



## INGREDION INCORPORATED REPORTS STRONG SECOND QUARTER 2016 RESULTS

July 28, 2016

- Second quarter 2016 reported and adjusted EPS were \$1.58 and \$1.73, respectively, compared to second quarter 2015 reported and adjusted EPS of \$1.47 and \$1.53, respectively
- Year-to-date 2016 reported and adjusted EPS were \$3.36 and \$3.51, respectively, up from \$2.62 of reported EPS and \$2.83 adjusted EPS in the year-ago period
- Reported operating income of \$198 million and record adjusted operating income of \$211 million
- Company raises 2016 adjusted EPS guidance range to \$6.70-\$6.90

WESTCHESTER, Ill., July 28, 2016 - Ingredion Incorporated (NYSE: INGR), a leading global provider of ingredient solutions to diversified industries, today reported results for the second quarter 2016. GAAP results for 2016 and 2015 include items which are excluded from non-GAAP results. Adjusted earnings per share, adjusted operating income, and adjusted effective tax rates are non-GAAP financial measures. Please refer to the reconciliation of GAAP measures to non-GAAP measures in Note III at the end of this release for more information.

"We delivered another strong quarter with solid operating income and earnings per share. More favorable price/product mix across the portfolio, as well as margin expansion propelled by our global optimization efforts all contributed to increases in profitability," said Ilene Gordon, chairman, president and chief executive officer. "North America, Asia Pacific and EMEA achieved record operating income for the quarter while operating income was lower in South America as that region faced macroeconomic and foreign-exchange headwinds.

"As we continue to execute our strategic blueprint, we expect a strong year and are raising our anticipated 2016 adjusted EPS, now to a range from \$6.70 to \$6.90," Gordon added.

### Diluted Earnings Per Share (EPS)

	2Q15	2Q16	YTD15	YTD16
Reported EPS	\$1.47	\$1.58	\$2.62	\$3.36
Acquisition/Integration Costs	\$0.07	-	\$0.13	\$0.01
Impairment/Restructuring Costs	-	\$0.14	\$0.09	\$0.14
Adjusted EPS*	\$1.53	\$1.73	\$2.83	\$3.51

\*Totals may not foot due to rounding

Estimated factors affecting change in EPS

	2Q16	YTD16
Margin	0.36	0.90
Volume	(0.06)	(0.03)
Foreign exchange	(0.02)	(0.16)
Other income/(expense)	0.02	-
<b>Total operating items</b>	<b>0.30</b>	<b>0.71</b>
Financing costs	(0.02)	(0.02)
Shares outstanding	(0.03)	(0.05)
Tax rate	(0.04)	0.06
Non-controlling interest	(0.01)	(0.02)
<b>Total non-operating items</b>	<b>(0.10)</b>	<b>(0.03)</b>
<b>Total items affecting EPS</b>	<b>0.20</b>	<b>0.68</b>

### Financial Highlights

- At June 30, 2016, total debt and cash and short-term investments were \$1.83 billion and \$507 million, respectively, versus \$1.84 billion and \$440 million, respectively, at December 31, 2015. Cash and short-term investments were higher primarily driven by higher net income.
- During the second quarter of 2016, net financing costs were \$19 million, or \$2 million higher than the year-ago period, largely due to foreign exchange losses.
- For the second quarter of 2016, reported and adjusted effective tax rates were 32.8 percent and 32.0 percent, respectively,

compared to reported and adjusted effective tax rates of 30.3 percent and 30.5 percent, respectively, in the year-ago period. The higher rates were primarily driven by greater earnings in higher-tax jurisdictions as well as the devaluation of the Mexican peso during the quarter partially offset by the adoption of a new accounting standard for share-based compensation.

- Capital expenditures were \$125 million for the first half of 2016, approximately in line with the year-ago period.

## **Business Review**

### **Total Ingredient**

<b>\$ in millions</b>	<b>2015 Net sales</b>	<b>FX Impact</b>	<b>Volume</b>	<b>Price/mix</b>	<b>2016 Net sales</b>	<b>% change</b>
<b>Second quarter</b>	<b>1,449</b>	<b>-69</b>	<b>-9</b>	<b>84</b>	<b>1,455</b>	<b>0%</b>
<b>Year-to-date</b>	<b>2,779</b>	<b>-183</b>	<b>46</b>	<b>173</b>	<b>2,815</b>	<b>1%</b>

### **Net Sales**

- Second quarter net sales were up slightly as a result of improved price/mix in North America and South America and a more favorable product mix in both specialty and core ingredients. These factors were offset predominantly by changes in foreign currency exchange rates and organic volume declines attributable to the sale of our Port Colborne, Canada, facility and macroeconomic headwinds in South America.
- Year-to-date net sales were up as a result of improved price/mix in North America and South America, a more favorable product mix in both specialty and core ingredients, as well as acquisition-related growth. These factors were mostly offset by changes in foreign currency exchange rates and organic volume declines attributable to the sale of our Port Colborne, Canada, facility and macroeconomic headwinds in South America.

### **Operating income**

- Second quarter reported and adjusted operating income were \$198 million and \$211 million, respectively. These were 15 percent and 17 percent increases, respectively, compared to \$173 million of reported operating income and \$180 million of adjusted operating income in the second quarter of 2015. The increases in operating income were primarily due to better price/product mix in both our specialty and core ingredients and reduced costs resulting from our global optimization efforts. These positives were partially offset by the negative effect of foreign exchange and macroeconomic headwinds in South America.
- Year-to-date 2016 reported and adjusted operating income were \$398 million and \$412 million, respectively. These were 28 percent and 22 percent increases, respectively, compared to \$312 million of year-to-date 2015 reported operating income and \$337 million of year-to-date 2015 adjusted operating income. The increases in operating income were primarily due to a better price/product mix in both our specialty and core ingredients, acquisition-related growth, and reduced costs resulting from our global optimization efforts. These positives were partially offset by the negative effect of foreign exchange and macroeconomic headwinds in South America.
- Second quarter reported operating income was lower than adjusted operating income by \$13 million. Of this difference, \$8 million is related to employee-related severance and other costs associated with the execution of global IT outsourcing contracts; \$3 million of employee-related severance costs associated with South American restructuring; and \$2 million in charges related to the finalization of the transaction related to the prior year net gain on the sale of our plant in Port Colborne, Canada.

### **North America**

<b>\$ in millions</b>	<b>2015 Net sales</b>	<b>FX Impact</b>	<b>Volume</b>	<b>Price/mix</b>	<b>2016 Net sales</b>	<b>% change</b>
<b>Second quarter</b>	<b>869</b>	<b>-5</b>	<b>-4</b>	<b>34</b>	<b>895</b>	<b>3%</b>
<b>Year-to-date</b>	<b>1,623</b>	<b>-14</b>	<b>52</b>	<b>74</b>	<b>1,735</b>	<b>7%</b>

### **Operating income**

- Second quarter operating income increased from \$127 million to \$160 million. Better price/product mix in both our specialty and core ingredients, cost synergies related to the Penford acquisition, as well as operational efficiencies driven by our network optimization efforts accounted for the increase.
- Year-to-date operating income increased from \$229 million to \$309 million. Higher acquisition-related volumes, a better price/product mix in both our specialty and core ingredients, cost synergies related to the Penford acquisition, as well as operational efficiencies driven by our network optimization efforts accounted for the increase.

### **South America**

<b>\$ in millions</b>	<b>2015 Net sales</b>	<b>FX Impact</b>	<b>Volume</b>	<b>Price/mix</b>	<b>2016 Net sales</b>	<b>% change</b>
<b>Second quarter</b>	<b>250</b>	<b>-54</b>	<b>-14</b>	<b>59</b>	<b>240</b>	<b>-4%</b>
<b>Year-to-date</b>	<b>508</b>	<b>-142</b>	<b>-29</b>	<b>117</b>	<b>455</b>	<b>-10%</b>

## Operating income

- Operating income in the second quarter was \$14 million, down \$6 million from a year ago. The decline was largely a result of lower volumes in Southern Cone driven by macroeconomic headwinds, and higher costs for corn and other inputs. This was partially mitigated by improved price/mix.
- Year-to-date operating income was \$32 million, down \$13 million from a year ago. The decline was largely a result of the negative effect of foreign exchange, lower volumes in Southern Cone driven by macroeconomic headwinds, and higher costs for corn and other inputs. This was partially mitigated by improved price/mix.

## Asia Pacific

\$ in millions	2015 Net sales	FX Impact	Volume	Price/mix	2016 Net sales	% change
Second quarter	192	-8	4	-8	180	-6%
Year-to-date	379	-20	4	-14	349	-8%

## Operating income

- Second quarter operating income was \$30 million, up \$2 million from a year ago. Year-to-date operating income was \$58 million, up \$4 million from a year ago. In both periods, volume growth and margin expansion were partially offset by foreign exchange impacts.

## Europe, Middle East, Africa (EMEA)

\$ in millions	2015 Net sales	FX Impact	Volume	Price/mix	2016 Net sales	% change
Second quarter	138	-3	6	-1	140	2%
Year-to-date	269	-8	19	-5	276	2%

## Operating income

- Second quarter operating income was \$29 million, up \$6 million from a year ago. Year-to-date operating income was \$55 million, up \$10 million from a year ago. In both periods, volume growth and margin expansion more than offset foreign exchange impacts.

## 2016 Guidance

2016 adjusted EPS, excluding acquisition-related, integration, and restructuring costs as well as any potential impairment costs, is expected to be in the range of \$6.70 to \$6.90 compared to adjusted EPS of \$5.88 in 2015. The full-year guidance assumes, compared to last year: overall improvement in North America, Asia Pacific and EMEA, and South America down given the macroeconomic environment; an effective tax rate of approximately 30-32 percent; and continued trade up in our portfolio, including higher-value specialty ingredients, leading to margin expansion.

In 2016, cash generated by operations is expected to be in the range of \$725 million to \$775 million and capital expenditures are anticipated to be \$300 million.

## Conference Call and Webcast

Ingredion will conduct a conference call today at 9:00 a.m. Eastern Time (8:00 a.m. Central Time) to be hosted by Ilene Gordon, chairman, president and chief executive officer, and Jack Fortnum, chief financial officer.

The call will be webcast in real time, and will include a visual presentation accessible through the Ingredion website at [www.ingredion.com](http://www.ingredion.com). The presentation will be available to download a few hours prior to the start of the call. A replay of the webcast will be available at [www.ingredion.com](http://www.ingredion.com).

## ABOUT THE COMPANY

Ingredion Incorporated (NYSE: INGR) is a leading global ingredient solutions provider. We turn corn, tapioca, potatoes and other vegetables and fruits into value-added ingredients and biomaterial solutions for the food, beverage, paper and corrugating, brewing and other industries. Serving customers in over 100 countries, our ingredients make yogurts creamy, candy sweet, paper stronger and face creams silky. Visit [ingredion.com](http://ingredion.com) to learn more.

## Forward-Looking Statements

This news release contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends these forward-looking statements to be covered by the safe harbor provisions for such statements.

Forward-looking statements include, among other things, any statements regarding the Company's prospects or future financial condition, earnings, revenues, tax rates, capital expenditures, expenses or other financial items, any statements concerning the Company's prospects or future operations, including management's plans or strategies and objectives therefor and any assumptions, expectations or beliefs underlying the foregoing.

These statements can sometimes be identified by the use of forward looking words such as "may," "will," "should," "anticipate," "assume," "believe," "plan," "project," "estimate," "expect," "intend," "continue," "pro forma," "forecast," "outlook" or other similar expressions or the negative thereof. All statements other than statements of historical facts in this release or referred to in this release are "forward-looking statements."

These statements are based on current circumstances or expectations, but are subject to certain inherent risks and uncertainties, many of which are difficult to predict and are beyond our control. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, stockholders are cautioned that no assurance can be given that our expectations will prove correct.

Actual results and developments may differ materially from the expectations expressed in or implied by these statements, based on various factors,

including the effects of global economic conditions, including, particularly, continuation or worsening of the current economic, currency and political conditions in South America and economic conditions in Europe, and their impact on our sales volumes and pricing of our products, our ability to collect our receivables from customers and our ability to raise funds at reasonable rates; fluctuations in worldwide markets for corn and other commodities, and the associated risks of hedging against such fluctuations; fluctuations in the markets and prices for our co-products, particularly corn oil; fluctuations in aggregate industry supply and market demand; the behavior of financial markets, including foreign currency fluctuations and fluctuations in interest and exchange rates; volatility and turmoil in the capital markets; the commercial and consumer credit environment; general political, economic, business, market and weather conditions in the various geographic regions and countries in which we buy our raw materials or manufacture or sell our products; future financial performance of major industries which we serve, including, without limitation, the food and beverage, paper, corrugated, and brewing industries; energy costs and availability, freight and shipping costs, and changes in regulatory controls regarding quotas, tariffs, duties, taxes and income tax rates; operating difficulties; availability of raw materials, including potato starch, tapioca and the specific varieties of corn upon which our products are based; energy issues in Pakistan; boiler reliability; our ability to effectively integrate and operate acquired businesses; our ability to achieve budgets and to realize expected synergies; our ability to complete planned maintenance and investment projects successfully and on budget; labor disputes; genetic and biotechnology issues; changing consumption preferences including those relating to high fructose corn syrup; increased competitive and/or customer pressure in the corn-refining industry; and the outbreak or continuation of serious communicable disease or hostilities including acts of terrorism.

Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement as a result of new information or future events or developments. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of these and other risks, see "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2015 and subsequent reports on Forms 10-Q and 8-K.

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[Q2 2016 PR Tables](#)

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