taudien has been with IP for 26 years. He has held leadership roles across multiple geographic regions in finance, strategy, information technology and general management. Most recently, Oliver served as IP’s chief financial officer and strategy director for Europe, Middle East, and Africa.

In 1993, Rodrigo Davoli started his career with Champion International, which merged with IP in 2000. Rodrigo has held a variety of leadership positions in finance, strategic planning, marketing, sales and general management. Most recently, he served as IP's Vice President Latin American Printing Papers, and president of International Paper Brazil.

In 1982, Greg Gibson joined Champion International. During his career, Greg has held a variety of sales, marketing, and general management roles. He served as vice president and general manager for multiple IP divisions including North American Papers, European Papers, European Packaging, and Coated Paperboard. Most recently, Greg served as IP's vice president and general manager of North American Papers. Okay let's start with Europe**.** Oliver?

Oliver Taudien: Thanks Tom, and good morning everybody. It's a pleasure to join you from the other side of the ocean to talk about our business in Europe including Russia. I am on slide 29. As John noted, we are the third largest supplier in Europe. Most importantly, the largest supply in Russia. Our Svetogorsk, Russia mill is the low-cost uncoated freesheet mill. We also have an exclusive joint marketing agreement with Ilim, the largest pulp and paper company in Russia, to sell their uncoated freesheet in Russia and to export markets. Our Saillat mill in France produces premium copy papers and is a relatively low-cost producer of these products in Europe.

Moving to slide 30. Let's review our key strategic advantages in Europe. First, we know how to operate in Russia. We have a strong, two-decade track record there with a strong local management team. We have navigated various economic and political conditions and have generated consistent cash flow. We have limited exposure to foreign exchange rate fluctuations.

Second, our SvetoCopy brands has the strongest supply position and brand loyalty in Russia. Third, our Svetogorsk mill is a first-quartile cost mill that generates high margins and strong, consistent operating cash flow. Finally, our Saillat mill is the only integrated mill producing premium uncoated freesheet in Europe.

Slide 31 shows the supply and demand history and projections for Eastern Europe and Western Europe over three time-periods, pre-pandemic,

pandemic, and post-pandemic. RISI projects supply and demand balances in both regions to tighten over the next few years. Keep in mind that the demand figures did not include export demand.
Let's talk about Eastern Europe which is about two-thirds of our European capacity. Eastern European demand is shown by the solid black line on the chart. The COVID impact on demand was relatively modest.

As you can see, demand in Eastern Europe is projected to grow slightly, driven by a strong rebound in GDP, and RISI projects favorable supply and demand dynamics.

Western Europe is a bit different - it's a mature-demand economy. The data shows post-pandemic demand recovery followed by a return to secular demand erosion. GDP recovery mitigates the pressure on uncoated freesheet demand.

For both Eastern and Western Europe, RISI forecasts sizable capacity reductions, which would lead to rather balanced operating rates. We have already experienced a step-change in capacity reduction announcements in 2021 and high-cost mills have taken significant economic downtime.

Moving to Slide 32 for a little more color on the impact of the pandemic across Europe. We are tracking six key indicators: GDP, white collar employment, back-to-school, work-from-home, electronic substitution, and vaccination rates.

In Eastern Europe, the COVID impact on copy paper demand was relatively small and short term. Current demand is recovering well and we expect positive demand growth going forward. We expect GDP-driven demand growth to more than offset the impact of electronic substitution and work-from-home.

The low vaccination rate in Russia is a watch-out, but we do not expect major restrictions.

In Western Europe, the COVID impact on 2020 demand was more significant as many countries locked down their economies and sent people home. Demand continues to recover in 2021, driven by solid GDP recovery with schools reopening and employees returning to offices.

High vaccination rates should minimize future restrictions. In Europe, both mills have been running at full capacity since early this year.

Slide 33, summarizes our commercial advantages in Europe. Our portfolio is powerful and includes brands requested by end users, consumers, and distributors. We are aligned with the leading channel partners and winning customers. Here you will see a few examples of our partners. We continue to focus on further developing attractive segments, including digital printing, and we're also pursuing new approaches and developing new channels, such as retail for home office workers. Finally, we are focusing even more on innovation and improving on our value proposition to create more value for our channel partners and end-use customers.

I'll wrap up my commends on Slide 34 which focuses on our mills. Svetogorsk is a global low-cost copy paper mill with favorable labor and fiber costs. It is near the Finnish border, which enables low-cost exports. Svetogorsk is also the only Russian producer of coated paperboard, primarily for liquid packaging, and also produces bleached chemical, thermo-mechanical pulp. We consume some of this pulp, and sell the excess in Russia, Europe and Asia.

We plan to rebuild or replace two Svetogorsk recovery boilers that are reaching end of life. We estimate a new boiler would cost approximately 220 million dollars. A new boiler, which would be completed in 2025, would replace two existing boilers, reducing operating costs and increasing pulp production. The project offers not only solid financial returns, but would bring the mill into compliance with best-available-technology regulations and reduce greenhouse gas emissions. We have not yet sought project approval from our board of directors.

Saillat is a relatively low-cost premium mill. It produces high-quality laser and inject grades as well as colors. It also produces market pulp, which we sell in Western Europe. The French Ministry of Ecological Transition selected Saillat and a third-party energy provider to produce 25 megawatts per year of biomass energy for a 20-year period.

Our energy provider is constructing the biomass boiler, which will reduce Saillat's energy costs and fossil fuel use.

At this point, Rodrigo Davoli will discuss Sylvamo in Latin America. Rodrigo.

Rodrigo Davoli: Thanks, Oliver. It is a pleasure to join you from Mogi Guaçu, Sao Paulo, Brazil and discuss our business in Latin America. Starting on slide 35, for more than 60 years, we have enjoyed a strong supply position in Brazil and in Latin America. Our 1.3 million tons of production give us the ability to profitably supply our core segments in Latin America and to take advantage of our low-cost position to export around the world.

Our eucalyptus trees are key to our high margins. They grow at a fast rate with a 6 to 7 year cycle, compared to a 25 years or more for hardwoods within the northern hemisphere. Sylvamo generates its highest margin in Brazil - 20% over the last 12-months - and we expect to continue these high margins. In the first half of this year, the margin increased to 24%.

Let's now review slide 36. We have a long track record of leveraging our strategic advantages to generate strong earnings and steady cash flow in Brazil. Let me start with Chamex, the number one brand for copy paper in Brazil and many Latin American countries.

Chamex was the first office paper brand in Brazil. Our service levels, superior quality and strong channel partners makes Chamex the strongest brand in Latin America. Today, we export about 50% of our production, with more than 70% of the volume sold in Brazil and throughout Latin America.

100% of our exports are sold in hard currency, mainly US Dollars, providing a natural FX hedge. One key ingredient to our competitive position is access to low-cost fiber, which we get from our own forestlands. We own and manage 100,000 hectares of eucalyptus plantations and natural reserves. I will share more about our force in a few slides.

Slide 37 show RISI projections for uncoated free sheet supply and demand in Latin America. RISI projects demand to grow while capacity declines. As Oliver noted, the demand figures are in-region demand and do not include export demand.

As the graphic shows, demand decline in 2014 through 2016 during the worst Brazilian recession in history. Brazilian GDP declined three and a half percent for two consecutive years. Demand in our region remains highly correlated to GDP and with the pandemic, we saw a sharp decline in demand when schools, businesses and offices were closed.

With schools and businesses reopening and GDP recovering, we expect increased demand in the region, creating the demand that RISI is forecasting to increase at an average annual rate of 2.2% from 2021 to 2025. It is important to note that as a global low-cost producer, we have always run at full capacity, with the unique exception of the second quarter of 2020, when COVID lockdowns reduced demand quickly and sharply.

Moving to Slide 38, I will provide a view on the COVID impact and outlook in Latin America. Paper demand is recovering in line with strong GDP recovery across the region. As of August 2021, the schools are starting to re-open across Latin America, where education accounts for more than 30% of the uncoated freesheet demand. We're very encouraged by back to school and return-to-office.

Increasing vaccination rates are improving business conditions. More than 90% of our employees have been vaccinated with at least one shot, demonstrating that vaccination programs were very will adopted by Latin Americans.

We expect most countries to be highly vaccinated by the end of this year and also expect continued improvements to overall business conditions.

Turning to our commercial excellence slide 39. We're proud of Chamex and Chamequinho, our strong office and school products, but I also want to highlight Chambril, which is our brand for printing paper rolls. Chambril products are widely known for quality by printers and converters, and they account for an important portion of our sales.

One distribution system, including our partnerships with the leading distributors in Latin America, is one of our key advantages. Our channel partners in Brazil and Latin America bring deep regional knowledge and provide fast delivery of a wide variety of our products. We have dedicated resources to work closely with our channel partners to learn about end-user trends and to offer new products and services, such as e-commerce capabilities to drive sales.

Slide 40 highlights our mills, which produce 1.3 million tons of low-cost, high-quality products. Our global low-cost position reflects lean and low-cost teams, world-class paper machine efficiencies and global low fiber

product. Luis Antonio and Mogi Guaçu have the flexibility to produce copy paper, offset papers, and market pulp. These mills are located close to our eucalyptus plantations.
In 2013, we installed a biomass boiler at our Mogi Guaçu mill. This renewable fuel boiler replaced two fossil fuel boilers, reduced purchased energy from 35% to 10%, and reduced new energy costs by 50%. Três Lagoas is our newest mill built in 2009. It is attached to a large pulp mill, ensuring a consistent supply of low-cost fiber, energy and steam.

Slide 41, please. Our eucalyptus plantations are key to our success. We own and operate a 100,000 hectares; 75% of this is certified forestland, which provides sustainable, low-cost, high-quality fiber to our integrated mills.

Our eucalyptus trees grow to maturity in 6 to 7-year cycles, and they provide naturally high-brightness fiber, which is easier to process into pulp. The pulping process for eucalyptus fiber requires less energy and chemicals then required to process northern hemisphere hardwoods.

Our nurseries conduct on-going research and development to improve growth rates and pulp production yields. Our harvesting model is an industry benchmark. We use 100% of each tree, using the treetops and bark as renewable fuel for our biomass boilers.

Now let's hear from Greg Gibson about our north American business. Greg?

Greg Gibson: Thanks, Rodrigo and good morning, thanks for being with us. I'll provide some color commentary on our North American paper business. I'm on Slide 42. We have a strong number 2 supply position in North America with the last 12-months revenue of just under 1.6 billion dollars. North America is a strategic region and we remain committed to the uncoated freesheet business.

We like our customers and our supply position in North America and we're confident in our ability to create value and generate strong cash flow. Moving to Slide 43, let’s discuss our key strategic advantages. First, we have a strong supply position and meaningful presence in all major uncoated freesheet segments.

We span multiple end-uses through many different channels. Second, we also have iconic brands including the best-selling copy paper brand Hammermill and the exclusive right to produce and sell HP papers. Third, we're well positioned in all channels and with winning customers. And finally, our low-cost everyday paper mills and premium grade mills are extremely well positioned to compete in their respective product categories.

Slide 44 shows the demand history and projections for uncoated freesheet in North America. As the graph shows supply and demand are currently well balanced and of course the demand figures do not reflect export demand. North American demand has eroded over time, primarily due to electronic substitution, but as the data shows supply has been reduced as well.

Two of our largest competitors have been converting uncoated freesheet capacity to containerboard production and plan to convert more. Since 2019, North American uncoated freesheet capacity has been reduced by 1.5 million tons. Uncoated freesheet demand rebounded from the initial and significant pandemic impact in 2020 and is projected to return to secular demand erosion in the outer years. Even with this loss of demand, RISI projects favorable supply and demand dynamics to continue. We are a low-cost producer, and we like our position in North America.

Moving to Slide 45. Let's discuss the COVID impact and outlook. In 2020, COVID restrictions drove an 18% drop in uncoated freesheet demand. Through July 2021, demand has rebounded and is gaining momentum as the economy strengthens and schools and offices re-open.

July industry shipments were up significantly versus July 2020. Not all segments are recovering at the same rate. Uncoated freesheet used in advertising and direct mill has increased at higher rates as you heard Jean-Michel talk about. Copy paper, driven by schools and offices is improving, but has not recovered as quickly as other segments, but we’re encouraged to see the trends and believe that there's a lot more demand to come as John referenced earlier.

Currently, all of our mills are running at full capacity. In the second quarter, we had no lack of order down time, which has been an important contributor to our volume growth. We anticipate the improving demand

trends to continue as vaccination rates increase and the economy continues to improve.

Slide 46 shows some of our commercial advantages starting with the Hammermill and HP brands which are requested by distributors, end users, and consumers. We're aligned with leading channel partners and winning customers. We continue to focus on further developing attractive segments including books on demand and digital printing.

We're also working on new approaches such as paper as a service and deeper end user selling. Finally, innovation will strengthen our value proposition and create even more value for our channel partners and end users going forward.

Slide 47 allows me to highlight one of the key competitive advantages: our number one supply position in e-commerce. Our online sales continue to accelerate and now account for about 10% of our total revenue. And as shown on the slide, our e-commerce sales are expected to grow between 2017 and 2023 at a 46% compounded annual growth rate.

We estimate that the Hammermill and HP brands account for more than half of the total North American e-commerce paper sales. We have outstanding partnerships with the leading office products retailers which complement our e-commerce strategy.

I will wrap up my comments on Slide 48 with a quick look at our mills. Eastover is the lowest cost uncoated freesheet mill in North America. The lowest cost mill in North America. This is one of the newest and most modern paper mills in North America. Ticonderoga is a terrific low-cost producer of premium grades.

These two mills produce 1.1 million tons of high quality, uncoated freesheet, and market pulp. The commercial agreement that you heard John talk about for Georgetown and Riverdale allows us to take care of our customers, maintain our strong position, and generate strong returns.

That wraps up our regional discussions. So, I will turn it back to John. John?

John Sims: Thank you, Greg and thank you Rodrigo and Oliver for explaining and sharing with us our key competitive advantages in the attractive markets

we operate and showing how we'll continue to generate strong sales and cash flow.

Let's move to Slide 50 to look at some key financial highlights. As economies recover throughout our region, recovery in our sales and earnings is accelerating. In the first half of this year, we generated 247 million dollars in EBITDA.

We expect second half 2021 earnings to improve versus the first half reflecting the fact that we've been running full since the second quarter and we expect to continue to do so. Also, we continue to realize prior price increases which when implemented – will not show up in our numbers until the third and fourth quarters.

So, let's turn to Slide 51 for more detailed discussion of our recovery. Our businesses were impacted significantly by the global pandemic, but our sales and earnings and cash generation continue to recover strongly. One way to measure that recovery is to compare our last 12-month operating profit to our full-year 2020 results.

Let me pause here because you don't typically see full year results bridged to a mid-year trailing 12-months. We did this to show our last 12 months operating profit was 302 million or 98 million higher than 2020. Since the second half of 2020 is common to both the full-year 2020 profit and the last 12-months profit, this bridge is really a comparison of the first half of 2020 to the first half of 2021. Keep in mind in the first quarter of 2020, vaccines were just being rolled out in North America and Europe. And at that time, Brazil was in the middle of its worst COVID wave.

Our selling prices in Europe and North America were lower in the first quarter of 2021 than in the first quarter of 2020. Therefore, most of the improvement we see in this bridge is in the second quarter of this year and is primarily a result of higher volumes in all 3 regions.

Since the second quarter of this year, we have run full across our entire system. We have significantly less lack of order downtime. So, most of this benefit is shown in the operations bar reflecting a significant reduction in unabsorbed fixed cost that occurred in 2020 due to that significant lack of order downtime we took.

And the first half of this year, we began to realize prior price increases. By the end of the first quarter, we had realized price increases in Russia and Brazil. We started to realize price increases in Europe and North America near the end of the second quarter and we expect to see continued flow through these increases in the second half.

Our last 12-month operating profit is up nearly 50% with our mills running full, and most of the second half earnings improvement will reflect the realization of prior price increases as they continue to flow through each month's result.

Once our prior price increases are fully realized later this year our run-full volume improvement and price realizations are expected to more than offset inflation in raw materials and distribution cost.

Let's take a look at Slide 52 to discuss our initial debt structure. We raised 1.5 billion to fund our start as a standalone company. We established a 450 million credit revolver, because these funds carry a lower cost of debt, we intend to draw 100 million of this revolver to be part of the special payment to IP.

We also raised 520 million of secured debt via term loan F at a very attractive rate and 450 million of secured debt via term loan B. We also issued 450 million in unsecured 8-year notes. As the table shows in 2022, we expect a weighted average interest rate of 4.4% or 4.1% net of the expected 70-basis point term loan F rebates.

Let's turn to the next slide. Looking to the fourth quarter which will be our first quarter as a public company, this slide provides some selected key metric for costs related to the spin off.

As row two shows, we expect to spend 23 million in one-time costs in the fourth quarter. Most of these costs are IT related. We also expect 8 million in transition services and 4 million in dis-synergies in the quarter. Once we complete the transition service agreement, we expect the annual dis-synergies of being a standalone company to be approximately 15 million.

This is less than a TSA cost because we have found ways to reduce costs that were being allocated to Sylvamo by IP. Let's turn to slide 54 for some additional guidance. This slide includes selected financial metrics in order to help model earnings and cash flow for 2022. 2022 Capex will be higher

than 2020 and 2021 as we return our maintenance, regulatory, and reforestation capital back to normal level following the pandemic.

We expect a 160 million in 2020 Capex. This does include 15 million for engineering the Svetogorsk boiler that Oliver talked about and 6 million related to our new corporate headquarters here in Memphis. The balance of 139 million is for maintenance, regulatory and Brazilian reforestation.

We expect the 2022 interest expense to be 63 million dollars. We will spend 32 million in one-time cost in 2022 to establish the systems needed to exit the TSA with IP. And through the third quarter of 2022, the transition service agreement with IP will cost 25 million spread evenly over three quarters. So, we expect the combination of these non-recurring costs of 57 million to be gone in 2023.

Slide 55 please. I would like to provide some detail on the contingent liability we have included in our form-10. The Brazilian tax authorities have disputed deductibility of goodwill from IP's 2007 acquisition of our Luis Antonio mill.

The case is in the first round of judicial court proceedings, we and our advisers believe IP has a strong position in this case and IP has not taken a reserve. Periodically, Brazil has offered tax amnesty programs to allow companies to resolve such disputes. The Brazilian senate recently passed such a bill, but additional approvals are required before that bill becomes law. If the bill were to become a law before the spin off and IP decides to participate, IP has agreed to pay the first 180 million in any negotiated settlement, and Sylvamo would be required to pay up to 60 million after that and would be capped at 60 million.

If a settlement or judgment were to occur after the spin-off, Sylvamo would be required to pay 40% of the settlement or judgment, up to a maximum of 120 million dollars. Appendix 53 includes bank covenant restrictions on returning cash to shareowners and other investments, which will remain in place until this contingent tax liability is resolved. However, we will be able to pay down secured debt without restrictions. I will conclude my remarks on slide 56.

When we speak of financial discipline, we mean creating a strong cash culture in Sylvamo. We intend to maintain a strong balance sheet and

adequate liquidity throughout the cycle. We intend to pay down debt and set a target growth debt to adjusted EBITDA ratio of less than 2.5 times, which we expect to get there by the end of 2022. Above all else, we intend to execute our strategy and leverage our key competitive advantages to generate significant free cash flow in order to create value and return cash to shareowners.

We expect to reduce debt to begin shareowner return discussions with our board in the second half of 2022. Our target is to continue to outperform the industry volume by 100 to 200 basis points, and we plan to do so by performing at or above emerging economy demand and outperforming developed economy demand. We plan to leverage our low-cost mills, our iconic brands, our strong customer relationships, and experienced leadership teams to achieve 15% to 18% adjusted EBITDA margins, and generate strong, free cash flow. And for incremental investments, we will target returns well above our cost of capital.

At this point, we are ready for your questions, so I will turn the call back over to Tom. Tom?

Tom Cleves: Thank you, John. Thanks to all of our speakers. Stephanie, would you remind our callers how to get in the queue for questions please?

Operator: As a reminder, to ask a question, please press star one. To withdraw your question, press the pound key. Again, this is star one to ask a question. If you were listening to the live stream, please be sure to turn down your volume on your computer speakers as to not cause feedback when your line is unmuted. Thank you. We will pause a moment to compile the Q&A roster. Your first question comes from the line of George Staphos with Bank of America.

George Staphos: Thank you. Hi everyone. Good morning. Thanks for the presentation and the details, and good luck with the transaction. To be fair, I will ask two questions and I'll turn it over. I guess the first question I had is really around the new boiler project that you talked about at Svetogorsk. How much, as you're doing this project, will this impact your ongoing EBITDA and operations? And there was at that one-point discussion about potentially doing a rebuild as opposed to a new boiler. Where do you stand on that or is that now decided and you are going ahead with the new boiler? If you

went with the rebuild, how much would that cost you from EBITDA, you know, over the course of the project? And then I had a question on growth.

John Sims: Hey George, this is John. Thank you. We're excited about Sylvamo. To your question around the recovery boiler, I think one of your first questions is what the impact would have on the operations. So what we were looking at is, we're looking at both options. Both, rebuilding both of those two recovery boilers or replacing those two with one recovery boiler, and then the number that Oliver shared with you, the 220 million assumes the replacement of it. And the reason we are heading in this direction right now, although it has not been approved by the board and we're still in the engineering phase of that, is the fact that one, it doesn't impact our operations, so you know you can build the new boiler, continue to operate your mills, and then once you're ready, you just switch it over.

On the rebuild option, it would impact the operations. The capital would be less than the 220, but not significantly less. You know it could be only 40 million dollars or 50 million dollars less. However, the operational impact would be more and that would be spread over a longer period of time, but the initial estimates we have that could almost be a 100 million dollars to 120 million dollars of lost earnings, and so that's why we're right now, as I said, we're still in preliminary engineering phases and be clear with that, you know we'll have our final detailed engineering done by the end of this year, which is when we would plan to take it to our board of directors for approval. So we are leaning toward replacing it. One is also we'll get some benefits from it. So if you could imagine lower maintenance costs, more pulp production. So we will have some benefits going in that direction.

George Staphos: Okay, now that's very complete, John. Thank you. My other question for now is just on growth and really Latin America, and how the relationship with Suzano and Tres Lagos may or may not you know affect your ongoing business. So one, I guess what gives you confidence that the business will show sustained growth over time as you're projecting or as RISI is projecting? You know partly because we've seen other countries, I mean it's not that long ago that China was assuming a very large increase in newsprint consumption, built a lot of capacity, then the market really declined precipitously. So what gives you confidence in the long-term growth projections in Latin America and how if that materializes would you be impacted if at all by the relationship with Suzano? Last part of that,

there's been issues obviously in terms of water wells to your eucalyptus plantations in Brazil. How do you feel about your positioning there and having the required water to support that growth? Thank you

Jean-Michel Ribieras: Hi George, three great questions. Let me take them maybe a bit separately. When we look at the Latin American demand, first of all, we see that the GDP is the main driver. You have a lot of end uses in Latin America, especially in Brazil. And among these end uses, one which impacted a lot of demand is education, which is quite different from other types of product, and also, when the GDP grows of course you get, more business, more services, more white workers. So all of that makes us feel quite good about demand. Actually, when you look at the rebound of Latin America, despite the last COVID impact, which is thankfully clearly going down with a high level of vaccination, just the first 7 months of this year, Latin America grew back by 6.2%.

So, even the preliminary numbers before having a long period of COVID pre or post pandemic are very good. So, I am just feeling quite good. The last point I would add on demand is we don't include export demand, which we have such a low-cost position in our Brazilian asset that we can be proactive and deliver anywhere in the world. So we really have such assets that are great. Concerning our agreement with Suzano, it is a very long-term agreement and very solid agreement for both sides.

So we have zero worries on that side of the equation. This is a very good agreement. It's a win-win situation. I actually was part of the initial negotiation of that agreement. It's got a very long term into it. Suzano is happy with it, we are happy with it, that there is no reason to worry at all on that type of thing. What's the third question?

George Staphos: Just the one about the eucalyptus plantations.

Jean-Michel Ribieras: Yes, we don't have an issue, but it's a good question. It's something we are monitoring. Maybe Rodrigo, is there something you could say a bit more about because this is something you're living every day.

Rodrigo Davoli: Sure Jean-Michel. So, in fact, this year has been a very dry year for us. But so far, we haven't seen any impact to our productivity or to our eucalyptus growth. So we continue to monitor that. Our teams are looking at

opportunities to apply extra fertilizers and we're monitoring that, so we don't think there's a risk to our plantations at this point. Thank you.

Jean-Michel Ribiéras: I had a point on that, George. Water consumption is something we follow closely, and there's been a lot of studies on eucalyptus. Being more and more efficient in the use of water is part of what we do and part of our plans, so this is something we look closely. So it's not a light question. It's something we are taking seriously, and we are looking at even if right now we have no issue.

George Staphos: Thank you, Jean-Michel.

Operator: Our next question comes from the line of Mark Connelly with Stephens.

Mark Connelly: Thank you. So given your low-cost positions, do you expect to run your mills at or close to capacity or are you going to continue to throttle capacity to keep markets balanced, you know following this traditional IP approach.

Jean-Michel Ribiéras: Hi Mark, Jean-Michel speaking. I think you have to distinguish North America from the other regions. In Latin America and in Eastern Europe, as we have mentioned, we don't take LOO because we've got the opportunity of being at low cost to serve anywhere in the world. We've taken once in 60 years LOO in Latin America, which was in Q1 last year because of the full impact of the pandemic. So for 70% of our earnings, my question is we have good demand regionally. We've got great position in export and we don't expect to take any LOO.

In North America, which is maybe the reference you were using, and we talk more about, we have the lowest cost position also and we've got the best position in the market. So right now the market is very tight. The supply and demand seems good. We have a lot of confidence from our customers. By the way, about Sylvamo, we are getting a very good encouraging reception because they are very happy to have a focused and dedicated supplier of uncoated free sheets. So I can speak about what IP used to do, but I think we have the capacity to long run and to run full with our demands. So we will continue to run to orders. So whatever our customers want, which today they want a lot, and that's good for us, that's what we will do.

Mark Connelly: Okay, and just one quick follow up. Did I understand you to say that you'll be buying IP's Georgetown and Riverdale output at IP's cash cost to production?

Jean-Michel: That's correct, that's correct.

Mark Connelly: Perfect. Thank you very much.

Operator: Our next question comes from Gabe Hajde with Wells Fargo.

Gabe Hajde: Good morning guys. Thanks for all the details. One quick question and somewhat piggy-backing off of the question Mark just asked. So in terms of that supply agreement, and I appreciate might be tough to answer this on open mic, but would it be fair to say that it would be in your best interest to be running your mills full out should demand you know decline quicker than what you think or something like that and sort of the off-take agreement would be some of the variable in the fulcrum, if you will?

Jean-Michel Ribiéras: No, we don't look at it this way. Georgetown and Riverdale are important for us. We manage our system as one. So, you know, we don't have one customer to one mill. We manage it from multiple mills, optimizing the mix, optimizing the truck, the system. So we don't look at one asset differently or less than the other. We look at all the assets the same way.

Gabe Hajde: All right. Thank you.

Operator: Our next question is from George Staphos with Bank of America.

George Staphos: Well, I didn't think I'd get back in queue so quick. Hi guys. Thank you for taking the question. Can you talk about the cost reduction programs that you have across the region, though I would imagine obviously North America might get more of the focus here. I think you had said it is something around the 20% or 25% return on these projects, and then also, can you help us, you spent, John, I appreciate it, a lot of time talking about the bridge, the waterfall to LTM June. Can you talk about, for the pricing that has been reflected or recognized in the market, how much that would add additionally to your earnings bridge for the second half of 2021? Thank you.

Jean-Michel Ribiéras: I'll take the first question and I will move the bridge question to John after that. In terms of project, first of all, these projects are across the globe. There are a lot of very interesting projects in Latin America and Russia because even if we are first quartile, we still have opportunity to improve our costs. And that is now in total and there is nothing we will do that in one year. That's not the intention. But in total, we have random assessed about 100 million dollars in total of projects which have returns above 25%. So they would be accreditive cash and accreditive EBITDA for the company if and when we decide to do that.

So our first priority is that you know, we want to reinforce our balance sheet, reduce debt, go below 2.5, then we will look at opportunities to go to how we return to shareholders, but we would not forget this opportunity also to get our bottom line better with this project, but it's not mostly focused on North America. It is very global, and I would say proportionate to our earnings, roughly in terms of repartition. John?

George Staphos: Thank you.

John Sims: Yeah George, I will answer to your second question about the bridge. I'm glad you asked that. Because of the form 10, we didn't provide any guidance in terms of the second half, but as we said, we expect the second half of the year to be much stronger than the first half. One, because of running full and two because of these price increases that we announced to our customers in the first half, and we are going to be realizing some of those benefits in the third and fourth quarter.

As I said, we are able to implement, you can see that in the operating improvement in Brazil. We realized some of Brazilian price increases in the first half and also in Russia. But I will point you to two things that can help you maybe get a sense for what to expect in the second half from a pricing perspective. The first one is if you looked at International Paper's third quarter, I mean second quarter earnings presentation, they have a bridge that has second quarter versus first quarter. So it is a 29 million dollar improvement for papers -- second quarter versus first quarter. And then they did provide guidance for the third quarter, and they've mentioned that the papers business would improve by almost 30 million dollars due to price mix and volume, 25 of that being price mix and then 5 million of it

due to volume. Now, just one thing to caution you on. All those numbers that International Paper reported did have Kwidzyn in that of course you know Kwidzyn is not part of Sylvamo so that would have to be factored out, but hopefully that gives you a sense for the momentum we have in pricing in the second half of the year.

George Staphos: John, just a definition one, given the normal lag, would you more or less have everything in by the third quarter? Thank you for reminding us on the IP presentation, appreciate that, or would there be based on normal order of nature etc., is that you get some pick up in fourth quarter versus third quarter run rate? Thank you.

John Sims: Yes, we have different dynamics in all our markets, and so in Europe we will see it spread out also not only in the fourth quarter, but we have to see some benefit of that in the first quarter.

Jean-Michel Ribiéras: But to come back to your question, we have a big impact in third quarter, which we'll feel in third quarter, which would be fully in fourth quarter. So the majority of what we have announced and negotiated with customers will be an impact in third latest fourth quarter.

George Staphos: Understood. Thank you.

Operator: Our next question is from Mark Weintraub.

Mark Weintraub: Thank you. Good morning. I just wanted to make sure I understood in terms of your capital needs which you laid out somewhat on that slide 54 and you talked about 2021 and 2022, obviously it's a pretty big step-up in maintenance regulatory, and reforestation, and I think you mentioned that was getting back more to normal levels, but it was also you know higher than we saw in 2019 as well as 2020 and 2021. What should we view as your ongoing maintenance regulatory and reforestation needs as we go to 23 and 24, and then presumably, at least at this juncture we would just add Svetogorsk on top of that or is there anything else that we should be conscious of?

John Sims: Yes. So Mark, this is John. We spoke about guidance and the form 10 that I think is typical, which you should expect in terms of maintenance,

regulatory, and reforestation. We capitalized on reforestation in Brazil and plantations. It would be between 130 and 150 million dollars. And this actually is pretty typical of what you saw prior to 2019. You know we're very fortunate that International Paper maintained our facilities well. 2019 is a little bit of an anomaly. It looks like the capital was decreased. There was a reason for that. Mostly all that decrease was actually in Brazil, and one of it was we extended the cycle from the plantations from six years to seven years. That means we planted less in 2019. So we had less capital for 2019 for the plantation. There was some timing issues of regulatory maintenance, but in general, when you look at our capital, that 130 to 150, it's pretty consistent with what was done actually prior to 2019 for our facilities going forward.

Your second question on if we are foreseeing another big investment like Svetogorsk, we don't. I mean this recovery boiler is at end of cycle, when we look at our mills, and look at the different hedges, and the different investments we've done through the hedge, we don't foresee in the coming year any other major investment like Svetogorsk recovery boiler.

Mark Weintraub: Okay great, and then I guess you got the one-time spin off expenses that will presumably not run through the P&L are roughly 50 million and then I guess we got to figure out what's going to happen with the Brazilian tax situation. I recognize this is probably something difficult for you to assess, but do you know when we should have visibility on that?

John Sims: First of all, I just want to reiterate again that IP didn't take a reserve for this because we are sitting on a really strong case. Back in 2007, the Brazilian tax laws allowed you to depreciate the good will. There was an asset transfer we did when we did the Sylvamo acquisition and that allowed us to depreciate the difference in the book value over a 10-year period. So we feel like we're in good standing. Our tax authorities feel like we're in good standing. So again, I think it's a very low probability that we would have an adverse judgment. But to your point on timing, it's hard to say because of these amnesty programs that do come out routinely, like we said just one right now, and there may be some in the near future that International Paper, I want to remind you that International Paper is the deciding party since they have 60% of the liability, so they'll decide, whether we do an amnesty program or not, it's their call, and then there's the judicial process review. You know, that could take years because of the appeal process. But

I also want to share with you that we don't see this as a big issue because we know that our drive is to reduce our debt leverage that again will give us, there are some covenants, but you know at that point when we reduce our debt below 2.5 multiple and even further, we will get the flexibility to return cash to our shareholders. So we don't see this as an issue.

Mark Weintraub: Okay great, and one last one for me. As we think about that conversion of EBITDA to cash flow, is there anything else in terms of cash taxes versus book taxes or you know working capital issues or things like that, anything else that we should be conscious of that wouldn't be in, you know, normally-to-be-expected realm of analysis?

John Sims: Yes. I think there is one thing that you should be aware of. We mentioned it in the form 10 but then you know, of course, buried in the details, and it relates to the Riverdale and Georgetown take agreements. With part of that agreement, as of October 1, there will be inventories in their facilities and also in our warehouses that is related to the Georgetown and Riverdale production. So we will have to pay International Paper for the inventory. The agreement is that we will pay for the, we will begin to pay for the, I believe it is the Georgetown inventory starting in January through April, and then starting in April, we will pay for the Riverdale. All in all, we expect that to be about 30 million dollars of abnormal working capital charge if you will that's kind of buried into the note. Other than that, I think you've got it. We've got the TSA, we've got the one-time cost, which is 55 million total, but we're going to have 23 million of that in the fourth quarter.

Mark Weintraub: Okay thanks so much.

Operator: Again, if you would like to ask a question, please press star then the number one on your telephone keypad. That's star one. Your next question is a follow up from George Staphos with Bank of America.

George Staphos: Hi guys, I guess last one for me. So Rodrigo, can you talk about your wood cost, you know with the additional fertilizing and you need to do. I've heard from some of the other producers down there that they needed to go farther into the forest over time which has raised wood cost. Should we build in something to our forecast if we get to that point for lower margin and higher costs in Latin America? And then John can you just remind us, you know what frame do you have to pay down debt? You know what debt will you

not be able to pay down if you have the cash to do it in the first place? Obviously, you can generate a lot of cash, but you know what debt won't you be able to paydown? Thank you guys and good luck!

Jean-Michel Ribieras: Thank you. Maybe Rodrigo can answer but I can answer also that question on the wood side. We've got projects where we constantly improve our cost also in wood. So we're not seeing a major inflation in wood cost due to fertilizer or change on climate or things like that. So you should not expect a change in our EBITDA margin because of major wood cost change. We would keep that to be very profitable. The second question was on and the debt. Maybe John, take that one?

John Sims: Yes, I'll take that. So we can pay down all the secure debt and so we can do that immediately. We are restricted in paying down the unsecured bonds until the tax issue is resolved but the majority of the debt, we can pay down certainly the revolver. We can pay down you know.

George Staphos: Thank you very much.

Operator: That was our last question. Tom, I'll turn it back to you.

Tom Cleves: Stephanie, thank you so much. Thanks to all our speakers, to our callers. One thing before I turn it over to Jean-Michel for a wrap-up. Hans Bjorkman is a 25-year fellow IP employee. He's been running the printing papers business in Europe. He's going to serve as our Vice President, Investor Relations. He's a bit under the weather today, so that's why he's not on the call. Normally, you would follow up with him, but I will give you my phone number and email. If anybody wants to follow up while Hans is out, you get a hold of me at 901-834-9976 or at tom.cleves@sylvamo.com if you want to follow up and Hans will be back with us shortly. And with that, I'll turn it over to Jean-Michel to wrap us up.

Jean-Michel Ribiéras: So thank you and we appreciate everybody joining today's call. We started our discussion asking why is Sylvamo compelling, and I want to leave you with these summary thoughts. We are focused on creating shareholder value. First, we expect to increase free cash flow generation. Second, use free cash flow to reduce debt. Third, after reaching our initial target of 2.5

leverage ratio, we will use our free cash flow to return cash to shareholders through dividend and or share repurchases.

And finally, we expect to invest in high return and short payback projects. We are well positioned to accomplish our plan given our commercial strength, our low-cost mills in attractive regions, favorable supply demand balances, and our ability to create cross-region synergy. Thanks for joining us today, and we are very excited with Sylvamo start up.

Operator: Thank you for participating in today's Sylvamo Corporation Investor Day 2021 Call. You may now disconnect.