

International Paper (IP)

\$39.48 (Stock Price as of 11/28/2025)

Price Target (6-12 Months): **\$33.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 11/10/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM: D

Value: C

Growth: C

Momentum: F

Summary

International Paper top-line results have been impacted by weak demand due to inflationary pressure and shifting consumer priorities. The contraction in industrial production, geopolitical tensions and tariff uncertainties have also weighed on demand. Anticipating these challenges to continue, the company lowered its sales target to \$24 billion for 2025, from the prior \$24.5 billion. Adjusted EBITDA is now envisioned at \$3 billion for 2025, lower than the previous \$3.1-\$3.6 billion. Lower volumes, higher interest expense and maintenance outages are expected to hurt results. With market softness expected to extend into 2026, International Paper also cut its 2027 sales goal to \$24.5 billion from the prior \$26-\$28 billion. Reflecting these headwinds, earnings estimates for both the current and next year have undergone negative revisions lately.

Data Overview

52 Week High-Low	\$60.15 - \$35.56
20 Day Average Volume (sh)	4,882,812
Market Cap	\$20.8 B
YTD Price Change	-26.6%
Beta	1.09
Dividend / Div Yld	\$1.85 / 4.7%
Industry	Paper and Related Products
Zacks Industry Rank	Bottom 6% (227 out of 243)

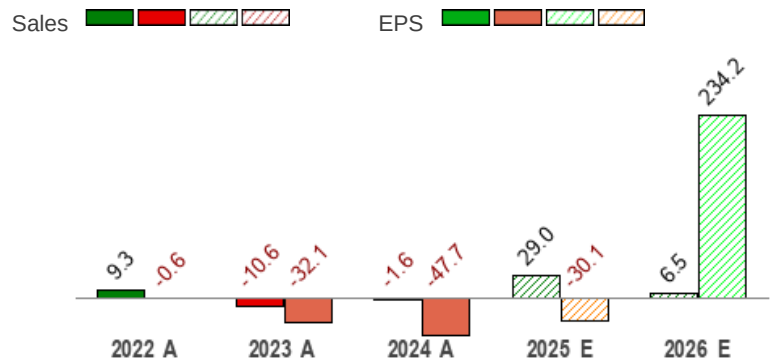
Last EPS Surprise	-181.1%
Last Sales Surprise	-9.7%
EPS F1 Est- 4 week change	-54.1%
Expected Report Date	01/29/2026
Earnings ESP	0.0%

P/E TTM	NA
P/E F1	50.0
PEG F1	1.0
P/S TTM	0.9

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	6,316 E	6,606 E	6,549 E		25,576 E
2025	5,901 A	6,767 A	6,222 A	6,361 E	24,015 E
2024	4,619 A	4,734 A	4,686 A	4,580 A	18,619 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	0.51 E	0.67 E	0.78 E		2.64 E
2025	0.23 A	0.20 A	-0.43 A	0.42 E	0.79 E
2024	0.17 A	0.55 A	0.44 A	-0.02 A	1.13 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 11/28/2025.

(2) The report's text and the price target are as of 11/13/2025.

Overview

Headquartered in Memphis, TN, International Paper Company is a global producer of renewable fiber-based products. It produces corrugated packaging products that protect and promote goods, which aid in worldwide commerce. It also provides pulp for diapers, tissue and other personal care products that promote health and wellness.

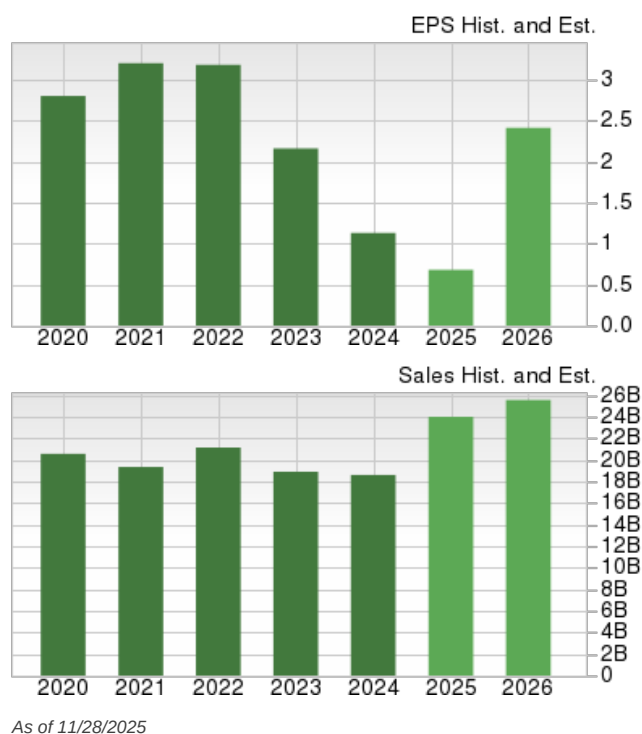
The company employs approximately 65,000 people and is strategically located in more than 30 countries. International Paper is the 332nd largest company in the S&P 500 Index with a market capitalization of around \$24.9 billion.

On Jan. 31, 2025, International Paper completed the previously announced acquisition of DS Smith, forming a global leader in sustainable packaging solutions with a focus on the North America and EMEA markets. As a result, the company will now operate its financial results in three segments — Packaging Solutions North America, Packaging Solutions EMEA and Global Cellulose Fibers.

The Packaging Solutions EMEA segment includes the company's legacy EMEA Industrial Packaging business and the newly acquired EMEA DS Smith business. Amounts related to the company's legacy EMEA Industrial Packaging business have been recast out of the Industrial Packaging segment into the new Packaging Solutions EMEA segment for all prior periods. The newly acquired North America DS Smith business has been included in the Packaging Solutions North America segment. Amounts related to the company's legacy North America Industrial Packaging business have been reported in the Packaging Solutions North America segment for all prior periods.

Packaging Solutions North America and Packaging Solutions EMEA are primarily focused on producing fiber-based packaging. It produces linerboard, medium, whitetop, recycled linerboard, recycled medium and saturating kraft. A major part of the production is converted into corrugated packaging and other packaging.

Global Cellulose Fibers primarily focuses on producing cellulose fibers, which are a renewable raw material used in a variety of products people depend on every day such as diapers, towel and tissue products, feminine care, incontinence and other personal care products. The company recently inked a deal to sell the business.



Reasons To Sell:

- ▼ International Paper's financial metrics highlight a deteriorating trend, which is concerning. Over 2021-2024 revenues have declined at a CAGR of 1.3%. The company witnessed weak demand in key end markets, including packaging and pulp and Europe. Inflationary pressures and elevated interest rates impacted consumers, and their priorities shifted toward non-discretionary goods and services, which weakened packaging demand. Amid this, the company's customers and the broader retail channel had been lowering their elevated inventories. The prolonged contraction in industrial production also dampened demand. Heightened geopolitical tensions and tariff uncertainties have also contributed to broader consumer uncertainty. Industry demand in North America has now turned stable, but is still softer than last year as economic uncertainty from tariffs continues to impact industrial production and box demand across the manufacturing sector. Also, the ongoing weakness in the EMEA market due to macroeconomic volatility remains a headwind for the company. The unpredictability regarding tariffs and retaliations adds to the concerns. Revenues have shown increases this year, mainly due to the DS Smith acquisition. Anticipating the market weakness persisting in North America and EMEA, the company lowered its 2025 sales target to \$24 billion from the earlier \$24.5 billion. The company expects this to weakness to continue in 2026 as well.
- ▼ Weak demand in both North America and Europe will affect International Paper's results. Elevated interest expense and higher maintenance outage add to margin pressure.
- ▼ International Paper's margins have shown a more worrying trend in the past few years. In 2021-2024, earnings per share have plunged at a CAGR of 22.3% over the same period. Net margin has gone down from 6.5% in 2021 to 2.1% in 2024. This downfall continued in 2025 as well, with net margin deteriorating to 1.7% in the first quarter, 1.6% in the second quarter and a negative 3.6% in the third quarter. Weak demand, along with higher input costs, has not been fully offset by price increases or operational efficiencies, putting consistent pressure on its earnings. Adjusted EBITDA for 2025 is projected at \$3 billion, down from the earlier projection of \$3.1-\$3.6 billion.
- ▼ In the third quarter 2025, despite higher revenues (owing to the DS Smith acquisition) the company's operating margins and net margins contracted owing to elevated costs and higher interest expenses. Maintenance outage expenses for 2025 are now projected at \$386 million, higher than the prior year's \$371 million. The major part of the expense is for the Packaging Solutions North America segment at \$351 million and \$30 million for the Packaging Solutions EMEA segment. Of this a total \$86 million is projected for the fourth quarter of 2025. Also, International Paper projects interest expense at \$380 million in 2025. This is 70% higher than the \$224 million reported in 2024. So far in the first nine-month period of 2025, the company reported an 81% increase in interest expenses associated with DS Smith debt.
- ▼ For the fourth quarter of 2025, International Paper expects the adjusted EBITDA for the Packaging Solutions North America segment to be around \$600 million, lower than the \$655 million in the third quarter of 2025. This reflects lower volumes due to the impact of mill closure and three less shipping days. Also, seasonally higher labor and planned maintenance outage will also impact results. For the Packaging Solutions EMEA segment even though adjusted EBITDA is expected to rise sequentially to \$209 million from \$194 million, lower volumes and planned outages will weigh on its results.
- ▼ In July 2025, International Paper, along with other containerboard producers, was named in a class action lawsuit alleging price-fixing beginning in Nov. 1, 2020, under the Sherman Act. If the charges are proven, International Paper could face treble penalties, injunctive relief and legal costs. Even if the company defends itself, litigation of this magnitude creates prolonged uncertainty, reputational damage and potential financial liabilities.

Risks⁽²⁾ (to the Underperform recommendation)

- International Paper completed the acquisition of DS Smith in January 2025. This move created a new global leader in sustainable packaging solutions, focusing on the North America and EMEA markets. The merger creates a stronger portfolio of sustainable packaging solutions, and enhances offerings, innovation and geographic presence. The company had earlier expected \$514 million of pre-tax cash synergies from the DS Smith acquisition by 2027. This has now been updated to \$600-\$700 million. This increase factors in gains from applying the 80/20 strategic approach in EMEA, mill and box plant optimization and an increased reduction in overhead costs.
- Despite the ongoing weakness, International Paper is expected to see stable demand in the e-commerce channel as packaging plays a critical role in the supply chain to bring essential products to consumers. In Food and Beverage, the fresh food segment will benefit from consumer preference toward preparing meals at home rather than relying on processed food. Even though the Beverage segment has been under pressure the company expects demand in this packaging-intensive segment to improve this year backed by current trends.
- International Paper has taken strategic initiatives, which will aid growth. The company has been streamlining and simplifying its organization to form a packaging-focused company. The company stated that it would optimize cost structure, make investments to strengthen its competitive and strategic assets, and reduce complexity in the business. International Paper in August 2025 entered into a definitive agreement to sell the Global Cellulose Fibers business to American Industrial Partners ("AIP") for \$1.5 billion. The proceeds will be reinvested in the packaging business and lower debt levels. In October 2025, International Paper sold its bag converting operations. These moves align with its transformational journey to become a more sustainable and resilient packaging solutions provider. International Paper is also closing mills in Riceboro, Georgia, Savannah, Georgia and Belisce, Croatia, which will lower containerboard capacity by approximately 1.7 million tons. These closures are in sync with the company's efforts to streamline operations and focus on strategic customers. It has also initiated a strategic transition to outsource a significant portion of its North American information technology services and support functions to improve cost efficiency and better position the business to deliver operational and customer excellence.
- For 2027, the company projects net sales at \$27 billion, which represents a compound annual growth rate (CAGR) of 8% from \$18.6 billion reported in 2024. This projection excludes the GCF segment. Adjusted EBITDA is envisioned at around \$5 billion in 2027. The midpoint suggests a 22% CAGR over the 2024-2027 period. Free cash flow is projected at \$2 billion compared with the \$0.7 billion in 2023.
- International Paper is well-positioned to capitalize on strong market fundamentals in both North America and EMEA. North America's Total Addressable Market (TAM) is around \$50 billion and EMEA's TAM is around \$40 billion. Both markets have an estimated long-term growth rate of 3-4%. The company expects to outperform market growth by riding on key industry trends, including the expansion of e-commerce, increasing demand for sustainable and recyclable packaging and the growing shift from plastic to paper-based alternatives. Additionally, rising demand for cost-effective, reliable fresh food packaging and innovative retail-ready packaging solutions is expected to support long-term growth.

Last Earnings Report

IP Earnings & Sales Miss Estimates in Q3 on Lower Volumes

International Paper reported third-quarter 2025 adjusted loss of 43 cents per share, which missed the Zacks Consensus Estimate for earnings of 53 cents.

This includes \$675 million of accelerated depreciation associated with mill closures and 80/20 strategic actions. The adjusted loss for the quarter compares unfavorably with the company's restated adjusted earnings of 33 cents per share for the year-ago quarter.

Net sales were \$6.22 billion in the quarter under review, up 56.4% from the year-ago quarter driven by acquisition of DS Smith. The top line missed the Zacks Consensus Estimate of \$6.89 billion.

FY Quarter Ending	12/31/2024
Earnings Reporting Date	Oct 30, 2025
Sales Surprise	-9.68%
EPS Surprise	-181.13%
Quarterly EPS	-0.43
Annual EPS (TTM)	-0.02

International Paper's Q3 Gross Profit Rises Y/Y, Reports Operating Loss

The cost of sales was \$4.29 billion in the quarter under review, up 48.9% from the year-ago quarter's \$2.88 billion. Gross profit rose 76.1% year over year to \$1.94 billion. The gross margin came in at 31.1% compared with the year-ago quarter's 27.6%.

Selling and administrative costs were \$493 million, which increased 4.2% from \$473 million in the prior-year quarter. The adjusted operating loss in the quarter was \$224 million against an adjusted operating profit of \$113 million in the third quarter of 2024.

IP's Segment Performances in Q3

On Aug. 21, International Paper announced that it reached a definitive agreement with American Industrial Partners to sell its Global Cellulose Fibers business for \$1.5 billion, subject to closing adjustments. As a result, the Global Cellulose Fibers segment has now been classified as a discontinued operation.

The company will now operate its financial results in two segments — Packaging Solutions North America and Packaging Solutions EMEA.

Packaging Solutions North America: The segment's sales were \$3.9 billion, up 7.1% from the prior-year figure due to higher sales prices and volumes for boxes. This was negated by lower containerboard volumes. The company reported an operating loss of \$166 million against an operating profit of \$190 million in the prior-year quarter.

Packaging Solutions EMEA: The segment's sales were \$2.31 billion, up from the last-year figure of \$0.32 billion due to higher sales prices. The segment reported an operating loss of \$58 million against the prior-year quarter's operating profit of \$7 million.

International Paper's Cash & Debt Position

Cash and temporary investments aggregated around \$1 billion at the end of the third quarter compared with \$1.06 billion at the end of 2024.

At the end of the reported quarter, IP's long-term debt was \$8.99 billion, higher than \$5.36 billion as of the 2024-end. Cash flow from operating activities was \$0.79 billion in the first nine months of 2025 compared with \$1.28 billion in the first nine months of 2024.

Recent News

IP to Sell GCF Business, Announces Strategic Changes in Packaging Business

International Paper on **Aug. 21** announced it has reached a definitive agreement with American Industrial Partners to sell its Global Cellulose Fibers business for \$1.5 billion, subject to closing adjustments, including the issuance of preferred stock with an aggregate initial liquidation preference of \$190 million.

The company had previously announced the decision to review strategic alternatives for its GCF business last fall, as part of its strategy to focus on sustainable packaging solutions. The transaction is expected to close by the end of the year, subject to regulatory approvals.

International Paper has also initiated a number of actions in its packaging solutions business. The company will invest \$250 million to convert the #16 machine at the Riverdale mill in Selma, Ala. to produce containerboard.

It is also planning the permanent closure of the Savannah, Ga. containerboard mill, the Savannah, Ga. packaging facility, Riceboro containerboard mill and Riceboro Timber and Lumber.

The Riverdale conversion is expected to be completed by the third quarter of 2026. The Riceboro and Savannah mills will shut down in phases by the end of September 2025, and the Savannah packaging facility will also cease operations by the end of September. These combined changes will result in a net reduction of the company's annual containerboard capacity by approximately one million tons.

International Paper Completes Divestiture of Five European Corrugated Box Plants

International Paper on **July 1** announced the completion of the divestiture of five European plants to PALM Group to satisfy regulatory commitments from its acquisition of DS Smith Plc. The sale includes three plants in Normandy, France (namely, one box plant in Saint-Amand, one box plant in Mortagne, and one sheet plant in Cabourg); one box plant in Ovar, Portugal; and one box plant in Bilbao, Spain. With this move, the company satisfied all of its obligations towards the European Commission in connection with the acquisition of DS Smith Plc.

Valuation

International Paper's shares are down 24.1% in the trailing six-month period and down 33% over the trailing 12-month period. Stocks in the Zacks Paper and Related Products industry are down 20% while the Zacks Basics Materials sector are up 16.5% in the trailing six-month period. Over the past year, the Zacks sub-industry are down 23.4% and the sector are up 13.9%.

The S&P 500 index is up 18.7% in the trailing six-month period and up 17.5% in the past year.

The stock is currently trading at 15.92X forward 12-month earnings, which compares with 11.38X for the Zacks sub-industry, 15.61X for the Zacks sector and 23.72X for the S&P 500 index.

Over the past five years, the stock has traded as high as 45.34X and as low as 7.19X, with a 5-year median of 14.1X.

Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$33 price target reflects 13.76X forward 12-month earnings.

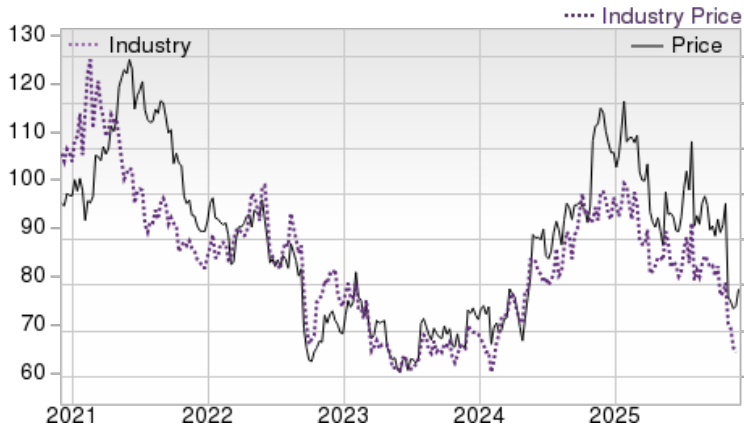
The table below shows summary valuation data for IP.

Valuation Multiples - IP					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.92	11.38	15.61	23.72
	5-Year High	45.34	14.6	16.71	23.81
	5-Year Low	7.19	3.10	7.98	15.73
	5-Year Median	14.10	8.25	12.78	21.20
EV/EBITDA TTM	Current	8.29	7.69	13.52	18.59
	5-Year High	17.09	12.45	14.69	22.36
	5-Year Low	4.54	4.90	5.62	13.97
	5-Year Median	7.13	8.27	10.91	18.08
P/B TTM	Current	1.16	1.61	2.82	8.39
	5-Year High	3.26	8.14	4.25	9.19
	5-Year Low	1.11	1.58	2.18	6.62
	5-Year Median	1.74	2.83	8.04	8.04

As of 11/12/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 6% (227 out of 243)



Top Peers ⁽¹⁾

Company (Ticker)	Rec	Rank
Suzano S.A. Sponsore...(SUZ)	Outperform	2
Klabin SA (KLBAY)	Neutral	4
Stora Enso Oyj (SEOAY)	Neutral	3
Sappi Ltd. (SPPJY)	Neutral	3
MONDI PLC UNS (MONDY)	Underperform	5
Sylvamo Corporation (SLVM)	Underperform	5
Smurfit Westrock PLC (SW)	Underperform	5
Kimberly-Clark de Me...(KCDMY)	NA	

Industry Comparison⁽¹⁾ Industry: Paper And Related Products

	IP	X Industry	S&P 500	SEOAY	SUZ	SW
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Outperform	Underperform
Zacks Rank (Short Term)	4	-	-	3	2	5
VGM Score	D	-	-	B	B	A
Market Cap	20.85 B	5.12 B	37.98 B	9.31 B	11.85 B	18.64 B
# of Analysts	3	2.5	22	2	1	1
Dividend Yield	4.69%	3.38%	1.46%	1.02%	2.96%	4.83%
Value Score	C	-	-	A	A	B
Cash/Price	0.05	0.13	0.04	0.29	0.39	0.05
EV/EBITDA	17.37	6.91	14.48	6.89	92.02	12.84
PEG Ratio	0.95	0.65	2.21	NA	0.08	NA
Price/Book (P/B)	1.20	0.94	3.36	0.76	1.43	1.01
Price/Cash Flow (P/CF)	8.04	5.84	14.93	10.70	33.49	8.17
P/E (F1)	49.97	15.25	20.30	25.38	4.01	17.33
Price/Sales (P/S)	0.89	0.57	3.10	0.90	1.32	0.60
Earnings Yield	1.72%	5.19%	4.91%	3.98%	24.92%	5.77%
Debt/Equity	0.52	0.68	0.57	0.35	1.97	0.72
Cash Flow (\$/share)	4.91	1.10	8.99	1.10	0.27	4.37
Growth Score	C	-	-	C	F	A
Hist. EPS Growth (3-5 yrs)	-24.99%	-13.47%	8.16%	-2.17%	-15.69%	-12.34%
Proj. EPS Growth (F1/F0)	-30.09%	-27.52%	8.18%	NA	NA	-0.96%
Curr. Cash Flow Growth	-22.04%	-12.98%	7.00%	10.41%	-91.78%	67.35%
Hist. Cash Flow Growth (3-5 yrs)	-11.12%	-3.13%	7.31%	-13.69%	-23.76%	-2.22%
Current Ratio	1.31	1.55	1.19	1.23	3.20	1.48
Debt/Capital	34.17%	40.36%	38.15%	25.82%	66.33%	41.90%
Net Margin	-5.45%	1.27%	12.82%	0.14%	13.03%	2.40%
Return on Equity	-0.16%	0.80%	17.00%	-2.55%	16.39%	6.21%
Sales/Assets	0.64	0.72	0.53	0.47	0.31	0.69
Proj. Sales Growth (F1/F0)	29.00%	0.00%	5.53%	11.40%	NA	49.60%
Momentum Score	F	-	-	B	A	F
Daily Price Chg	0.30%	0.00%	0.54%	0.68%	-0.11%	-0.25%
1 Week Price Chg	0.86%	-3.14%	3.73%	-5.40%	0.45%	-1.49%
4 Week Price Chg	2.17%	-0.91%	0.13%	1.46%	-0.89%	-3.33%
12 Week Price Chg	-18.92%	-11.08%	5.67%	3.23%	-7.06%	-23.92%
52 Week Price Chg	-32.89%	-24.70%	13.54%	19.07%	-13.53%	-35.13%
20 Day Average Volume	4,882,812	185,651	2,762,023	45,030	2,535,891	5,142,231
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-54.05%	-1.45%	0.15%	-1.06%	0.90%	-22.85%
(F1) EPS Est 12 week change	-58.23%	-15.16%	0.60%	13.41%	9.31%	-15.23%
(Q1) EPS Est Mthly Chg	-41.11%	-33.32%	-0.04%	0.00%	NA	-25.54%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	F
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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