



**Ingredion**

**Third Quarter 2014 Earnings Call**  
**October 30, 2014**

*Ilene Gordon, Chairman, President and CEO*  
*Jack Fortnum, EVP and Chief Financial Officer*

# 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," "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 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; continued 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, pharmaceuticals, paper, corrugated, textile 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 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. Factors relating to the pending acquisition of Penford Corporation that could cause actual results and developments to differ from expectations include: required regulatory approvals may not be obtained in a timely manner, if at all; the pending acquisition may not be consummated in a timely manner or at all; the anticipated benefits of the pending acquisition, including synergies, may not be realized; and the integration of Penford's operations with those of Ingredion may be materially delayed or may be more costly or difficult than expected. 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, 2013 and subsequent reports on Forms 10-Q and 8-K.

# Perspective on the third quarter 2014

- Volumes grew 2%
  - North America, Asia Pacific and EMEA were up
  - Southern Cone and Andean region volumes were up, but more than offset by soft demand in Brazil due to a weak economy
- Operating income grew 30%
  - All four regions generated double-digit growth versus prior year
- Earnings per share rose 45%
- Continuing to execute our strategy for growth:
  - approximately \$100 million in capital with intent to expand specialty manufacturing capacity
  - approximately \$340 million pending acquisition of Penford Corporation to enhance our specialty ingredient portfolio

# North America third quarter business highlights

- Volumes rose 3%
  - U.S. and Canada delivered good volume growth, particularly in sweeteners
  - Mexico volume down slightly as expected due to taxes on sweetened beverages, however specialty volumes were up double-digits for the third consecutive quarter
- Operating income grew 17%
  - Record operating income for a quarter, but we expected more
  - Good business momentum, but not fully recovering Q1 miss
  - Favorable corn pricing, contributing to favorable margins in U.S., Canada and Mexico

# South America third quarter business highlights

- South American volumes increased in Southern Cone and Andean regions, but were down 2% for the region due to soft demand in Brazil from a weak economy
- Operating income increased 46%
  - Brazil grew due to favorable price/mix despite volume declines
  - Southern Cone improved due to favorable price/mix and modest volume recovery
  - The Andean region continued its positive growth trajectory

# Third quarter business highlights

## Asia Pacific

- Volumes rose 4% on good growth throughout the region
- Operating income grew 14%

## Europe/Middle East/Africa (EMEA)

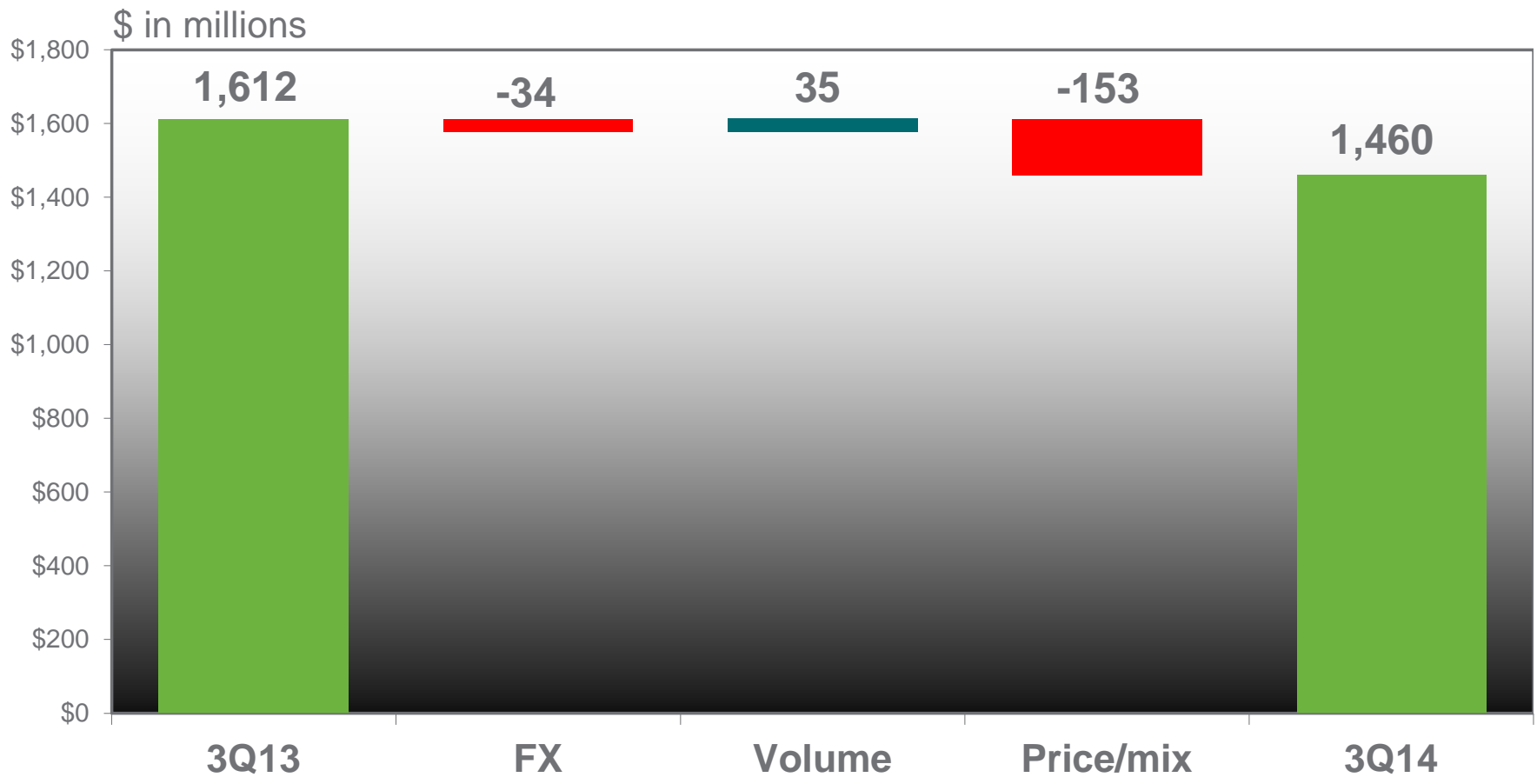
- Volume increased 3% driven by continuing demand for specialty starches
- Operating income increased 28% driven by volume growth, lower input costs and improved manufacturing costs as a result of recent capacity expansion investments

# Third quarter 2014

## Income statement highlights

\$ in millions, unless noted	3Q13	3Q14	Change
Net sales	\$1,612	\$1,460	-\$152
Gross profit	\$259	\$298	+\$39
<i>Gross profit margin</i>	16.1%	20.4%	+430 bps.
Operating income	\$137	\$178	+\$41
Diluted EPS	\$1.10/share	\$1.60/share	+\$0.50/share

# Third quarter 2014 net sales bridge





# Third quarter 2014

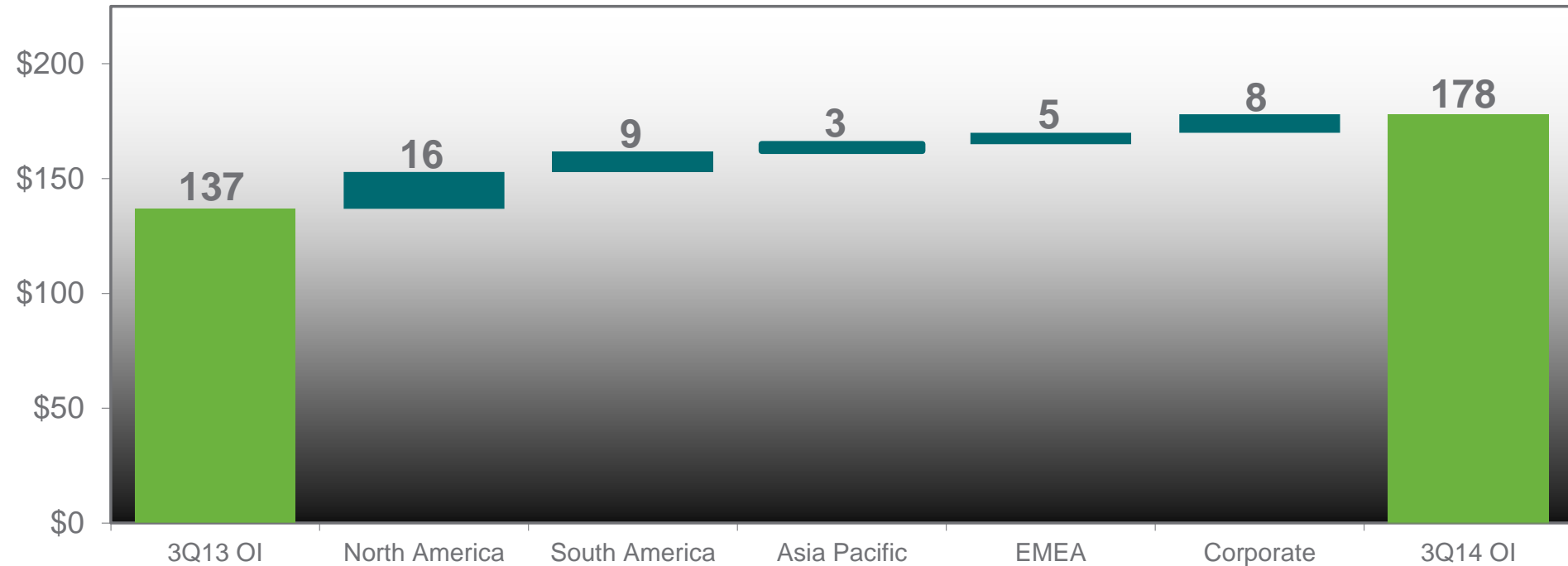
## Net sales variance by region

	Foreign exchange	Volume	Price/mix	Net sales change
North America	-1%	+3%	-17%	-15%
South America	-10%	-2%	+7%	-5%
Asia Pacific	+1%	+4%	-5%	—
Europe/Middle East/Africa	+2%	+3%	-1%	+4%
<b>Total Ingredion</b>	<b>-2%</b>	<b>+2%</b>	<b>-9%</b>	<b>-9%</b>

# Third quarter 2014

## Operating income bridge

\$ in millions



# Estimated third quarter 2014 EPS bridge

Amounts are dollars/share

**3Q13 diluted EPS** **\$1.10**

*Changes from operations* 0.40

*Non-operational changes* 0.10

**3Q14 diluted EPS** **\$1.60**

<i>Margin</i>	0.30
<i>Volume</i>	0.06
<i>Foreign exchange rates</i>	(0.02)
<i>Other income</i>	0.06
<b>Changes from operations</b>	<b>0.40</b>

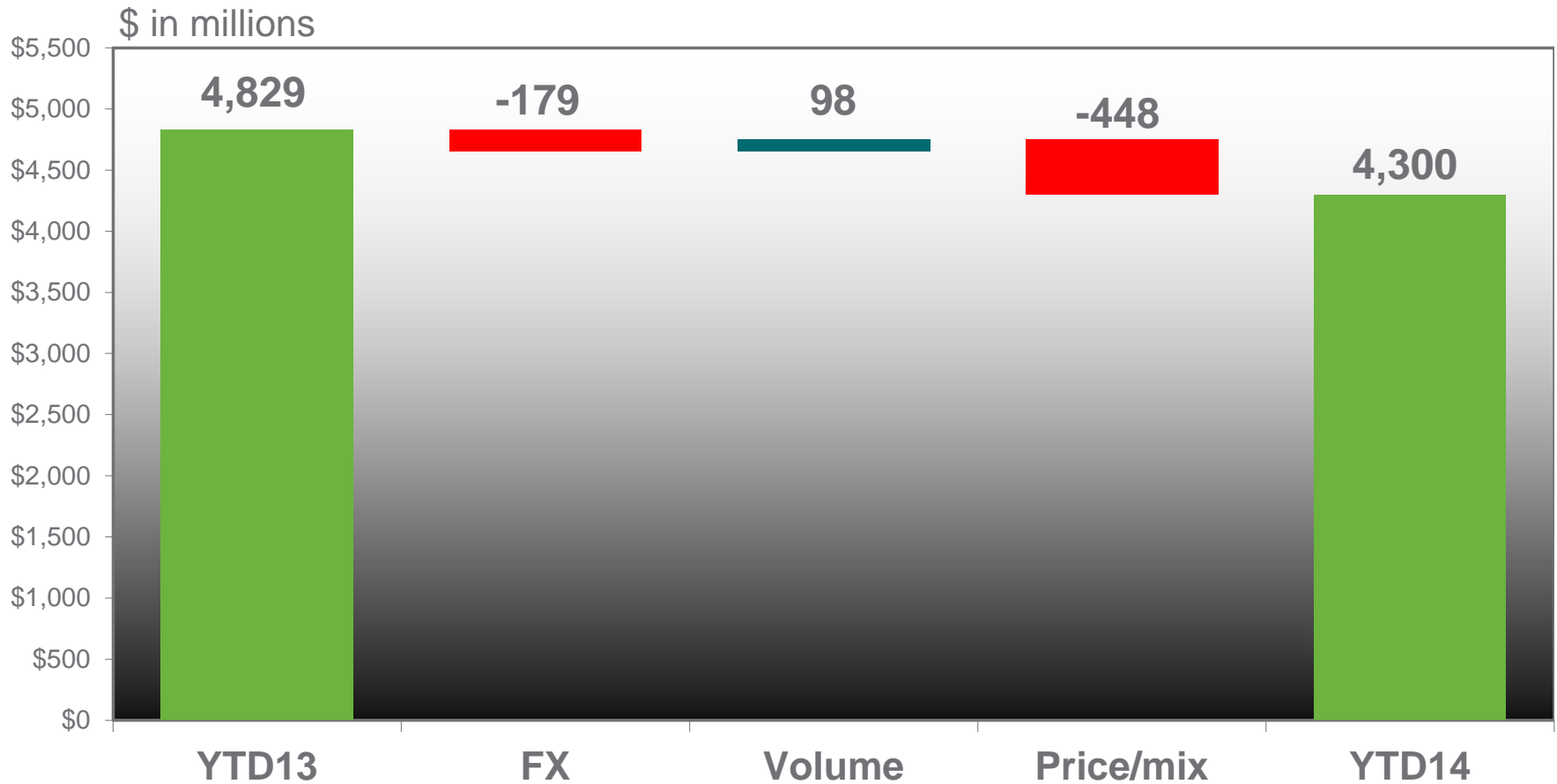
<i>Financing costs</i>	0.03
<i>Tax rate</i>	—
<i>Shares outstanding</i>	0.07
<i>Non-controlling interest</i>	—
<b>Non-operational changes</b>	<b>0.10</b>

# First nine months 2014

## Income statement highlights

\$ in millions, unless noted	YTD13	YTD14	Change
Net sales	\$4,829	\$4,300	-\$529
Gross profit	\$840	\$843	+\$3
<i>Gross profit margin</i>	17.4%	19.6%	+220 bps.
Operating income	\$452	\$463	+\$11
Diluted EPS	\$3.71/share	\$3.89/share	+\$0.18/share

# First nine months 2014 net sales bridge



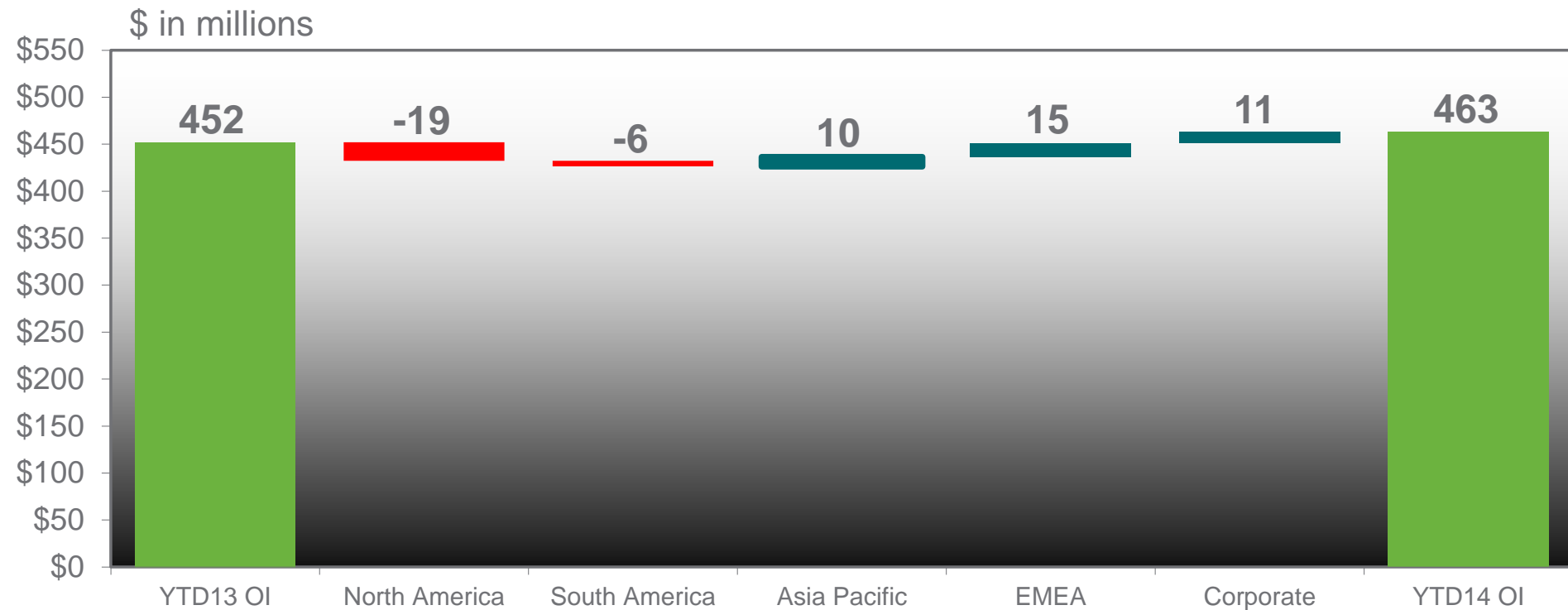
# First nine months 2014

## Net sales variance by region

	Foreign exchange	Volume	Price/mix	Net sales change
North America	-1%	+1%	-17%	<b>-17%</b>
South America	-16%	+2%	+5%	<b>-9%</b>
Asia Pacific	-1%	+5%	-5%	<b>-1%</b>
Europe/Middle East/Africa	+1%	+4%	+4%	<b>+9%</b>
<b>Total Ingredion</b>	<b>-4%</b>	<b>+2%</b>	<b>-9%</b>	<b>-11%</b>

# First nine months 2014

## Operating income bridge



# Estimated first nine months 2014 EPS bridge

Amounts are dollars/share

**YTD13 diluted EPS** **\$3.71**

*Changes from operations* 0.10

*Non-operational changes* 0.08

**YTD14 diluted EPS** **\$3.89**

<i>Margin</i>	(0.03)
<i>Volume</i>	0.21
<i>Foreign exchange rates</i>	(0.16)
<i>Other income</i>	0.08
<b>Changes from operations</b>	<b>0.10</b>

<i>Financing costs</i>	0.02
<i>Shares outstanding</i>	0.16
<i>Tax rate</i>	(0.08)
<i>Non-controlling interest</i>	(0.02)
<b>Non-operational changes</b>	<b>0.08</b>



# 2014 income statement guidance

- Sales expected to be below prior year primarily as a result of lower raw material costs
- 2014 diluted EPS expected to be \$5.35 - \$5.50 per share compared to \$5.05 in 2013
  - Financing costs anticipated to be below 2013
  - Effective annual tax rate is estimated to be approximately 27-28%

# Regional outlook

## North America

- Q4 volume growth expected to continue in U.S. and Canada, partially offset by modest declines in Mexico
- Full year operating income anticipated to be down versus prior year, as good momentum is expected to continue through Q4, however, we will not fully compensate for the Q1 challenges

## South America

- Volumes expected to be slightly higher versus prior year in Q4 and for the full year
- Full year operating income anticipated to be down slightly due to the weaker-than-expected economy in Brazil and continued challenging environment in Southern Cone

# Regional outlook

## Asia Pacific

- Volume growth expected broadly across most countries in the region for Q4 and full year versus prior year
- Full year operating income anticipated to increase largely due to volume growth and favorable input costs

## EMEA

- Q4 and full year volume growth expected to remain strong versus prior year driven by capacity expansion and increased demand for specialty starches
- Full year operating income anticipated to increase double digits
  - European business anticipated to generate strong volume and improved price/mix
  - Pakistan business expected to see solid demand, increased utilization of new capacity and benefits of cost management

# First nine months 2014 cash provided by operations

## Amounts are in millions

Net income	\$300
Depreciation and amortization	\$147
Working capital	\$(37)
Other	\$52
<b>Cash provided by operations</b>	<b>\$462</b>

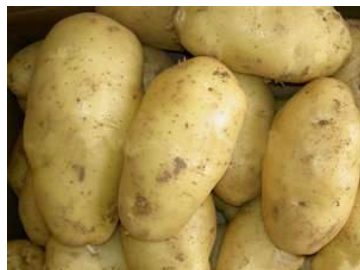
## Uses of cash

<i>Capital expenditures, net</i>	\$187
<i>Dividend payments</i>	\$97
<i>Share repurchases, net</i>	\$287

# 2014 cash flow guidance

- Expect to generate strong cash from operations of approximately \$700 - \$750 million
  - Assumes minimal impact from margin accounts
- Anticipate capital expenditures slightly below \$300 million
- Strong balance sheet and cash flow enables continued strategic investments

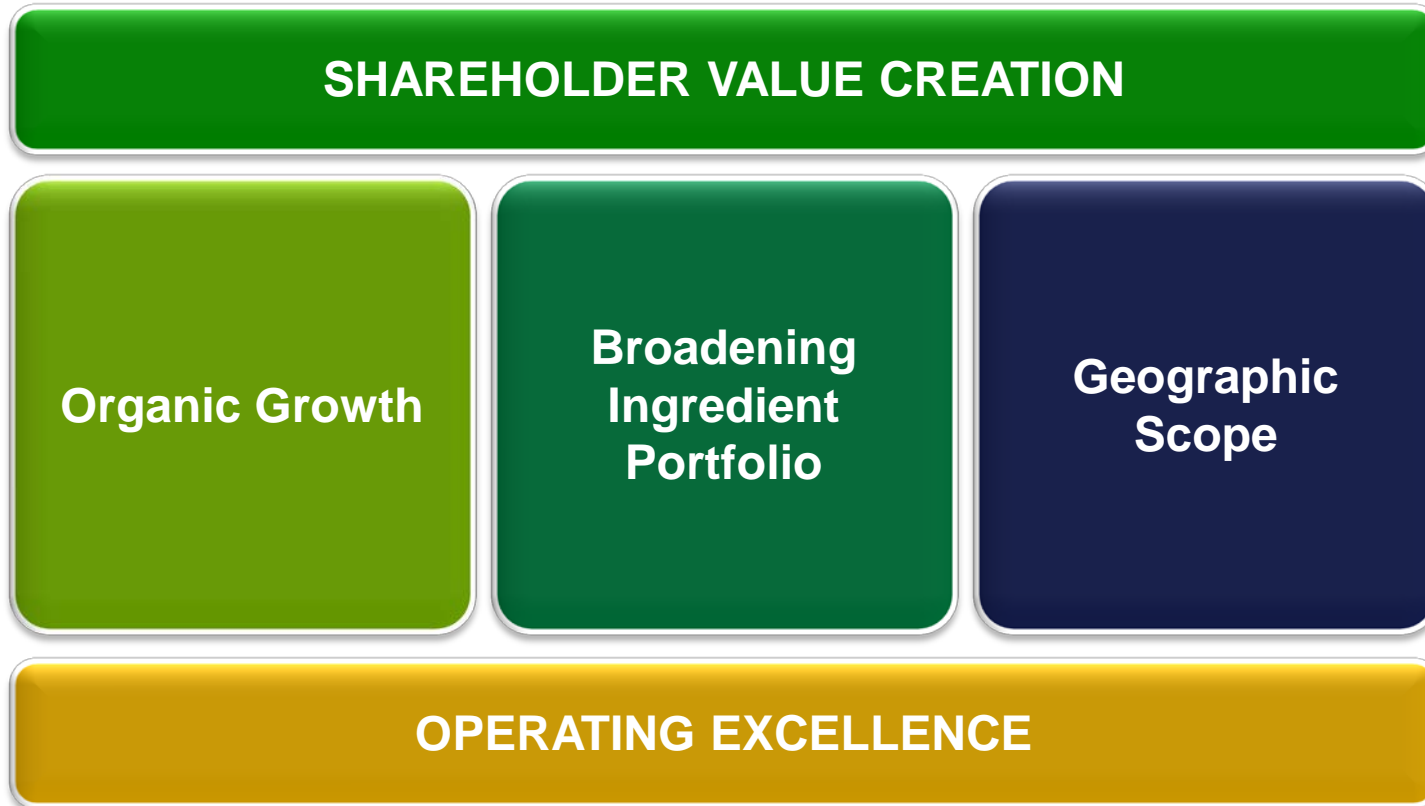
# Penford acquisition well-aligned to our strategic blueprint



- **Complementary higher-value specialty products** addressing growing consumer trends; including nutrition, gluten-free, food textures, and sustainable green solutions
- **Strengthened presence** in hydrocolloids and biomaterials
- Opportunities to **improve operating efficiencies** from expanded US footprint
- Anticipated annual **synergies of at least \$20 million**
- Expected to be **\$0.10 – \$0.15 accretive to earnings** on a per share basis in the first year, excluding one-time costs

# Our Strategic Blueprint

A LEADING GLOBAL SUPPLIER OF INGREDIENT SOLUTIONS



# Questions and answers