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Moderator: Let's go ahead and get started. We'll kick off our next panel. Thank you all for being here. A few quick intros before we get started. Fitz Middleton with Bank of America, Specialist Sales for Industrials and Basic Materials. Pleased to have Sylvamo and Rayonier Advanced Materials with us today. Thank you all for being here and supporting the conference. On behalf of B of A we appreciate it.

From Sylvamo we have Jean-Michel Ribieras, Chairman and Chief Executive Officer and John Sims, Senior VP and Chief Financial Officers. And from Rayonier Advanced Materials we have Vito Consiglio, Chief Executive Officer and Marcus Moeltner, Chief Financial Officers. Thank you guys again for being here.

So the idea of this panel was to walk through multiple ways and kind of views on how to leverage opportunities that are out there in pulp and paper today, kind of the opportunity sets that you see over the next few years. And so we'll kind of walk through that. I think that Sylvamo had some slides that they wanted to kick it off with. And then we'll open it up for a discussion; and anyone in the audience feel free to raise your hand and we'll bring a microphone to you and take any questions.

Maybe with that we'll kick it off with a few opening remarks from Jean-Michel. Over to you.

Jean-Michel: Thank you. Good afternoon. Welcome everybody, welcome for the people here in this room. Welcome for the people looking at it from the WebEx. It's a new world today and this is used more and more. So thanks for having me today.

First of all, as you know, we might have some traditional discretionary around this forward-statements. So I want to make sure everybody have attention to that. The same way we have some non-US GAAP financial measures, so please look on the slide if you have any question around that.

I would start being why is Sylvamo a compelling investment? First of all, we are focused on the free cash flow generation shown on value creation. So how do we feel we're going to generate this free cashflow? What is different? First of all, we have our commercial advantages. In the regions where we are, we either #1, either #2. We've got outstanding brands. We've got a presence with the best customers aligned for a long term. And we probably have the best in class because they are from my company, but commercial people.

On our operational advantage we have very low cost assets. Our assets in Brazil are among the lowest in the world. Our assets in Eastover in North America is the lowest in North America. And this is compiled with long-term views, things like Brazilian forestry advantage. And that clearly give us on the cost an operational good advantage in the market.

And then we have a financial strategy around robust free cashflow. Very strong balance sheet, returning cash to shareowners and invest in opportunities of highly returning projects. Use our leverage to also for the future leverage our earnings.

When you move to why uncoated free sheet, we really believe in the promise to paper for education, communication, entertainment. When you look at uncoated free sheet versus other grades, which have had a strong decline in the past, there is one major differences. Is the number of end user. We got multiple end users in uncoated free sheets. So it goes from financial institution to education to healthcare. It's not one application, it's multiple.

So this is a market worldwide which has resisted much better. Of course in 2020 like everywhere else, we had a strong decline. But it's actually rebounded very well in '21, better than anybody hoped.

And if you look at the long term, I would say the developing countries will have probably secular decline, small secular decline; and the developed countries – sorry, and the developing countries would be flat or continue to grow. With our regional presence, we're very well positioned for the long term. So this is a good market and we're there for the long term; and we believe in it for the long term.

One point I want to just now talk about it because this morning we made an announcement. We have a mill, for those of you which are familiar with this – Svetogorsk. This is the Russian boarder with Finland. We have been informed from some of our key component suppliers, especially chemical products, but also logistics and other products, that they will not supply us anymore declared force majeure.

So that means that in some grades we will have to probably curtail and maybe even shut down the mill for some time. We're looking at alternative suppliers. We've got strong contingency plan, but we wanted to give you a view of that. This is about 15% of our revenue from 2021, and about 72% of this is sold in Russia. The rest is exported, depending on the grades, in different places.

So this is a very sad situation. We of course have our thoughts with Ukrainian people. We hope that diplomacy can come up and finally resolve things. But will continue to evolve. This is a fast-evolving situation. Information I can give you today at the end of yesterday or the day before. It changes every hour. So we wanted to give you a heads up on that.

With that being said, the rest of Sylvamo, the 85% of it is doing really well. When you look at Latin America, North America or France, the dynamic we saw in 2021 is continuing -- strong demand, strong operating rates. We've got sold out everywhere we are. We very well align with our customers and our mills are running well. The tailwind we started to have in 2021, as we explain, is really continuous improvement in our earnings. And that's very good. And that's 85% of who we are, so that's the main share of the lion.

I was talking about the recovery. As you can see, net sales plus 16% '21 versus '20. Adjusted EBITDA and every quarter has been better when you normalize them. We're getting 59% improvement and operating per share 71%. So really good momentum in '21 and we have the same type of momentum in '22.

When we looked at the industry, you're looking at all the signals that turn green. We have a favorable supply and demand, a strong demand. Some capacity has been shut down or has been transformed to packaging or other grades. So that helps us to be very strong operating rates. We've had unfavorable input cost like everyone. Despite that in '21 we're able to raise twice as more than our input costs.

So good outlook and we showed our outlook for the first quarter where we plan also to have better pricing than cost. And pricing is good in all regions, so we are in good tractions and we're continuing with the announcements we've already made in the first quarter.

With that I will summarize our key objectives for 2022. We want to continue one of our key leverage strategy which is commercial excellence. We are choosing, selecting, segmenting the best segments, attractive one. We continue to grow our iconic brands and we want to win with long-term customers, long-term strategy partners.

From an operation standpoint the health of people is what counts most. So we want to make sure we're injury free and we run well and serve our customers. We continue to invest in the lowest capital mills and mills which have the lowest cost to preserve the long term and we've got very attractive potential return. And we will have and nothing has changed despite the Russian situation. As I mentioned already, our 85% top is doing very well.

We will continue to drive cashflow and increase adjusted EBITDA. We're going to continue to reduce debt and increase our flexibility. And we are putting ourselves in a position to return cash to shareowners and we'll start the discussion with our board during next board meeting.

May be mature industry, but an industry in which Sylvamo is up to a great start and we see a bright future into it. So with that, I think I'll take question and thank you very much.

Moderator: Thanks. Maybe a question for all of you, jumping off that, as we kind of think about investing in the assets and kind of cost. How do you think about sort of best positioning your company through cycle? It's a relatively mature business. How do you think about kind of across the cycle value creation opportunities? And kind of how should shareholders think about those kind of key opportunities progressing? Maybe we'll start here and go down.

Jean-Michel: I think when you are a mature industry, you've got some key pillars to be successful. I think a low-cost worldwide is essential and maintaining this low-cost position will make you win or lose. So that's one of the big advantage we have and want to continue to have.

The other one is around your presence with customers. I think my colleague just mentioned that. You want to be the supplier of choice. You really want to be the ones the customer choose whatever the cycle of the industry is, because you really – they rely on you and you rely on them; and you've got a long-term partnership, which is not just through cycles.

So when I take cost, when I take go-to-market, when I take the fundamentals of the industry, I think we can very well navigate probably better than in the past, the different cycles which are coming or could come.

John: I've got something just to add to that too. I mean we get asked a lot, you're running full, where's the upside? Where do you get the increase in terms of EBITDA? We have a simple strategy. Strategy is the focus on uncoated free sheet because have the belief in paper. Our strategy is to generate significant amount of cash, reduce our debt so that we can invest in this business through the cycle.

Because we've identified over $100 million worth of high-return investments. There's probably more of that. This business hasn't had that type of capital invested in it since 2018. There's a lot of opportunity for us to create increased high return values, not only just in our facilities, but also in terms of technology, disruptive technologies, analytics and also services for our customers.

So there's a lot of that opportunity, but that's why we want the balance sheet to be strong. So even through this cycle, we're investing in this business and we're investing in it when other companies are trying to convert out of it and invest into other areas. We think there's a lot of opportunity there.

Moderator: Great. And then, so kind of taking on both of those, if we think about consumer demand for products, low cost kind of assets winning worldwide, one of the topics that comes up as costs continue to rise, with investors, is sort of this idea of where can we find investments back in the company? And are we just going to see sort of a reinvestment cycle kind of across materials and industrial more broadly and kind of capital allocation changes?

Curious, as you kind of think about driving returns on invested capital higher and maintaining them kind of above your cost to capital, are there key levers or kind of pillars inside the company that you focus on the most, or that you want the investor base to kind of think of you when they're thinking about return on invested capital and kind of investments that you have over the next few years? Anything additional?

John: I think that's very similar to us. And so there's a lot of opportunities we have and we've talked about it in terms of investing in cost reduction capital that reduce consumption and reduce usage. But also in use of technology. And that's using data analytics and that type of technology to make sure that you're really running and operating most efficiently. These are areas that are big opportunities for us.

Jean-Michel: Sometimes people think what kind of criteria are you using to find this on great returns. We're not looking at cost of capital. We're looking at projects with 30% IRR, 40% IRR. So they are great returns, not small. They can be game-changer in lower cost.

Moderator: Anyone in the crowd before I…

Q: Hi, I guess one for each of the companies. And I guess the more just typical credit questions than any technological capex question. I just want to make sure I understood the Russian deal from the Sylvamo side. It's not a JV, correct? It's more…

Jean-Michel: No, it's 100% -- International Paper is a JV, which is in ILIM. Sylvamo has 1 mill which is 100% Sylvamo. Which is the Svetogorsk Mill I'm talking about. Of course, in the past when IP so you had both. But this has been split, so we're talking about 100% owning.

Q: Okay, 100% owned by Sylvamo, your mill and it's 15% of revenue.

Jean-Michel: Yes, correct.

Q: And the issue was supplies coming from outside of Russia, those suppliers [yes] stopped…

Jean-Michel: Absolutely.

Q: …to comply.

Jean-Michel: That's the issue we have and logistic which is very difficult also.

John: So not due to sanctions, but due to…

Q: Exactly, a lot of stuff that has happened _____...

Jean-Michel: Happening every day.

Q: For Sylvamo, so with your Russian mill, obviously there's like geopolitical stuff. I guess has there been anything from Western governments about operating in a country? And I guess how does it work having – being a Western-based company and having cashflow that comes from Russia? I mean I guess do you see that as being some kind of impediment if geopolitical were to get worse?

Jean-Michel: Two things and I'll start on the geopolitical and let John talk about the dividend of the cash side. We have no geopolitical constraint for the moment or pressure. Of course, we have an opinion of what's going on and we are very supportive, as I mentioned, Ukrainian.

We also have 25 years history in Svetogorsk. I'm focused on what is our people. It's a town which we've had fantastic relations for 25 years. That's not the Russian government. We care about the people. We have 1700 employees roughly. So so far the geopolitical has not impacted us. It could. Things evolve every day. But from no side we've had an impact so far.

John: And from the capital question, in terms of returning cash, it's yet to be seen how this is going to work out, potential that Russia restricts cash coming out. I'm not aware that they have, but that could be a potential. But I do want to say that 15% of our revenue comes from Russia. We have, as Jean-Michel said earlier in his presentation, we have strong momentum in North America, Latin America and our Saillat Mill in France.

I can say with confidence that the cash that's going to be generated in those facilities, or those businesses, more than supplies what we said when we talked about the fourth quarter and the capital need that we're going to have in cash needs in 2022 in terms of the increased capital spending we're going to do; the payments we have to make to IP for TSA, one-time costs; the inventory that we have to pay for IP for the Georgetown and Riverdale Mill; and continuing to invest in the company; and also deleveraging, reducing debt. We feel confident 100% that we'll still be able to achieve every one of those objectives.

Q: And just a quick follow-up, how does that typically work when you have an asset in Russia? I mean do you use Russian banks? Do you use Western banks in Russia? I guess how does that typically work for a business that has Russian operations?

John: Well, we use a European bank and have and we'll continue to use it. It's not sanctioned. We do – and this is typical before the Ukrainian situation – but we would export about 28% of our business and that's sold in hard currency euros and US dollars. We wouldn't convert those. We would take the euros and pay the European suppliers for the chemicals. The US dollars we would send back to the US. And that's typical and now this is not a typical time now. But that's how it typically works.

Q: Can we assume as investors since there's no change to your capital spending plans, losing 15% of your revenues – I don't know if you've disclosed this at all – but is this mill a lot less profitable than other mills?

Jean-Michel: This is a good profitable mill. What happens when we look at our needs in cash it's going to be a long story short. Russia Svetogorsk Mill needs to invest in the new recovery boiler, so we had announced a plan of potentially invest $250 million. So we were not counting on much of the cash from Russia for the coming short-term period, because it was going to be mostly reinvesting.

Q: Got it.

Jean-Michel: So actually, change a little bit of balance, but not by much.

Q: Thank you.

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Moderator: Anyone else? Okay. The red light's flashing at me. But maybe before I let you guys go, you spared my next two questions. But I just want to make sure that we give you the opportunity to kind of close out with any key messages that you want investors to hear from you today. And then we'll let you go. Maybe I'll start with Vito and then we can work out way around.

Jean-Michel: I would say Sylvamo is off to a great start. We were, of course, we've got a bump in the road and we have to take it. But we are a lot of the higher potential than what we are. We're investor of choice. We are customer of choice. And company will attract people and we would get that. We're off to a great start in 2022. The market is helping us a lot. So I'm quite positive in our investment case for the long term.

Moderator: Great. Thank you and on behalf of B of A, thank you Rayonier and Sylvamo for both being here. We appreciate your time and support of the conference.

Thank yous.

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