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INGR - Q1 2014 Ingredion Incorporated Earnings Conference Call

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OVERVIEW:

INGR reported 1Q14 YoverY sales decline of over $200m. Expects 2014 EPS to be $5.35-5.75.

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PRESENTATION

Operator

Welcome to Ingredion's first-quarter 2014 earnings call. (Operator Instructions) As a reminder, this conference is being recorded.

Now I would like to turn the conference over to our host, Mr. Aaron Hoffman, Vice President of Investor Relations and Corporate Communications. Go ahead, sir. You may begin.

Aaron Hoffman - *Ingredion Incorporated - VP IR & Corporate Communications*

Thanks, Marla, and good morning to everyone. Let me add my welcome to Ingredion's first-quarter 2014 earnings call. Joining me on the call this morning are Ilene Gordon, our Chairman and CEO, and Jack Fortnum, our Chief Financial Officer.

Our results were issued this morning in a press release which can be found on our website, Ingredion.com. The slides accompanying this presentation can also be found on the website and were posted about an hour ago for your convenience.

As a reminder, our comments within this presentation may contain forward-looking statements. These statements are subject to various risks and uncertainties. Actual results could differ materially from those predicted in the forward-looking statements, and Ingredion is under no obligation to update them in the future as or if circumstances change. Additional information concerning factors that could cause actual results to differ materially from those discussed during today's conference call are in this morning's press release, can be found in the Company's most recently filed annual report on Form 10-K and subsequent reports on Form 8-K.

And now I am very pleased to turn the time over to Ilene.

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Thanks, Aaron, and let me add my welcome to everyone joining us today. We appreciate your time and interest.

As we communicated a few months ago, we fully expected our first quarter to be down on a year-over-year basis, and that was the case. For the most part, results were very much in line with our expectations.

North America was the lone exception, and the variance was one-time in nature and entirely related to the extent and severity of the extreme winter weather. I will provide you with additional details in just a minute.

The other three regions, in short, delivered results as we anticipated, setting us on a good trajectory for the remainder of the year. You will note in our press release that we haven't changed our full-year guidance; and we also still expect North America to show improved operating income in 2014 as we work diligently to manage controllable costs and capitalize on incremental volume opportunities.

The fact that we're able to hold our outlook is a reflection of the one-time nature of the first-quarter variance to our original view, as well as the strength of our business model. Let's spend a minute on each region.

In North America, we knew that the year-over-year layout of our corn costs for our fixed-price contracts would result in year-over-year-end unfavorability in the first quarter but improve later in the year. This played out precisely as expected.

As a reminder, in the first quarter of 2013 our corn costs for fixed-price contracts were the lowest for that year, while the first quarter of 2014 will likely be the highest cost we experience this year. Taken together, this factor contributed to a decline in operating income as we expected.

On February 6, we also called out the impact of the weather that we had experienced up to that time, and built in some buffer for additional abnormal conditions. The extent and severity of the February and March weather in the US and Canada was historically bad and caused a larger than expected decline.

As a result, our energy costs rose considerably, as we used substantially more natural gas than normal. And rates, particularly delivery charges, soared to near-unprecedented levels.

Transportation costs were higher as we switched to more over-the-road trucking, which carries higher rates but was a necessary decision to maintain good customer service. We also incurred some additional maintenance costs in a few facilities to repair damage caused by the weather. I am pleased with how our operating teams executed during these daunting conditions, and I am particularly glad to report that we did an excellent job fulfilling customer orders during this time.

Mexico was an interesting story in the first quarter. We saw sales to the beverage industry decline, as expected, in the wake of a tax on sweetened beverages. However, we offset much of that decline with incremental sales of food and industrial products, including a double-digit volume increase in specialty products sold in Mexico.

We remain very bullish on Mexico. We have an advantaged position, with three in-country facilities and a highly effective distribution network.

We also continue to believe that we are uniquely positioned for meaningful opportunity to support our customers as they navigate the impact of the beverage and obesity taxes. Combine these factors with the robust long-term outlook for economic development and you can understand our enthusiasm.

We also remain enthusiastic about the outlook for South America and saw the region deliver results in line with our expectations. Volumes rose 4% in the quarter behind strength in Brazil and Colombia, but offset by softness in Argentina. In Brazil, we saw a rebound in sales to the brewing industry, which represents a significant portion of our sales.

Sales to the food industry were also quite strong, continuing the trend we experienced in 2013. Colombian volumes benefited from the strength in industrial and food offerings.

So operating income in South America, while down sharply in the quarter compared to last year, the rate of decline was sequentially better than what we saw in the fourth quarter. As expected, the decrease resulted from the very challenging year-over-year comparison in Argentina, partially offset by a return to operating income growth in Brazil.

The story in Argentina remains much the same as we have discussed for several quarters. Raw material, energy, and labor costs remain quite high, while we are limited in the pricing we can achieve.

In sum, South America is tracking to our forecast and we remain optimistic about the rebound in Brazil even as we carefully watch the situation in Argentina.

Turning to Asia Pacific, we saw volume increase and expect that trend to continue in 2014. Operating income increased on strength in China, Korea, and Thailand.

China continues to see very strong demand for specialty starches. Korea saw improved margins, combined with an increase in specialty products. And in Thailand, we benefited from better pricing.

Finishing up with EMEA, the story was very strong there. Volumes and operating income increased in both Europe and Pakistan.

Both benefited from strong marketplace demand that we were able to satisfy as a result of recent capacity additions in both markets. The market for specialty starches in Europe remains particularly strong, and we are well positioned to capitalize on these trends.

I would like to quickly address a couple items that are likely on your mind as you think about this region. We have a small amount of business in Russia and Ukraine, and thus far we have seen no ill effects from the conflict there. Taken together, our volumes in total for both countries were up in the first quarter.

We have frequently talked about the energy issues in Pakistan. I am pleased to see the business effectively manage them and generate positive operating income this quarter. At the same time, we are in the process of adding cogeneration to our facilities there and expect that to help us further manage the impact on our energy costs in the future.

Clearly, the quarter wasn't perfect, but it was largely in line with our expectations and represents a good start to the year for three of our four regions. We are able to hold our outlook and believe that we are well positioned for the remainder of the year.

With that, I will turn the time over to Jack for a review of the financials. Jack?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Thank you, Ilene. Good morning, everyone. As we always do, let me start off with some financial highlights. The first thing you will likely notice is the absence of any adjusted figures, as there were none in the first quarter of 2014 and none in all of 2013, so it is a very clean comparison.

Sales fell over $200 million, largely as a result of the passing through of lower-priced corn and the impact of numerous currency devaluations. Gross profit dropped $56 million, and that flowed down to operating income for a drop of $53 million. Earnings per share declined 32%, a bit more than we had expected as a result of the weather issues in North America that Ilene discussed.

Flipping over to the sales bridge, you can see the significant impact of the lower pricing and currency headwind. The primary currencies working against us were the Argentine peso, the Brazilian real, the Canadian dollar, and the Thai baht.

Volumes were up $2 million. Looking at the sales variance by region, you will see the primary source of the currency headwinds was South America, while North America was the main driver for lower price/mix. Positively, we saw the volumes increase in three of the four regions, as we expected.

The operating income bridge clearly shows the weather and corn layout impact on North America, combined with the expected decline in South America, driven by Argentina. Both APAC and EMEA were up. Corporate costs were essentially flat.

On the earnings-per-share bridge, the operational impact was negative $0.48 per share, largely a result of weaker margins flowing down from the operating income decline I discussed, as well as a significant foreign exchange headwind. This was partially offset by positive $0.03 per share from the nonoperating items, mostly the lower share count.

On the previous call, we said that we expected foreign exchange to be a headwind of about $0.20 to $0.25 per share. We are increasing that range based on the results we have seen and now expect that headwind of $0.30 to $0.35 per share. It is worth pointing out that we are absorbing that incremental hit and not changing our full-year guidance.

In fact, if our current currency outlook holds, we will have absorbed $0.75 to $0.80 of currency headwinds over the past three years. This is a good reflection of the strength of our business model and our ability to cope with in-country challenges.

That is a good transition to reiterating our 2014 outlook. We are expecting earnings per share to be in the range of $5.35 to $5.75, equating to 6% to 14% growth. The major variable in that range remains Argentina.

As the year goes along, we anticipate that the year-over-year earnings-per-share results will improve sequentially, with the first quarter expected to be the only down quarter. Quickly, for your modeling purposes, we expect corporate expenses will be directly in line with 2013, and the tax rate should be slightly higher than the 2013 but still around the 27% to 28%.

In North America, we expect sales to continue to decline significantly as we have passed along much lower corn prices to our customers. Volume for the region should be down slightly as pressure in Mexico from low sugar prices and the tax on sweetened beverage hurts volumes in the short term. This negative impact should be offset by volume increases in the US and Canada as lower prices stimulate consumer demand.

We still expect operating income to increase modestly in North America, driven by our ability to slightly expand our dollar margin as well as the mix benefit of selling more specialty products. We also continue to effectively leverage the free trade opportunities across all three NAFTA countries.

Mexican volume softness should mute the operating income increase, particularly early in the year. South America's sales are expected to increase as volumes grow in the region, particularly Brazil and Colombia.

For Argentina, our assumptions have been changed. As a reminder, we have factored in assumptions that currency continues a fairly rapid devaluation.

The low end of our assumptions is predicated on a very significant devaluation and a slow, roughly six-month recovery. A better scenario would be quick, complete devaluation soon and a more speedy recovery, perhaps three or four months instead.

As we see the devaluation, we are looking for a scenario where farmers begin to release more corn in the market, bringing prices down and making corn-based sweeteners more competitive with sugar. We would also look for peso-denominated costs to come down, providing relief to the cost crunch I discussed.

Ultimately, this is an unpredictable situation, and political and economic risk remains. We believe we have captured significant further downside in our guidance and do see some scenarios where our Argentine business holds its ground in 2014.

Asia Pacific should continue to deliver top- and bottom-line growth behind an attractive portfolio of specialty starches, sold in a balanced mix of mature and emerging geographies. EMEA should also see top- and bottom-line improvement; in particular, the new specialty starch capacity we have installed in our Hamburg should help drive volume and profit levels as they meet a growing customer demand.

Cash generated by operations was positive in the quarter and much better than a year-ago period, as the seasonal build of working capital was a smaller use of cash, reflecting lower raw material costs. Looking to 2014, we expect another strong year for cash from operations, potentially exceeding our record 2012 figure; and we will continue to invest in capital projects for growth as well as cost and process improvements around the world.

We dropped our outlook for capital spending to a low end of the previous range, approximately $300 million. This reflects a refreshed review of the projects and continued capital discipline. However, we will continue spending on growth and cost savings projects which are allowing us to meet marketplace demand while effectively managing our cost structure.

That brings my section of the presentation to a close, so now I will turn the time back over to Ilene.

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Thanks, Jack. As we said a few times this morning, our business model, which is reflected in the strategic blueprint, is working.

In the case of North America, we faced a one-time, truly exogenous situation, with historically bad weather that had a dire impact on a wide range of companies and industries. We fully expect that region to be back on track and are already seeing positive signs through the month of April.

South America has real opportunity for improvement as Brazil is starting to rebound and should benefit from the World Cup in June. Asia Pacific continues its good trajectory, and EMEA has a solid growth profile that is augmented by new capacity.

We sit today with a strong balance sheet and a disciplined team executing a clearly defined strategy. We believe this is a position that will continue to benefit our shareholders in the years to come.

Taken together, we believe in our prospects and our ability to deliver shareholder value over the long term. Now, we are glad to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Robert Moskow, Credit Suisse.

Robert Moskow - *Credit Suisse - Analyst*

Thanks for all the comments and the clarity. But I guess, Ilene, I see that the guidance is unchanged; but you did highlight two things that are incrementally negative and probably not coming back to you. So that would be the bad weather in first quarter and then also the outlook for Argentina is more negative.

I guess I was a little unclear. Like, what are the positives that are offsetting that in order to make you feel comfortable that guidance can be truly maintained?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Okay, great. Thanks, Robert. First of all, we did not say that Argentina was more negative. I think the other negative piece we mentioned was the exchange rate. So in other words, both the bad weather and exchange rate are more negative than what we said before, but yet we held the guidance.

Argentina remains exactly on track as we thought it would be. But let me turn to your questions about where we see the opportunities.

We continue to be very bullish on Mexico. And again, as we have had double-digit growth in specialty. And when you look at the GDP that is forecasted for Mexico, it is about 3%, so we believe that the economic growth in Mexico should be very helpful during the year.

Also, I would say Brazil, we showed some rebound with the volume, with the World Cup; of course that was factored in before. The GDP there is supposed to be just under 2%.

But I also would mention Colombia is another region where the GDP is actually over 4%. And so with the trade agreement we are seeing upside in Colombia.

I think the other strength that we are seeing beyond EMEA is in the APAC area. And again, we showed some volume increase there; we see some upside in China.

So, obviously, our guidance in February was conservative in some ways, didn't anticipate all the bad weather. But now we feel good about what we see for the rest of the year to be able to hold that guidance.

Robert Moskow - *Credit Suisse - Analyst*

Okay, I think that makes sense. And you didn't talk about specialty in the US market. Is there any push or efforts going on by your customers to reformulate for health and wellness purposes, or any of those factors that are helping those other countries happening here?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Absolutely. The US -- what I would say, the mature economies actually are very good markets for specialty products because consumers are so conscious of health and wellness, and they are looking for new products also. And so with all the customers that we meet with we are working on many projects to either come up with new products or reformulate old products that, as an example, have specialty starch that make yogurt very palatable and very healthy.

There are formulations going on even in baked goods to have lower calorie and again a more healthy makeup. But that has been factored into our guidance. But that continues to perform well.

And when you read about the different consumer product companies, especially in the US and North America, you see that they are looking for every way to capture the hearts and minds and dollars of the consumer, who really wants everything from non-GMO to low-calorie to very good-tasting food. And we are able -- we're one of those top companies able to be positioned to supply, whether it is GMO or non-GMO, whether it is specialty starch or it is a regular calorie count. We have products that supply all those different products.

Robert Moskow - *Credit Suisse - Analyst*

Great. Thank you.

Operator

Akshay Jagdale, KeyBanc Capital.

Akshay Jagdale - *KeyBanc Capital Markets - Analyst*

Good morning. So first question, just a point of clarification, on the net corn cost issue. Can you give us some color as to what net corn costs are expected to be down by this year?

You reported in your Qs the gross corn costs, which it's interesting, I was just looking at those numbers; the comps are actually the easiest in the first half on gross corn, based on what you report. So I am a little bit -- it would be great if you could give us some clarity on the corn cost versus pricing dynamic in 1Q, because that is going to reverse, I think significantly in the back half. So it would help if you could give some color on that.

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Let me take that question. First of all, let me just talk in terms of gross corn and what happened in the marketplace. I think it is a simple assumption I'd like to share with you.

The first one is, if you go back a year, we had a market where there was rising corn costs and effectively they were -- as you book your business you end up with the lower corn costs at the beginning of the year and higher corn costs later on in the year. And in this current year and during contracting, effectively the corn prices were falling. So you end up with a little bit more higher corn costs in the first part of your year versus the second part of the year.

I would like to reiterate though, particularly in -- and we are talking about North America -- when there is volatility in the corn costs in between the quarters, the full year our profitability on our fixed-price contracts is always the same.

In our grain-related type of formulas, the corn costs will move. But that is all our customer direction in terms of how they are booking their corn costs.

So when you look at our Qs, it is a combination. We say it is about 50-50 in North America, grain-related and fixed-price. And what we were trying to illustrate is on our fixed-price business some of our corn costs and the layout per quarter was a little bit negative this quarter; and it will correct over the next two quarters or three quarters.

So I think that is basically how the corn works, and that is why we try to only give the annual guidance, because of the fact the layout of the corn is very challenging in terms of explaining in a detailed level on that. And so I think that that is what I would like to comment on at this point.

Akshay Jagdale - *KeyBanc Capital Markets - Analyst*

Yes, that helps. But perhaps the point I am trying to get to is you have a major one-time issue here, right, with the weather, which is pretty big driver of the shortfall this quarter. And you are calling it out as transitory, maintaining the full-year EBIT guidance or commentary on your segments.

The rest of the year, the EBIT is going to have to grow pretty rapidly for the whole Company, and then of course in the US as well. So can you at least give us a sense of: what is modest growth? Is it 2% or 3% EBIT growth in North America? Is that what you mean by modest?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Yes, I think when we are talking about modest growth in North America, it is -- we were talking low single digits and probably at the low end of that. I think, obviously, it will depend on how the summer unfolds in terms of weather and a number of other variables.

But I think that some of our -- what is really helping our margins in North America is some of the switch into the specialties, rather than some of our core ingredients where we have seen some softness, particularly in Mexico. So I would say that that is the comment that we have there.

And so it is going to be a very modest growth in North America. You could say flat to up type of thing; but I would say that we are still very optimistic in our Mexican numbers and just in general in North America that we are going to be still up in the year.

Akshay Jagdale - *KeyBanc Capital Markets - Analyst*

Can I just ask one on Brazil? You mentioned South America was in line. It seems to show in the public data that beer volumes really have strengthened significantly -- beer industry volumes, that is. And year to date, I think they are up about 11% through April.

We should be seeing, I would think, there would be more strength than we are seeing in your South American EBIT. Can you give us a sense of what are you expecting for the beer industry volumes to do this year?

What is in your guidance? Is it like a 10% increase in that business? Because that is what we are seeing right now. Or is it less than that?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

We haven't given a particular number. Obviously, beer consumption was down last year, and there were headwinds in that consumers were -- the food companies, the beer companies were actually buying the corn grits rather than the high maltose.

So certainly this 11% increase that you are quoting, we have experienced obviously that type of beer consumption growth in the first quarter. And I think everybody expects during the second quarter people getting ready for the World Cup, even though it is starting to be wintertime.

The third quarter obviously is more of a wintertime, and then it comes back into summer for Brazil. So I think people believe that it is an exciting time for the beer industry in Brazil.

Now at the same time, we note that there has been a new beer tax that came out in early April and actually was slightly adjusted even yesterday by the government, and that AmBev about a month ago said that they would absorb it. I think the total together is about a 3% tax.

The early one, AmBev said they would they absorb and not impact the consumers. They have not commented on the one from yesterday.

But I think that there is a lot of enthusiasm, and the ability for people to drink beer in the stadiums during the World Cup, that they expect a lot of strength certainly in the next three to four months. And so we have baked all that into our forecast.

And we are the leader in South America, with a very strong share, and not only in beer but in food products, and we are growing our specialty products. So beer is about 30% of the story; and food and even some industrial products are another important part to our leadership position there.

So I think when you look at the whole situation in Brazil, as I said earlier, we feel very good about the opportunities for brewing and food there.

Akshay Jagdale - *KeyBanc Capital Markets - Analyst*

So is it better or worse than you had -- is it better than you had expected? And have you adjusted your estimates to reflect that?

Going back to the previous question, it seems to me that the beer industry volumes are very strong; but what I am trying to understand is: has that come in even better than what you had? And is that part of the reason why you are absorbing this extra $0.10 or so in currency headwind?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

I would say that it is exactly as we thought it would be. Now, of course, the second quarter hasn't happened yet, the World Cup. So it could be a little bit better than we have baked in; so that is a piece.

But I would say it is more so our enthusiasm is also for the food side of the business, and even the specialty food growth that I talked about earlier for North America. And even Mexico, I would say that while the beverage was down, the food part of the business almost offset that.

And so that was, I would say, relative strength for both food and specialty ingredients for the food business in Mexico, is where we are seeing more strength than might have seen a month ago, a couple months ago.

Akshay Jagdale - *KeyBanc Capital Markets - Analyst*

Perfect. Thank you. I will pass it on.

Operator

Brett Hundley, BB&T Capital.

Brett Hundley - *BB&T Capital Markets - Analyst*

Hi, good morning, everyone. Just have two questions. My first, maybe to look at North America margins a little bit differently, so if I look at what you reported, you guys called out weather; and we can do the math on what type of a hit that was to margins. And then if I start to layer in maybe other one-time items, I am basically trying to understand where margin can go sequentially.

And you guys mentioned that you expect improvement as the year goes along. So can you give me an idea of, outside of the weather impact, what percentage of the hit from year-on-year variance in corn hedges dissipates in Q2? Do we see 30% of that dissipate? Do we see 50% of that dissipate?

That other piece that impacted North American margins, how do we think about that flowing over the course of the year? I hope that makes sense.

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Yes, I think -- let me take that question. I think the -- if you think about how it is going to dissipate through the year, obviously they will have a little bit more carry through in the second quarter in terms of the higher price, but not to the same -- near magnitude of the first quarter.

Third quarter will be probably the best. And then in the fourth quarter, it is the new crop type items coming in.

So I would say if you think about how that -- I will call it that straight-line profitability will flow, it is a little bit better in the second quarter; significantly better in the third quarter; and then kind of flat to neutral in the fourth quarter. Does that help?

Brett Hundley - *BB&T Capital Markets - Analyst*

Okay. That's helpful. Then as far as margins on some of your other key products, dextrose, maltose, your specialty starches, what is the expectations? Were you happy with the ability to expand or at least protect margins in North America this year? And how do we think about that flowing as the year goes on?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Yes, I think most of those, a lot of those contracts are fixed-price type of contracts and essentially what we have said is that -- I think in the last conference call I had indicated the results of our contracting, where we have seen near the tail end on some of the sweetener volumes, a little compression on the margin, but our specialties were up, and we are very pleased with many of the different categories.

And so in general, we were happy with some margin improvement in North America.

Brett Hundley - *BB&T Capital Markets - Analyst*

Lastly, Ilene, I just wanted to talk about the M&A environment, particularly given the backdrop of how some countries have come up a little bit and bit the commodity environment a little harder this year. There is concerns.

I understand your positive outlook on Mexico long-term, but there is more short-term talk about US sugar producers creating a bit of a rift, and how that could affect both the Mexican market and back on the domestic market here in the US. So just given that commodity exposure that remains and potential for these types of issues to come up, I would think that the stock would clearly be rewarded with an improved multiple as you guys go out and do more value-add M&A, similar to a National Starch.

However, I also understand the competitive nature within the M&A landscape. So I just want to get your thoughts on how you think about all this.

Addressing your M&A filter, I understand it is very strict. But just how all of that wraps up in your head and how you view the current M&A environment, maybe even versus a year ago. Thank you.

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Okay, yes. No, I think that that is a good point. And as I have said, the M&A that we are looking at falls into two categories.

One is geographic, where we look for opportunities in places like Asia, where we are not as large as we would like to be, and so we continue to look at those. And again, some of those are families, privately held, and so that actually I would say versus a year ago seems to be a little bit more robust, that people are willing to start to think about selling some of those particular companies.

But I would say even more so there seems to be more activity in what I call the broadening of the portfolio. And you are absolutely right; what we are looking for are those ingredients that make us more important to our customers as we formulate, especially with these specialty product ingredients.

And I would say that certainly these companies are located in different parts of the world. There are quite a few in Europe, but they are global companies. Some are divisions of larger companies; some are owned by private equity; some are privately held. But there does seem to be some momentum there.

And again, what we are looking for is: what is the right fit to -- again as we formulate with our science people and yet meet the demand of the customer; so what will make us more important?

And at the same time, we are looking for the value proposition that creates value for our Company strategically and for our shareholders. And so that is where the whole price/value comes in. And again, if it builds on the strategy to be a more important global ingredient producer, that is what we are looking to drive.

But again, we continue to feel very good. We have a very strong balance sheet. And our customers are looking to us to grow, and we believe that there are opportunities, both organically and M&A, to do that.

Brett Hundley - *BB&T Capital Markets - Analyst*

Thank you.

Operator

Farha Aslam, Stephens.

Farha Aslam - *Stephens Inc. - Analyst*

Hi, good morning. So circling back on Akshay's question regarding North America and the weather impact versus the corn/price headwind you are seeing, would you say roughly 40% of the hit year-over-year in terms of earnings is related to weather and roughly 60% related to the corn/price headwind? Can you just give us some magnitude on that?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Yes, I will start out -- this is Ilene -- and then I will turn it to Jack. But I believe that if you look through all the different numbers that we indicated it was more of a 50-50 split, half from weather. And as we talked about the different components of energy, maintenance, and energy acquisition was a big piece of it.

There is always this piece where you don't get to sell everything that you want to. And do you call that weather, or are you able to collect on that later on? So that is why -- it's another reason why the weather had some direct impact to move product around and on our specific factories.

But we also feel very capable to deliver the product as needed to our customers as the year goes on. And of course, the other half was the corn hedge. So I think we basically talked 50-50.

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

I think the 50-50 is correct. I think the one thing I would like to highlight as well is that when we gave the last call we indicated that there would be some weather impact in the forecast as well. And so we did deal with some of it.

I think the thing that changed in our forecast was effectively the continuation and the severity of some of the weather during February and March. That really did have an impact on our energy cost in terms of both the delivery of our natural gas as well as the impact pertaining to actually the usage of our natural gas, which was unexpected at that point in time.

So I think that it was just more the severity of this winter. I know people have quoted it the worst winter in 100 years in the US, and you hear these things, and I think we tried to deal with it as best as we could.

But even on the logistics side we had several issues pertaining to railcars not getting out, and so we had to use over-the-road. And the over-the-road was under great stress because of the record snowfalls we had as well.

So we do have several plants up here both in Canada as well as the North part of the US, and that is where we really got hit with some of these unexpected costs. So it is about a 50-50 split if you look at our numbers.

I think that we factored some of it in back at the end of January, first of February; but it wasn't quite as much as we anticipated.

Farha Aslam - *Stephens Inc. - Analyst*

That breakdown is helpful. Then just looking at your balance sheet and cash flow, it is quite strong. Ilene, you had mentioned that you are starting to see some family businesses willing to sell. What is the size of those family businesses?

And couldn't you buy family businesses and do a more aggressive share repurchase program at the same time, given the available liquidity that this Company has?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Well, the size of the family businesses, there are bolt-ons that I talked about before, anything from $50 million, some of them are -- I don't know -- $100 million, $300 million. Some of them are $1 billion, and we are a $6.5 billion Company.

So it is really all about how do we create value globally, not necessarily just for one particular region. So we are looking at a variety of options in texturizing space, in sweetener space, and other additives that are part of the whole push on natural food ingredients. So again we have a variety of choices there.

At the same time, we do look at shareholder-friendly actions. If you recall, we bought back over $200 million worth of shares at the end of last year. We hadn't been able to find an appropriate M&A.

And then our Board reauthorized a buyback of 4 million shares over the next three to five years. So we do have choices, and again it is all about: how do you make choices and create value for shareholders?

Also, as you recall we also raised the dividend twice last year. And now we are certainly at a -- we raised it, I think 46% during the third quarter. So that is always another shareholder-friendly action.

But I think when you look at our cash on our balance sheet, I feel good about it. We got through the drought last year and some headwinds, and now we are feeling very good about this year and maintaining our guidance.

And I think the M&A environment is very interesting, and we want to again do the right thing. And so we will always look at our choices.

Farha Aslam - *Stephens Inc. - Analyst*

Just in terms of regions, where are you seeing the most robust acquisition opportunities?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

I think it is really all over the globe. It's Europe, it's Asia, even in North America.

I would say there is opportunities in South America, maybe not as robust as the other regions. But there are companies in South America that would fit very nicely and create texturizing opportunities. So really all over the globe.

Farha Aslam - *Stephens Inc. - Analyst*

Thank you for the added color.

Operator

Matthew Korn, Barclays.

Matthew Korn - *Barclays Capital - Analyst*

Hi, good morning, everybody. So, we talked a little bit about M&A and rounding out the portfolio there. Could you maybe talk a bit about your product pipeline, where in-house you see the greatest opportunity to keep ahead of the commoditization of your offerings?

So maybe a little bit on where your R&D focus is today, how successful the process has been. Is there another Novation in the wings? Are there other game-changers out there that have the opportunity to really blow things open?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Yes, good question. As we talked about at our Analyst Day about 18 months ago, we focus very much on what I call themes, consumer themes. So as an example, one of the -- we call them springboards, and we put specific assets on them and have specific projects. So what was one of our themes, which we call -- is wholesome, is very much focused towards clean label requirements in Europe; and there is also a clean label effort certainly in North America.

That is why, as you mentioned, Novation has a patent on it. But we have actually brought to market other variations of Novation. In fact, one of them is called Endura, which is another physically modified product aimed at the dairy industry, which is strong in both Europe and North America.

So that is our franchise. We continue to develop a whole family of products that we believe will further strengthen the whole, what I call the Novation area. So certainly wholesome is a very important area.

Then we have a theme that is on the nutrition side. And again if you look at consumer product companies, they are all looking for ways to have ingredients and texturizers -- and starters are a great way to do this -- to have the food taste better and then bring nutrition.

So fiber, the way people digest fiber. Everybody wants fiber to be healthy and how it is digested.

As an example, there's fibers that are called resistant fibers and they are slowly digested, a little bit like a banana. And so people aren't as hungry, so they don't eat as much. So that's part of this whole nutrition area.

So we very much focus our R&D pipeline on specific themes that are, again, aimed at the consumer trends, looking in these different areas. But those would be two important areas.

Matthew Korn - *Barclays Capital - Analyst*

That's great. That's very helpful. Thank you.

Following up on that, you did roll back the top end of your CapEx budget for 2014. Can you give us a little bit more detail on maybe what has changed, given you are maintaining guidance for cash flow and earnings? Where are you cutting out any potential projects that had looked attractive, maybe aren't attractive today?

Maybe just sketch out again: out of that $300 million, what does it really take to keep the enterprise running? Where exactly would any kind of growth CapEx be spent for the next year?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

First of all, let me say that when we scaled it back to the bottom end of our range, some of it was for some of the growth in South America, as we catch up to some of the investments we have previously made as well, in terms of some of those that made growth we have been seeing in that environment.

But also it was just a good scrubbing of the capital expenditures, a different look at them, and trying to say which ones make sense and which don't. I would highlight, too, that we are running at about $300 million of capital expenditures versus the depreciation of about $200 million; so we still have a fairly positive outlook in terms of our CapEx program.

If you are asking in terms of what is causing us to maintain our CapEx type of expenditures, it is always one of those questions in terms of how much is going in to stay in business, how much is going into cost savings and cost improvements. Obviously, when we look at our portfolio, the cost improvements are the ones that are very, I would say we have direct line of sight for and they have immediate results in many cases, where they have a high return; and we implement those immediately.

In our maintenance capital, I think that that is one that we sustain our facilities at a competitive pace on a regular basis. And I think we have commented in the past that it is around the $75 million type of range to $100 million, pertaining to those type of components.

And so most of our future growth capital is really trying to move into some of the specialty areas. We mentioned our Hamburg expansion for our specialty starches in Europe.

We have other growth opportunities. Some of them are going into Mexico, some of them are going into a number of different locations around the globe to supply our specialty.

So, Ilene, do you have any other (multiple speakers)?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Yes, the other thing I would like to say is that we have a very extensive continuous improvement effort. And that is all about training people in Six Sigma methodology.

And what is important about that is there are projects identified in each region with a very rigorous approach. Some of them need capital, but some of them don't. And so I think you are also seeing reflection of our stepping up that process, especially in South America where we just have rolled that out in the last 12 months.

And that better processes and methodology, when you take best practices as an example from North America to South America, the way to implement that isn't necessarily with capital, but it is in better methods. So what I would say is that we are not pulling back on, as Jack said, on growth capital and on maintenance and cost reduction. At the same time we are putting more of an effort on methodology and processes with continuous improvement that don't necessarily take capital.

And those are the best projects. Those are the ones I like.

Matthew Korn - *Barclays Capital - Analyst*

Okay, I appreciate the time. I will pass it along.

Operator

Ken Zaslow, BMO Capital Markets.

Ken Zaslow *- BMO Capital Markets - Analyst*

Good morning, everyone. Just to talk about -- with your volume outlook in North America, how do you expect utilization rates throughout the year to play out?

Ilene Gordon *- Ingredion Incorporated - Chairman, President, CEO*

Well, utilization rates for the industry, I think what I've talked about, kind of in the mid-80%s last year and maybe a little bit less this year. And so I think we are expecting that to continue on the realm that it has been.

And so as we have talked about, we are enjoying some growth in the specialty food products, especially in Mexico. But I think the utilization of the beverage has settled into that rate.

Jack Fortnum *- Ingredion Incorporated - EVP, CFO*

Yes, I would agree with that. I think that there has been no incremental capacity added anywhere, from my perspective, in the industry. And I think it is just moving along in that vein, and you see more and more of the industry capacity being diverted into other finishing channels in the industry as well. So there is some growth in other areas in the industry.

Ken Zaslow *- BMO Capital Markets - Analyst*

Okay. In South America, have you started to see beer manufacturers move away from corn grits?

Ilene Gordon *- Ingredion Incorporated - Chairman, President, CEO*

Yes, absolutely. With that 11% growth in the first quarter that was quoted in one of the local publications for the beer industry, they have had to move away.

And so, obviously, we have seen it in the maltose that we produced. And so that will continue.

Ken Zaslow *- BMO Capital Markets - Analyst*

My last question, just to understand from the first questions, what is better than what you expected?

You just gave conservative guidance; is that what your message is to us right now? It is not that anything was better, you just gave very, very conservative guidance and that is why you're able to keep guidance? Because I didn't really see you say anything that was actually better than expected.

Jack Fortnum *- Ingredion Incorporated - EVP, CFO*

I think if you think about our guidance, you might call it conservative or not. I guess if you think about the exchange headwinds, historically we have been able to pass those on in terms of our business model. So we are expecting that our units in-country -- we invest in dollars; many of our raw materials are in dollars. And so effectively there may be a slight lag in terms of getting that exchange back.

In North America, when we gave the guidance we didn't know about some of the weather, and that was factored in. So there was not the full weather, granted, I will attest to that; but some of it was factored in.

And when so we continue to have growth in Mexico as well as the fact that Argentina, which is the biggest variable on our guidance, has really just kind of tracked along as we anticipated in the midpoint of it. So we do have a fair range associated with Argentina in our guidance. And so effectively I think that that is where there is probably a little bit of noise, because I think that we are actually hitting our numbers in Argentina, which is nice to see.

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

I think the other thing, Ken, is that -- and Jack mentioned Mexico. Mexico came off a GDP of 1.1% and now the numbers have it stronger at 3%. So I would say that that is the other strength that we are seeing.

And of course, if you recall there was a beverage tax and nobody quite sure the total impact of that; it has had some impact. The food side, though, for us has been quite positive.

So I think part of that reflects the GDP growth and the desire for the growing of the middle class. At the same time, the Mexican consumer really wants value, and so we have products even out of our R&D pipeline that very much is able to substitute some of our products for higher-priced oils. And so again that makes affordability of some of these new products pretty attractive. And so I think that whole geography has a lot of opportunity.

Ken Zaslow - *BMO Capital Markets - Analyst*

Great. Thank you.

Operator

David Driscoll, Citi Research.

Cornell Burnette - *Citigroup - Analyst*

Good morning. This is Cornell actually filling in for David with a couple of questions. Okay, great.

So the first thing, I want to get back to the guidance a bit. And when I look at it, obviously you kept the guidance range the same, but it is a wide range. And with about a $0.25 impact from weather, then FX worsening by about another $0.10, if I were to just start at the top of your range at $5.75 and back that $0.35 out, I get to $5.40.

I understand that you might have had a bit of weather in your previous guidance. But I think things got a lot worse in February and March. And so my question is, now that we look at the range, is thinking about a number more towards the bottom of the range more realistic, given some of the one-time impacts that happened in the first quarter, which you really won't be able to recover as the year progresses?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Let me start. I think that we are still very comfortable with the range that we are in, actually. And I think that there are certain things that can move the range to the bottom, such as a more severe impact in Argentina. Or there are some positives that can impact us, pertaining to incremental volumes and things.

I think the range is where it should be at this point in time, from my vantage point. And so you have to appreciate, when we gave that range -- I want to make sure you are clear. You are subtracting out the full weather impact; we had part of it already factored in there.

On the FX component, we still believe that our units will pass on FX headwinds, and we are instructing them to do so in terms of their adjustments as well. And so it may not -- the timing may not work one-to-one or anything like that, but we usually get those FX headwinds back.

And so I think I am still very comfortable with where we are in the range. And I wouldn't say that we are at the bottom or the top of the range. There's different things that can happen on either side of it that can drive us in a different direction.

Cornell Burnette - *Citigroup - Analyst*

Okay. Well, in getting back to what you were saying about FX and passing that along, I know in the past with some of the difficulties in Argentina with the economy there, you guys had mentioned that there were some price controls at retail that might have prohibited you from taking pricing up to offset higher costs. Have those controls still been lifted, or are they still in place? And will that make it difficult for you maybe to pass along some of the things that have happened with the Argentine peso going forward?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Yes, I think Argentina is a unique example of where we had some challenges passing on the devaluations because of some of the price controls at the retail level. And I do think that that is why we do have a fair range around Argentina; and we have explained that in the past as well in terms of why we are having some compression in our margins there.

I think the -- I guess I would like to point out from my perspective it is a little positive that, while we did these different models in terms of how the inflation and devaluation work, when the farmer would release the corn, none of these things are going to be perfect as they flow through our model. And that is why we do have a fairly broad range, because it is principally about Argentina.

The rest of the countries is where I was really addressing the FX headwinds. Because I don't think our outlook on the Argentine peso has changed that dramatically from the end of last year.

Cornell Burnette - *Citigroup - Analyst*

Okay. Very good. Then if I can sneak in one more, just talking about the North American business, looking at your numbers. And so if we are going to grow in that low single-digit range for the full year, it would imply something like a 16% growth in that business over the remaining three quarters.

I was just wondering if you can talk a little bit more on how you get there in light of a volume environment that seems to be flat to down. And maybe some comments from your competitors the other day that signaled that this is a market that still remains very difficult and one where profit growth is going to be tough to come by.

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Well, I would say that if you go back to that capital discussion, we are very good operators; and so now that we are through this weather, we continue to make cost-reduction investments that are very effective around North America. And in fact they are not just cost reduction, but as the volume is coming back even in the low single digits we run very well.

And so you get the throughput, you get a much better environment. And do recall that corn prices are a lot lower this year than they were last year. And as the food companies pass some of that on to consumers to drive their own growth -- and as you have heard, a lot of the consumer product companies are promoting their products with advertising and different type of promotions and in fact formulating new products.

They are not giving up on trying to drive growth in the food industry. And we are the guys behind that, helping them formulate those new products.

So while it is a challenging -- let's say, more in what I call the core commodity side, the specialty food growth continues to be an exciting environment as the consumers are demanding new products and healthy products. So we get to produce both and balance our facilities very well, and therefore get the throughput, and there is some opportunity and income there.

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

I would like to highlight one other point too, that -- just in case you didn't understand -- is the timing of the corn is significant in terms of how it rolls out during the year. So it is a timing issue between the quarters; and I think I explained it in an earlier question.

The first quarter has got compression in its margin. But for the total year it is what we expected, shall I say. And so the second and more so in the third quarter, you will see improved margins in our North American business just because of the way the corn was laid out.

Cornell Burnette - *Citigroup - Analyst*

Thank you.

Operator

Aaron Weitman, Appaloosa Management.

Aaron Weitman - *Appaloosa Management - Analyst*

Hi, guys. First, in terms of M&A, I guess we saw recently one of the bigger deals was this Sensory Effects business. Was that a business that you guys have looked at? And how do you compare it with your business?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Well, we don't comment on specific acquisitions. We do get to see what is out there. We are well connected in the market and through the different auctions.

What I would say is, what we are looking at are ingredients that would go very well with our texturizers and sweeteners, focused primarily on the food and beverage industry. And we are looking, obviously, at those that would create value and are specialty in nature when I talk about broadening the portfolio.

And of course geographically, some of those are even in the more core. But we don't comment on specific acquisitions.

Aaron Weitman - *Appaloosa Management - Analyst*

Okay. And then I guess as I look at your business, I tend to view it and I think you guys view it as being far closer to being similar to a flavor and fragrance type business versus being anywhere close to a straight commodity-type business, being I guess even high fructose corn syrup is still an oligopoly with being highly contracted.

I am surprised that, I guess, as you guys look at acquisitions, and I guess it has been more than a year that we have been waiting, that we are not just seeing a more steady share buyback program, particularly with your stock at this cheap price.

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Well, what we have always said -- that when we look at the priorities and after funding certainly capital expenditures that we have talked about quite a bit, and certainly we had to right-size the dividend, but that M&A is a high priority. Because it's all about growing the Company and being more important to our customers, and that is going to create the most long-term value for all of our shareholders.

Now last year, where we didn't find the right value proposition in some of the M&A that was just beginning to become available, that is when we did the share buyback during the fourth quarter and then reauthorized our buyback possibilities. And as I said earlier today, we continue to be excited about the M&A possibilities out there; and with our strong balance sheet we want to be in a position to take advantage of that.

But at the same time we recognize that shareholder-friendly actions like dividends and share buybacks are part of that mix. So we are always looking at what creates the most value, and we will continue to do that.

Aaron Weitman - *Appaloosa Management - Analyst*

Okay. And then one last question for me. I guess, as you guys continue to spend more than $200 million per year above maintenance CapEx, what should we look at as, I guess, the incremental yearly benefit from growth CapEx? And are there any, I guess, step changes in terms of the income from those new projects as they come on?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Well, I will start and then I will turn it to Jack. But I think as an example when you look at the capacity additions that we did in Europe and Pakistan, and we talked about those, obviously you should see growth in volume and in income, and especially as we talk about Europe earlier, where we have a proprietary position. Pakistan, we are the leader there, and we have export opportunities.

So I would say that certainly in regions where we have added capacity you ought to be looking at the growth in profit there.

And then, obviously, the other capital that we have spent that we talk about, maintenance, is all in the cost-reduction area, and that is making us more efficient. And that is a place like South America, where we added capacity ahead of GDP growth; and now we are looking at being more cost-effective in South America, and so that would manifest itself obviously in higher profit. Jack, do you want to add?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

The only comment, I would like to make sure that you appreciate is, as we are doing these projects there is a lag associated with the execution of the returns. We do the project and it takes us perhaps 18 months to two years to do the project; and then effectively -- particularly when it is a new capacity type of project -- it takes us a while to fill out the channels and really drive those returns home.

That is all factored into our returns on the projects, obviously, in terms of timing. But there is a lag. So you will see some of the growth kick in as time progresses, as well as some of the cost savings.

And some of the cost savings are really driven to offset any inflationary increases as well, as Ilene mentioned before, with the continuous improvement program. So I think that we have basically summarized the whole capital program there, from that perspective.

Aaron Weitman - *Appaloosa Management - Analyst*

Okay. Are there any, I guess, step changes? Or any of the, I guess, new plants that you expect to come on in a big chunk at all? Or is that all still pretty regular?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

I think if you think about it right now, it is not like we are building a new plant someplace or anything like that. Most of them are finishing channel types of capacities, that we are changing those around, or cost-improvement type of projects.

We are not putting in significant new capacity anywhere. We are filling out capacity in different locations from our previous investments.

Aaron Weitman - *Appaloosa Management - Analyst*

All right, thank you.

Operator

Adam Samuelson, Goldman Sachs.

Adam Samuelson - *Goldman Sachs - Analyst*

Great, thank you. A lot of ground has been covered today, so I will try to make this brief. Maybe just a longer-term question on Argentina.

I think one of the learnings that we've had over the last couple years, given the issues down there, is that that business was generating some pretty outsized margins for a relatively traumatized business. Appreciate some of that is driven by your market share down there.

But what is your long-term expectation for profitability in Argentina? And what point do you think you can get there?

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

I will start and then turn it to Jack. We have been in Argentina for a long time. We think that long term the economics of the country should be attractive. It is a low-cost corn environment.

And so when the government -- when things get right-sized we are excited about Argentina and the desire of the consumer there for both sweetened and starch-based products and beverage and food. I think we did say that -- you are right, those were outsized margins and that we ought to be able to get back to more of a norm.

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Yes, and I think we always said the norm should be in around that $80 million type of range. I think when we look at our investments there and the risk profile of Argentina -- and as Ilene said, it is one of the low-cost corn-producing countries in terms of the cost of corn. And so we felt very comfortable in that $80 million range at this point in time.

Now having said that, obviously government policies and things like that can impact that profitability. And we are assuming that it will get back to that equilibrium very soon. When I say very soon (multiple speakers) next couple years.

Adam Samuelson - *Goldman Sachs - Analyst*

Okay. That's helpful. And then just a clarification question in North America. With the guidance for EBIT to be up low single digits and the majority of that growth seeming to be coming from specialty starches in Mexico, is there an expectation that profit growth in the US specialty starch business is actually up?

And if it is not, is that only because of 1Q? Or is it just the underlying pricing dynamics in the market?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Yes, it's actually -- we are expecting specialty starch margins to be up in the US as well. What we have said is the specialty business was actually -- had better margins; and even though there was a little bit of compression in the sweetener side of the business, they more than offset the sweetener business.

Adam Samuelson - *Goldman Sachs - Analyst*

Okay. That's helpful. Thanks very much.

Operator

Robert Moskow, Credit Suisse.

Robert Moskow - *Credit Suisse - Analyst*

Just trying to get total clarity on the guidance, Jack. Does the high end of your EPS guidance assume that you get pricing in Argentina?

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

Well, I think Argentina that would put it back at the prior-year type of levels. And so it would be that -- like the corn got released and we got some pricing back -- or margin back in Argentina, I would say, where the costs come down and there was a major devaluation and product costs in check.

So at the top end we would have to see some improvement in Argentina.

Robert Moskow - *Credit Suisse - Analyst*

Okay, thank you.

Operator

Akshay Jagdale, KeyBanc Capital.

Akshay Jagdale - *KeyBanc Capital Markets - Analyst*

Thank you. Just a follow-up on Argentina. Can you -- previously, the range in your guidance was entirely, I believe, driven by the outcome in Argentina. Is that -- you mentioned you've changed certain assumptions in Argentina. Can you just give us some clarity on, one, is the range still a function of outcomes in Argentina?

And what does it imply for EBIT in Argentina? I believe the midpoint previously was around $27 million in EBIT, or that is what it implied for Argentina. If you could help me out with that, that would be great. Thanks.

Jack Fortnum - *Ingredion Incorporated - EVP, CFO*

There is no change to our assumptions at this point in time with Argentina. I think Argentina has been tracking right in the middle of our range, and that $27 million number is still very valid from our perspective.

Aaron Hoffman - *Ingredion Incorporated - VP IR & Corporate Communications*

Akshay, just to refresh your memory on what we had said before, we had said that we expected the midpoint of our assumptions took us to Argentina being down about 40% in 2014 compared to 2013. We declined from $45 million to $27 million.

The anticipated range would be even in a worst-case of our assumption being mildly profitable, making a little bit. And then there is some upside there depending on a few circumstances if they played out in our favor, depending on the pace of devaluation, the price of corn, and government actions, which obviously we can't control or fully anticipation. But that is the full breadth of the assumption.

Akshay Jagdale - *KeyBanc Capital Markets - Analyst*

Great. Thank you. I will pass it on.

Operator

At this time there are no further questions. Please continue.

Ilene Gordon - *Ingredion Incorporated - Chairman, President, CEO*

Okay, so just a final sign-off. I want to reiterate our confidence in our long-term outlook and our business model. We remain keenly focused on shareholder value creation, and we are committed to deliver shareholder value.

So again, thank you for your attention; and that brings our first-quarter 2014 earnings call to a close. Thank you.

Operator

That does conclude our conference for today. Thank you for your participation and for using AT&T TeleConference Service. You may now disconnect.
