Sylvamo

Moderator: Bjorkman, Hans

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OPERATOR: This is Conference # 7459224

Operator: Good morning and thank you for standing by. Welcome to today's Sylvamo's Fourth Quarter 2021 Investor Earnings Day Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be an opportunity to ask questions. To ask a question, press *1 on your telephone keypad. To withdraw your question, press the pound key.

I'd now like to turn today's conference over to Hans Bjorkman, Vice President, Investor Relations. Please go ahead, Sir.

Hans Bjorkman: Thanks, Angie. Good morning and thank you for joining our call today. Our speakers this morning are Jean-Michel Ribiéras, Chairman and Chief Executive Officer, and John Sims, Senior Vice President and Chief Financial Officer.

Slides two and three contain important information, including certain legal disclaimers. For example, during this call, we will make forward-looking statements that are subject to risks and uncertainties. We will also present certain non-U.S. GAAP financial information. Reconciliations of those figures to U.S. GAAP financial measures are available in the appendix. Our

website also contains copies of the fourth quarter 2021 earnings press release as well as today's presentation.

With that, I will now turn the call over to Jean-Michel.

Jean-Michel Ribiéras: Thanks, Hans. Good morning and thank you for joining our call. I'm on slide four, which demonstrates significant improvement in our full-year sales and earnings. 2021 net sales increased 16% to $3.5 billion and adjusted EBITDA improved by nearly 60% to $594 million. This represents a margin of 17% or 460 basis points higher than our 2020 adjusted EBITDA margin. Our adjusted earnings per share has improved by over 70% to $6.94. We remain committed to generating cash and have positive momentum heading into 2022.

Let's turn to slide five to review our fourth quarter performance. We are executing our three-pronged strategy of commercial excellence, operational excellence, and financial discipline, which resulted in a 17.5% adjusted EBITDA margin in the fourth quarter. Global demand for uncoated freesheet continued to strengthen as schools and offices gradually reopen. Our volumes remained strong, and we run at full capacity in all three regions.

We also continued to realize the benefit of prior price increases, allowing price and mix to offset increasing input costs. I'm extremely proud of how our teams navigated through input costs, and transportation challenges, and worked to take care of our customers. We operated well in a challenging supply chain environment and executed two large and comprehensive maintenance outages, at our Saillat and Eastover mills safely and efficiently. Implementing this strategy generated free cash flow of $162 million, enabling us to pay down $124 million in debt and to increase our cash position by $48 million to $180 million. All-in-all a strong performance by our team.

Slide six highlights our performance in the fourth quarter, our first standalone quarter. Fourth quarter net sales increased 7% sequentially to $972 million. We generated an adjusted EBITDA of $170 million and a 17.5% margin during the heaviest maintenance outage quarter of the year. However, if we had normalized maintenance outage expenses, our adjusted EBITDA margin would have been 19.2% for the quarter. We also generated adjusted operating earnings of $1.71 per share.

Let's turn to slide seven to discuss our commercial excellence efforts. Our commercial excellence strategy is designed to help our customers succeed. We want to be recognized by our customers as the supplier they value the most. Here are a few recent examples where we are winning incremental business, which is improving our mix and profitability. In Latin America, we are leveraging innovation to increase our position in other end use segments, such as thermal paper used for receipts. This is a profitable and strategic segment with growth potential. In North America, we are creating value for our customers with Sylvamo Shop, which allows 24/7 access to critical information to help them run their businesses better, and allows them to interface via computers, tablets and mobile phones. In Europe, we are leveraging our global footprint to expand sales of premium products in strategic channels, which provides better product mix for our customers while optimizing our global trade flows.

Global uncoated freesheet demand continues to recover from the initial impact of the COVID pandemic, allowing us to improve our mix as our commercial teams maximize opportunities across geographies, segments and channels.

Let's turn to slide eight to look at the 2021 growth by region. Year-over-year global uncoated freesheet industry demand increased by 3% in 2021. And especially in our regions, demand was up, nearly 6% in Europe, more than 13% in Latin America, more than 4% in North America. We still see potential for incremental copy paper demand recovery, which was only up 1.3% globally, since many office workers in North America and Europe have still not returned to their offices. And in Latin America, we understand that students will be going back to school this year.

In 2021, we outperformed industry growth rates in our regions by 530 basis points. Our 2021 uncoated freesheet shipments were up 12% versus 2020.

I'll now turn the call over to John, who will discuss our fourth quarter performance in more detail.

John Sims: Thank you, Jean-Michel. I'm on slide nine. We generated $170 million in adjusted EBITDA in the fourth quarter well ahead of our outlook of $140 to $150 million. We improved price and mix by $41 million, which was greater than our outlook because prices rose faster and at a greater rate in North America than what we had projected. Volume improved by $14 million due to strong seasonal demand in Latin America. In all regions, we had more orders than we could ship.

Operations and costs were solid and improved by $2 million. This does include a favorable $10 million LIFO adjustment in North America, as well as a favorable $7 million in overhead benefits and environmental credits in Europe, which we had not included in our outlook. As Jean-Michel mentioned we successfully conducted two significant planned maintenance outages in Europe and in North America and spent $24 million more on outages than we did in the third quarter.

Input and transportation costs increased by $39 million, with rising costs for fiber, energy, chemicals and transportation across all regions. Our solid strong performance in this quarter is a reflection of our talented and engaged regional teams, who worked hard to meet customer needs and managed through significant global supply chain and pandemic challenges.

Let's take a look at our regional results in slide 10. Each of our regions performed well in the quarter demonstrating the strength of our low-cost positions and our iconic brands. Nearly two-thirds of our earnings were outside of North America. Europe earned $27 million with a 9% EBITDA margin, Latin America earned $81 million with a 35% margin and North America earned $62 million with a 13% margin. We conducted an extensive 10-year maintenance outage at our Saillat mill and a cold mill outage in Eastover, which is reflected in our European and North American EBITDA margins.

If we had normalized the maintenance outages expenses over a year, Europe’s EBITDA margin would have been 12% and North America’s would have been 15%. Our strong earnings and margins reflect the realization of price increases. Volume improved in Europe and Latin America and remained strong in North America. Our commercial teams focused on strengthening

our customer value propositions and their successful efforts are reflected in these results. The appendix contains additional details on our regional performances.

Let's turn to slide 11 to discuss uncoated freesheet industry conditions around the world. Global uncoated freesheet industry conditions continued to improve in the fourth quarter as they did throughout 2021 and remain quite favorable as we enter 2022. Uncoated freesheet demand continues to improve in all three regions, while industry supply is shrinking in Europe and North America as competitors have shut down machines and converted capacity. Input and transportation costs remain elevated, and we expect costs for fiber, chemicals and transportation to continue to increase. However, our selling prices increased in the fourth quarter and will continue to increase in the first quarter as realized prior price increases throughout the quarter.

Let's move to slide 12 and review our first quarter outlook. In the first quarter, we expect to deliver an adjusted EBITDA of $180 to $190 million and adjusted operating earnings per share of $1.70 to $1.90. We project price and mix to improve by $35 to $40 million as we continue to realize price increases already communicated to our customers in all regions.

We expect volume to decrease by $13 to $18 million, reflecting seasonally weaker volume in Latin America and Eastern Europe. Typically, the fourth quarter is our seasonally strongest quarter and the first is our seasonally weakest for shipments.

We expect operations and cost to improve by $18 million to $20 million. Fourth quarter results included $7 million in favorable adjustments in Europe and a $10 million favorable LIFO adjustment in North America that won't repeat in the first quarter. We expect input and transportation costs to increase by $18 to $23 million, which is about half the improvement in price and mix. These increases will be driven by higher costs for fiber, chemicals, and transportation. And we project maintenance outage expense to decrease by $31 million as we conduct fewer outages this quarter.

Let's turn to slide 13 for some additional 2022 guidance. So, we have revised some of our 2022 selected financial guidance. We increased the outlook for

capital spending by $18 million to fund high return and short payback cost reduction projects. For example, we will fund a woodyard productivity project in Brazil that will cost less than $3 million, but provide an expected internal rate of return of nearly 50%. We will also fund a project at our Eastover mill to upgrade the stock pump that will cost a little more than a million and offer an expected IRR of nearly 40%. We have many other high return projects to further improve our low-cost assets and we'll look to fund these in the future.

We have also given guidance on a projected income tax rate. U.S. tax regulations changed in January, and we may no longer be able to claim the foreign tax credits for Brazilian earnings. We expect this change to increase our 2022 tax rate to 32% to 34%.

I would also like to update you on the Svetogorsk project. In December our Board of Directors approved $15 million in capital spending for engineering work for the proposed new recovery boiler, which will replace the two recovery boilers that are approaching end of life at our Svetogorsk mill. We expect that this new recovery boiler to reduce costs and improve reliability and increase production at this very low-cost Russian mill.

Let's turn to slide 14 to discuss free cash flow. We remain focused on generating cash. We generated strong free cash flow in the fourth quarter, $162 million, and we expect to drive strong cash flow in 2022. We intend to use cash generated from earnings, including some of the $180 million cash on hand at the beginning of the year to fund $178 million of capital spending, the $77 million one-time Georgetown and Riverdale inventory payments to International Paper and $72 million of one-time transition costs. We also intend to continue debt reduction. We're doing all this, to position the company to begin returning cash to shareowners later this year.

I will conclude my comments on slide 15 with a review of our current debt structure. We launched Sylvamo with just over $1.5 billion in gross debt. We ended the third quarter at 2.8 times gross debt to adjusted EBITDA. And we ended the fourth quarter at 2.4 times gross debt to adjusted EBITDA. As we mentioned earlier, we paid down debt by $124 million in the quarter, in the fourth quarter, and we increased our cash position by $48 million. We also

swapped $400 million of the floating rate debt for fixed rate. As you can see from the table, we don't have any significant debt maturities until 2027.

So, with that, I'll turn it back over to you, Jean-Michel.

Jean-Michel Ribiéras: Thanks, John. I'm on slide 16. We are pleased with our performance in our first quarter as a standalone company. We are taking advantage of opportunities to enhance value for employees, customers, and shareowners. Our major opportunity is capital allocation. We are now able to use the cash we generate to reinvest in our assets and return cash to shareowners. Focus is another opportunity. We are now able to serve the best interest of our customers globally and concentrate on being the supplier that customers value the most. We're also working to simplify our strategy and tactics and we will create long term value through our talented teams, the world's most iconic paper brands, and low cost mills in attractive locations.

Most importantly, we are building the Sylvamo culture, one that is more agile, faster to act and with a more entrepreneurial spirit across our teams. As we have just become an independent company, our strategy will continue to further evolve with a commitment to increase value for all of our stakeholders.

I'll wrap up our prepared remarks on slide 17. We are well positioned for continued success. Our commercial and operational excellence strategies and tactics will enable us to generate strong earnings and significant free cash flow. We will execute our plans and will increase capital spending to strengthen our low-cost positions. We will continue to strengthen our balance sheet and prepare to begin returning cash to shareholders. In the near future, we plan to initiate discussions with our Board of Directors.

I could not be prouder of our employees' performance throughout 2021. We appreciate their commitment to working safely and taking care of customers. We are passionate about our employees, our customers and our shareowners. Sylvamo is off to a great start. We're committed to uncoated freesheet and are confident in our ability to drive strong results in 2022.

With that, I will turn the call back to Hans.

Hans Bjorkman: Thanks, Jean-Michel, and thank you, John. Okay, Angie, with that, we're ready to take the questions.

Operator: To ask as a question, please press *1 on your telephone keypad. Again, that's *1 to ask an audio question. Your first question comes from the line of George Staphos with Bank of America. Please state your question.

George Staphos: Hi, everyone. Good morning. Thanks for all the details. Congratulations on finishing the year. Guys, I'll start with three quick questions, and I'll turn it over.

First of all, relative to where you were and what you were thinking about in terms of your markets and end markets, at the analyst day, what is the outlook for '22? And I guess more importantly, the post-COVID World, whatever that's going to look like. How does that compare more positively or more negatively in terms of consumption, end markets and the like? A related questions Jean-Michel, I thought you said something about in Europe, you're finding opportunity to leverage the supply chain or your access to the global supply chain. Can you comment a bit more? I heard that correct and what you meant. And then lastly on guidance, can you remind us what is embedded in your guidance as far as price increases? And are there any price increases that you've announced that would not be in guidance as of yet. Thank you.

Jean-Michel Ribiéras: Good morning, George, and thank you for joining. I will start with the two first questions and John will take the third one. In terms of demand, both things, you've seen that 2021 was better than our forecast initially. I mean, I remind the number, Eastern Europe was 6.8% growth; North America was 4.2% growth; Western Europe was 5.5%; and Europe was 5.9% in total. So clearly, we had even more momentum in 2021 than we expected. This despite the fact that there was not in '21, return to school, or return to the office. It was very slow, which explains why the cut size global demand was only 1.3%.

So, I'll say I'm quite bullish for 2022. And if you ask me, compared to our original forecast, we clearly see some upside. I think the market is going to continue to grow, both in the graphics sector, where worldwide the demand

is very strong. And on the cut size rebound, which we're starting to see the effects despite the pandemic. So, I'm quite positive and you're asking me if it was more than original? Yes, it's more than original, both in '21, as we already have the number, and for sure, in '22.

George Staphos: Yeah, Jean-Michel, I don't want to be a hog here in terms of Q&A, but just the statistics, yes, we've seen them. I guess the question is really, why? What do you think, if you're more positive, and we're seeing more positive statistics, why is it happening? And then what are you doing in your collaborative supply chain and the pricing question in terms of guidance? Thank you.

Jean-Michel Ribiéras: So, the why is, I think they have more and more demand in uncoated freesheet. One of the things which has surprised us is, for example, the direct marketing, the old commercial aspect, which impacts offset. These demand, you -- I don't have the latest number, but I remember Q3 number on direct mailing, direct mailing from the USPS numbers, for example, in North America was up more than 40%. So, you have an activity on the economy, even with a pandemic or post-pandemic, which is very favorable to the use of our product.

And then I think the back-to-school, back-to-the-office is another one which is going to be very positive for us. So, there are also some specific things like coated freesheet shifting to uncoated freesheet. We've seen that in quite a few of our customers. So, I think the fact uncoated freesheet is sustainable, is affordable, functional, equates to long-term demand, and short-term we're seeing it. The coated freesheet is non-negligible. A lot of work, which used to be on coated freesheet has switched to uncoated freesheet, and has created incremental demand we had not planned.

So that's few examples. But I think there are multiple examples. On the global view of supply chain, there are different options, which we have. First of all, if you look today, all regions combined, Sylvamo exports to what I will call non-strategic regions, about 8% to 10% of what we produce. We have got an opportunity to Europe from Russia, for example, to make sure we align with the strategic long-term customers. And thanks to the demand, thanks to the partnership, and work of our commercial team, we are now concentrating our

commercial efforts towards having these global customers served from multiple regions, and optimize both for them and for us, what we do as export.

So, the supply chain, for example, Russia to Europe, or Latin America to Europe is just an example, is quite optimized and helping our global customers to be better served. These opportunities, from one region mix to another regional mix with sometimes a $50 to $80 difference, quite significant. So, this 10% optimization we can see at bottom line, is clearly very important. So maybe that answers your second question.

I will turn it to John for the guidance on your question on pricing and what is included or not in 2022.

John Sims: Yes, thanks Jean-Michel. So, to answer your question, if you recall, in the third quarter review, we said that there were price increases that we had announced to our customers in the fourth quarter that we're going to be realized in the middle of the fourth quarter and carry over to first quarter. So those are certainly into our outlook, but we've also announced price increases to our customers in all our regions, Europe, Latin America and in North America in the first quarter and some of that realization will occur in the first quarter, but most of it will start to really start to realize in the second quarter, but there is a little bit of that. That is in the outlook for this quarter.

George Staphos: Thank you very much.

Operator: If you would like to ask a question, please press *1 on your telephone keypad.

Hans Bjorkman: Hey, George. This is Hans. If you've got any further follow up questions, feel free to go ahead and ask.

Operator: George, your line is open.

George Staphos: Oh, hi, guys, okay. Thanks for that. I guess my other two questions and again, don't want to be a hog here. What effect related to your earlier comments, Jean-Michel, on supply chain in Europe, are the Finnish strikes having on you, both your customers and your opportunities in the market? And in the

quarter, Europe trailed sequentially on input costs relative pricing that was put into place. Do you expect that will be the case in the first quarter?

Jean-Michel Ribiéras: So, I'll start with the Finnish. The Finnish strike is a major impact, especially on pulp. It's not a big impact on uncoated freesheet, it's very light. So, it's not really impacting our demand as of now. We can't say we've got incremental demand because of it. It's very small. It's mostly a big pulp impact. In terms of your second question, which was mostly-- I'm sorry, I lost it.

George Staphos: So, inflation in Europe --

Jean-Michel Ribiéras: Oh, yes. You --

George Staphos: You're ahead of pricing sequentially will that be the gap in 1Q.

Jean-Michel Ribiéras: So we, in 1Q the biggest issue we have is energy costs in Europe, especially the gas price in France. And there was a peak in December. So, the peak, usually you see it in our cost one month after, so that impact January. But then we have more, I will say, back to average, high numbers in February and March. And we have some significant price increase, which have been announced to our customers. So, we expect Q1 price and mix to be better than our input cost. Even if the input costs are high, we have good momentum on our price increase from, which we've already announced, so the net will be positive for us.

George Staphos: Jean-Michel, one last one on the Finnish strikes and I will let you go. So certainly, that's constraining pulp supply, it's constraining, raising, I guess, relative what would happen, all else equal pulp pricing, I recognize you don't sell a lot of market pulp. But potentially some of your competitors are not as integrated as you. So can you talk, if at all about, how that could affect you and your competitive positioning on free sheet in Europe? Thanks. And I'll turn it over.

Jean-Michel Ribiéras: Yeah, I think, specific to Europe, there are two factors, which are very important in our competitiveness. There is a very high cost of gas. We use

gas, but we're 80% self-sufficient in terms of energy in our mills, so we don't use only gas, we are a lot of biomass. That gives us a big advantage versus a lot of European competitors. And pulp price, as you mentioned, we sell some pulp price, but I think the fact that we are integrated it is a major advantage. So, if you look our cost curve, which is usually good and where we are first second quartile, we are definitely even more advantaged right now with high gas price and high pulp price. So, it's helping us leverage our low-cost mills.

John Sims: And George, this is John. Just the other thing to consider, two-thirds of our capacity is in Russia where the gas prices isn't really impacted.

George Staphos: Thanks. Good point. Thank you, John. I'll turn it over.

Hans Bjorkman: Angie, do we have any more questions in the queue?

Operator: Your next question comes from the line of Jonathan Luft with Eagle Capital. Please state your question.

Jonathan Luft: Hey guys, it's Jonathan Luft. Great quarter. I would love to just hear a little bit more perhaps about what you are seeing on the competitive environment. I know obviously, in Canada, there was one plant that was shut down. But if you could just expand regionally, what you're seeing in Europe, what you're seeing in Latin America and also in North America competitive, that'd be great. Thank you.

Jean-Michel Ribiéras: So, let me take it region to region. In Europe, as you know, there's been some both integrated and non-integrated capacity, which have shut down in '21, which would see the full effect in '22. So, we're seeing less supply in uncoated freesheet on a significant basis. I would say, in Latin America, it's mostly stable. There's been one announcement of a small machine going down. So, it might impact a little bit of supply, but not huge. And North America net-net, with one, as you know, restart from one of our competitors, it's still down in terms of capacity.

So, when we look at the supply demand right now and it's favorable and when we look at the demand specifically that Sylvamo gets from our customers, it's very strong right now. But you have the import side, which has you know -- is very low right now, because the freight cost is making it almost prohibitive from Asia for example, to go either to Latin America or to North America. So, we're in a very favorable position all over around the world right now.

Jonathan Luft: That's terrific. And so, given the favorable environment, are you able to perhaps sign a longer-term contract or sign more strategic deals? How do you see that playing out for Sylvamo?

Jean-Michel Ribiéras: So, we've always been on long-term contracts with our customers, sometimes they're not formal contracts, but they work like formal contracts. Most of our customers have 10 years plus experience with us. We have the opportunity to reinforce our position to the strategic customers, which are aligned with our long-term strategy views. So, it is very positive for Sylvamo. I feel very good about it. We're up to a great start. And I think another thing is, our customers recognize we're here for the long-term. We're going to be their strategic partner, and that we are committed to uncoated freesheet. And I think that's creating a very positive dynamic also.

Jonathan Luft: Terrific. Thank you so much.

Operator: Your next question comes from the line of Paul Quinn with RBC Capital Markets.

Paul Quinn: Yeah, thanks very much. Good morning, guys.

Jean-Michel Ribiéras: Good morning, Paul.

John Sims: Good morning, Paul

Paul Quinn: Hey guys. Strong quarter even including the one-offs but sorry to get on the line late, but busy morning here for me. But just if you could give me a

summary of where we're sitting on price increases in '22 by region that would be most helpful.

John Sims: So, Paul, I'll take that. Where we are right now, as I mentioned earlier on the call is that we have price increases that we announced to our customers in the fourth quarter and that was in North America, Russia and also prices that we had announced even back in the third and second quarter in Russia that we were realizing and starting to fully realize in the fourth quarter, but we're really going to see that in the first quarter. And that's really what's really driving our outlook in terms of this sequential quarter improvement. But, we've also announced additional price increases to our customers and we're in the process of implementing those. And that's in all regions. So, Europe, Russia, Brazil, or Latin America rather and also in North America.

Paul Quinn: Okay, and those recent price increase announcements were all in '22 this year.

John Sims: Yeah.

Paul Quinn: And that typical lag between price increase and implementation, is that like a six-month lag?

John Sims: Well, it varies -- we could see six months in Europe, for example, on some of the contracts and stuff like that. We have to see; it'll be anywhere from 30 to 90 days generally depending upon the region.

Paul Quinn: All right. And just lastly, is there any material change in the supply demand relationship in any of your key markets?

Jean-Michel Ribiéras: I would say not material. With some of the closures of 2021, we will feel the biggest impact in 2022. So that's maybe the changes that you will see. There's been some discussions from some of our competitors on potential closing our incremental or potential change in from uncoated freesheet to other grades, but nothing very recent announcement.

John Sims: Well, Jean, there was the restart of the one machine --

Jean-Michel Ribiéras: Yeah.

John Sims: --in North America, which was, it was well aware of it. Also, there was a shutdown, announced shutdown in North America. That almost balanced each other out.

Paul Quinn: Right, okay. And maybe a bonus question, just because I got you, I guess paying debt down is kind of the key, the key for you this year? Where do you expect to get on that? You know, by the end of the year?

John Sims: Well, as we are -- our outlook is to generate significant cash flows. We will certainly see the opportunity to pay down debt. But also, as we mentioned, we think we're going to be well positioned to begin talking to the board about returning cash to shareowners this year.

Paul Quinn: Okay. Thanks, guys.

Jean-Michel Ribiéras: Thank you.

Operator: Your next question comes from the line of Douglas Duffy with DC Capital. Please state your question.

Douglas Duffy: Oh, good morning. Thank you. Terrific results and nice presentation. Could you provide some context in having a major facility in Russia these days, from a commercial standpoint? And there's been, certainly a lot of talks about stringent sanctions and things change at the Ukrainian border and how you think about that? What major customer base in Europe?

Jean-Michel Ribiéras: Hi, Douglas. Thanks for joining today. Yeah, of course let me, our Russian asset is very important. And to be clear, we have been there very long-time. We've been there more than 20 years and we've gone through different crisis with different sanctions and so we have a very strong contingency plan in place, where we're looking at all the cases and including the worst case scenario. I want to first start by saying, we hope diplomacy will win. We care

about our people in Russia a lot as well we care about our sales office and our Ukrainian friends.

So, we are prepared with a very strong contingency plan, which we update almost on daily basis right now. It's difficult to know what could happen as you know, the -- we're on the side of low risk of a major invasion, then. We don't know, we're not experts on that. But we've been able to manage in the past, challenging sometimes country's relations, and we feel we it would be manageable for us. We've got good contingency plans in place.

Douglas Duffy: Thank you very much.

Jean-Michel Ribiéras: Thank you.

Operator: You have a follow up question from the line of George Staphos with Bank of America.

George Staphos: Hey, guys, thanks for taking follow ons, I know it's late. I'll try to be quick. So first of all, if costs were up $193 million in '21. John, if you did kind of the pencil on paper, what is the current annualized run rate on inflation for 22? Coming out of 4Q or whatever run rate you want to use in terms of input cost inflation for each of your key products or key inputs, I should say. Secondly, ticky-tack question we can take this offline. EBITDA declined sequentially, about $7 million from 3Q if I did my math right, but the operating profit was more 14 million, what causes that difference? And then recognizing you're going to talk to the Board about this, a lot of water flow under the bridge. Can you give us a bit of an understanding in terms of what type of value return either sizes it or, application types you're thinking about at this juncture? Thanks, and good luck in the quarter.

John Sims: George, thank you and to your first questions about what we're seeing in terms of input costs, certainly -- still starting to continue to see some increases in costs and particularly in chemicals, we also have some wood costs and wood, but it is slowing. We're seeing a rate of increases starting to slow in this quarter, so as you mentioned, we had $193 million of increased costs in last year, and year-over-year average, we're going to still be higher than the last

year, but the rate that you're going to see in terms of the increase is going to be, I would say significantly less than the 193 that we saw last year.

On your question on the earnings per share drop, that was really, you got to remember that third quarter was based on the carve out financials of IP, we're still with IP. So, the big difference in that really is taxes and interest that we incurred. And I may not remember the third question, what was the third question?

George Staphos: Yeah, actually was about EBITDA versus EBIT. If you don't have the answer on that one, we can take it offline. And the other question was just at this juncture, recognizing it's really, really early, what do you think about in terms of either dimensionalizing value return or how you would how you would deliver it to shareholders? And that was it. Thanks, guys. Good luck in the quarter.

Jean-Michel Ribiéras: Yeah, we are looking at different options of returning cash to shareowners. Of course, we're going to continue, as we mentioned, to reduce debt, and we're going to talk to our board, and we are going to recommend with them the different options we have being dividends or share buybacks. These would probably be the two major tools we would look like in terms of returning cash to shareholders.

John Sims: And George we'll follow up with you on the EBIT, EBITDA question.

George Staphos: Perfect, thank you.

Operator: At this time, there are no further questions. I would like to turn the conference back to Hans Bjorkman for any additional or closing remarks.

Hans Bjorkman: We just want to thank everyone for joining us today. And we truly appreciate your interest in Sylvamo and we look forward to our continued conversation. Have a great day and a great rest of your weekend. Bye-bye.

Operator: Thank you for participating in today's Sylvamo fourth quarter 2021 earnings investor conference call. You may now disconnect your lines at this time.