Ingredion

Fourth Quarter 2017 Earnings Call

Jim Zallie, President, and CEO
James Gray, Executive Vice President and CFO

FEBRUARY 1, 2018

Forward-Looking Statements

This presentation 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," "propels," "opportunities," "potential" 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; particularly United States tax reform; operating difficulties; availability of raw materials, including potato starch, tapioca, gum arabic and the specific varieties of corn upon which our products are based; our ability to develop or acquire new products and services at rates or of qualities sufficient to meet expectations; 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 acquisition of TIC Gums that could cause actual results and developments to differ from expectations include: the anticipated benefits of the acquisition, including synergies, may not be realized; and the integration of TIC Gum's operations with those of Ingredion which 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, 2016 and subsequent reports on Forms 10-Q and 8-K.

Perspective on full-year 2017

- Solid results
  - Record EPS and operating income
  - Overall volumes up +3%; acquisition-related volume added +2 pts
  - Specialty sales 28% of net sales
  - Brazil and Argentina network optimization and restructurings
- Continue to deploy cash for shareholder value creation
  - Over a million shares repurchased
  - 20% dividend increase
  - Higher-value specialty production expansion
  - Acquisition integration continues

North America highlights

- Fourth quarter
  - North America operating income up 3% to $141 million
  - Overall volumes up +3%; acquisition-related volume added +4 pts
    - Continued impact of Mexico customer shift in brewery
  - Mexico cost headwinds
- Full year
  - Record operating income of $661 million, up $51 million
  - TIC Gums integration underway

South America highlights

- Fourth quarter
  - South America operating income up 24% to $36 million
  - Brazil and Argentina network optimization and restructuring delivering as expected
  - Overall sales volumes up 3%, but net sales were down driven by the pass through in lower raw material cost in Brazil
  - Continued focus on cost discipline
- Full year
  - Operating income of $80 million

Asia Pacific highlights

- Fourth quarter
  - $24 million of operating income, flat compared to prior year
  - Overall volume up +4%
  - Unfavorable price/mix in Korea driven by a decision to diversify core customer mix
  - Tapioca supply shortfall significantly increased costs
- Full year
  - Record operating income of $112 million
  - Shandong Huanong and Sun Flour business integration continues as planned

Europe/Middle East/Africa (EMEA) highlights

- Fourth quarter
  - EMEA operating income up 15% to $30 million
  - Overall volume up 3%
  - Favorable volume and price/mix
- Full year
  - Record operating income of $113 million, up $7 million

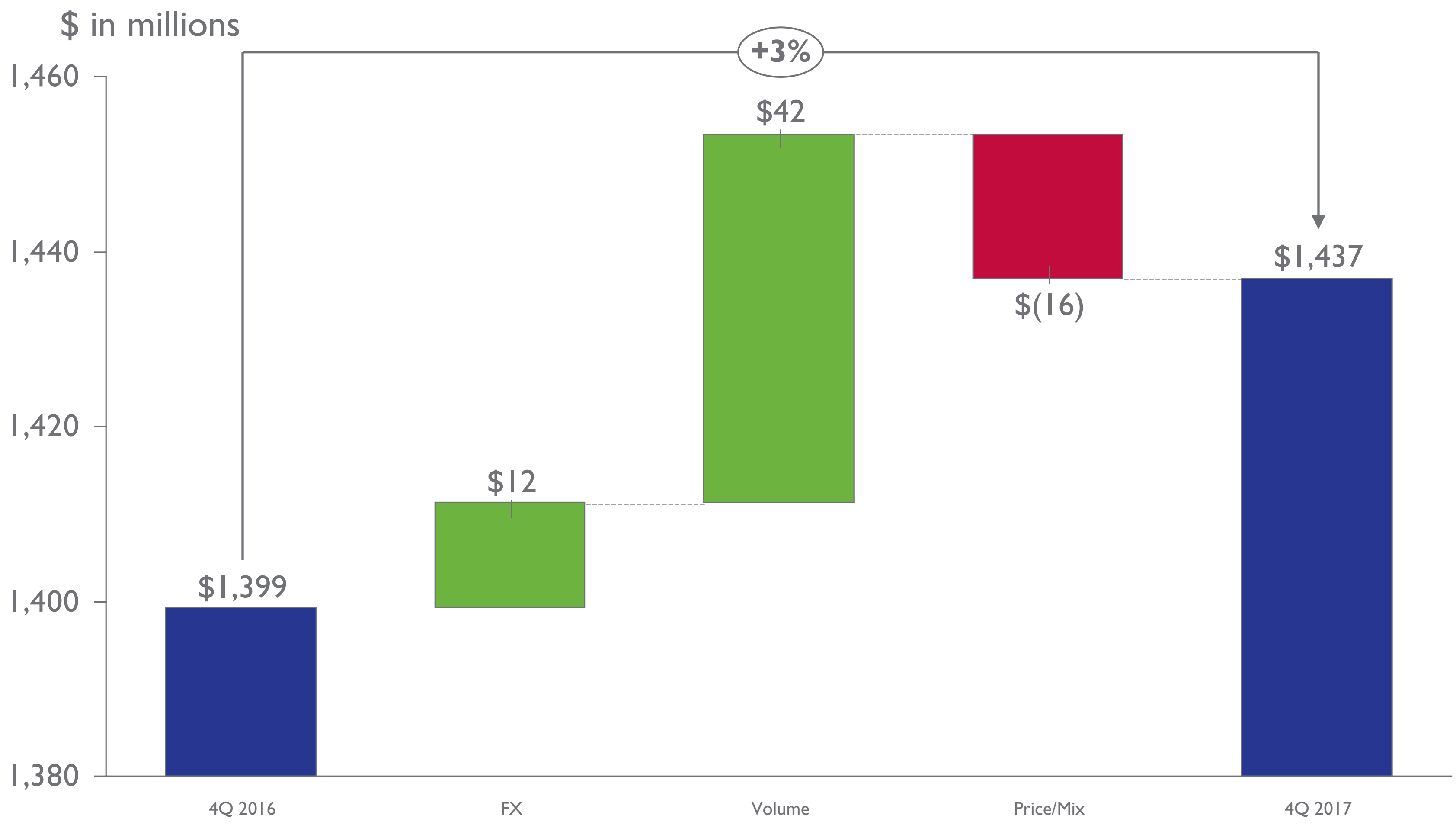
Fourth quarter 2017
Income statement highlights

$ in millions, unless noted	4Q 2016	4Q 2017	Change
Net Sales	$ 1,399	$ 1,437	$ 38
Gross Profit	$ 339	$ 360	$ 21
Gross Profit Margin	*24.2%*	*25.0%*	*80 bps.*
Reported Operating Income	$ 189	$ 203	$ 14
Adjusted Operating Income*	$ 194	$ 210	$ 16
Reported Diluted EPS	$ 1.26/share	$ 1.35/share	$ 0.09/share
Adjusted Diluted EPS*	$ 1.67/share	$ 1.73/share	$ 0.06/share

Totals may not foot due to rounding

*See appendix for a reconciliation of these non-GAAP financial measures to U.S. GAAP measures.

Fourth quarter 2017
Net sales bridge



Totals may not foot due to rounding

Fourth quarter 2017
Net sales variance by region

	Foreign Exchange	Volume	Price/mix	Net Sales Change
North America	0%	3%	0%	**3%**
South America	-2%	3%	-5%	**-4%**
Asia Pacific	4%	4%	-2%	**6%**
EMEA	4%	3%	2%	**9%**
Ingredion	**1%**	**3%**	**-1%**	**3%**

Totals may not foot due to rounding

Fourth quarter 2017
Operating income bridge

$ in millions

2017 Q4 OI	$141	$36	$24	$30	$(21)

Totals may not foot due to rounding

*See appendix for a reconciliation of these non-GAAP financial measures to U.S. GAAP measures.

Fourth quarter 2017 EPS bridge

Amounts are dollars/share	
Q4 2016 Reported Diluted EPS	**$ 1.26**
Acquisition/Integration Costs	*0.01*
Impairment/Restructuring Costs	*0.03*
U.S./Canada Tax Settlement	*0.36*
Q4 2016 Adjusted Diluted EPS*	**$ 1.67**
Q4 2017 Adjusted Diluted EPS*	**$ 1.73**
Acquisition/Integration Costs	*(0.01)*
Impairment/Restructuring Costs/Other	*(0.06)*
Income Tax Reform	*(0.31)*
Q4 2017 Reported Diluted EPS	**$ 1.35**

Margin	$ (0.03)
Volume	0.15
Foreign Exchange Rates	0.03
Other Income	-
Changes from Operations	$ 0.15

Financing Costs	$ 0.02
Non-controlling Interests	-
Tax Rate	(0.13)
Shares Outstanding	0.02
Non-Operational Changes	$ (0.09)

Totals may not foot due to rounding

*See appendix for a reconciliation of these non-GAAP financial measures to U.S. GAAP measures.

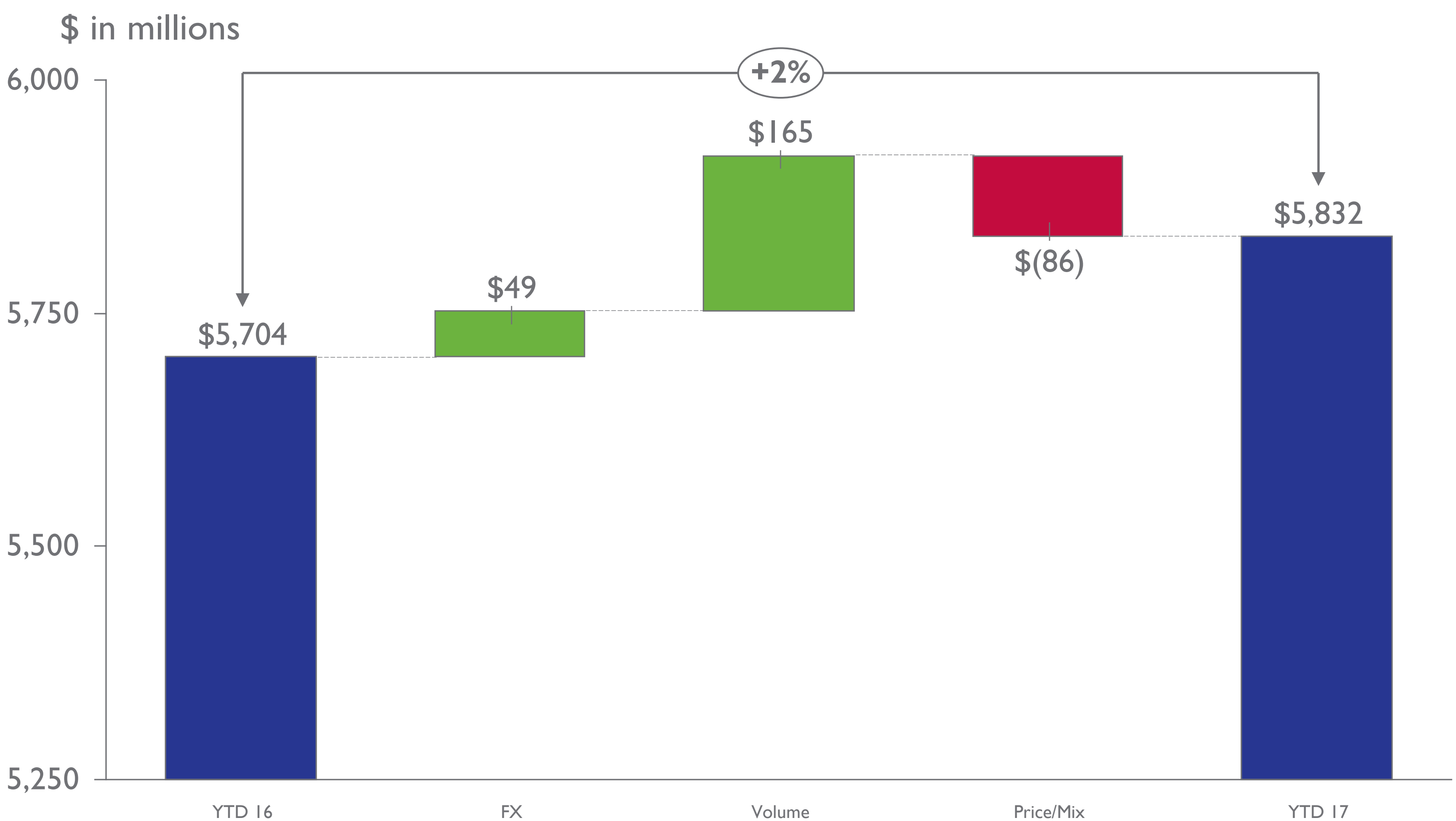
FY 2017
Income statement highlights

$ in millions, unless noted	YTD 2016	YTD 2017	Change
Net Sales	$ 5,704	$ 5,832	$ 128
Gross Profit	$ 1,402	$ 1,473	$ 71
Gross Profit Margin	*24.6%*	*25.3%*	*70 bps.*
Reported Operating Income	$ 808	$ 842	$ 34
Adjusted Operating Income*	$ 830	$ 884	$ 54
Reported Diluted EPS	$ 6.55/share	$ 7.06/share	$ 0.51/share
Adjusted Diluted EPS*	$ 7.13/share	$ 7.70/share	$ 0.57/share

Totals may not foot due to rounding

*See appendix for a reconciliation of these non-GAAP financial measures to U.S. GAAP measures.

FY 2017
Net sales bridge



Totals may not foot due to rounding

FY 2017
Net sales variance by region

	Foreign Exchange	Volume	Price/mix	Net Sales Change
North America	0%	3%	-1%	**2%**
South America	3%	0%	-3%	**0%**
Asia Pacific	2%	8%	-6%	**4%**
EMEA	0%	1%	2%	**3%**
Ingredion	**1%**	**3%**	**-2%**	**2%**

Totals may not foot due to rounding

FY 2017
Operating income bridge

$ in millions

	North America	South America	Asia Pacific	EMEA	Corporate
2017 OI	$661	$80	$112	$113	$(82)

Totals may not foot due to rounding

*See appendix for a reconciliation of these non-GAAP financial measures to U.S. GAAP measures.

FY 2017 EPS bridge

Amounts are dollars/share	
YTD 2016 Reported Diluted EPS	**$ 6.55**
Acquisition/Integration Costs	*0.03*
Impairment/Restructuring Costs	*0.20*
U.S./Canada Tax Settlement	*0.36*
YTD 2016 Adjusted Diluted EPS*	**$ 7.13**
YTD 2017 Adjusted Diluted EPS*	**$ 7.70**
Acquisition/Integration Costs	*(0.12)*
Tax Reform	*(0.31)*
Impairment/Restructuring Costs/Other	*(0.34)*
U.S./Canada Tax Settlement	*0.14*
YTD 2017 Reported Diluted EPS	**$ 7.06**

Margin	$ (0.11)
Volume	0.48
Foreign Exchange Rates	0.12
Other Income	0.03
Changes from Operations	$ 0.52

Financing Costs	$ (0.07)
Non-controlling Interests	(0.02)
Tax Rate	0.08
Shares Outstanding	0.06
Non-Operational Changes	$ 0.05

Totals may not foot due to rounding

*See appendix for a reconciliation of these non-GAAP financial measures to U.S. GAAP measures.

FY 2017 cash provided by operations and cash deployment

Amounts are in millions	
Net Income	$ 532
Depreciation and Amortization	$ 209
Working Capital	$(121)
Other	$ 149
Cash Provided by Operations	**$ 769**

Cash Deployment

*Capital Expenditures, net**	*$ (306)*
*Payments for Acquisitions and Investments***	*$ (20)*
*Dividend Payments****	*$ (165)*
Share Repurchase, net	*$ (114)*

Totals may not foot due to rounding

* Net of proceeds on disposals

** Net of cash acquired

*** Including to non-controlling interest

2018 Income Statement guidance

Anticipated 2018 adjusted EPS* $8.10 - $8.50 per share; excluding acquisition-related, integration, and restructuring costs, as well as any potential impairment costs

- Net sales expected to be up versus last year
- Volumes expected to be up versus last year
- Anticipated neutral currency impact outside the U.S.
- Corporate expenses expected to be higher
- 2018 Financing costs expected to be in the range of $72-$77 million
- Effective adjusted annual tax rate estimated to be approximately 27.5-29.0%
- Diluted shares outstanding expected to be in range of 73.5-74 million

*See appendix for a reconciliation of these non-GAAP financial measures to U.S. GAAP measures.

New Accounting Regulations

	Year Ended December 31, 2017		
(in millions)	**Current**	**Change**	**Updated**
Operating Income by Segment			
North America	$ 661	$ (7)	$ 654
South America	80	1	81
Asia Pacific	112	3	115
EMEA	113	-	113
Corporate	(82)	(3)	(85)
Operating Income	**$ 884**	**$ (6)**	**$ 878**
NEW **Other Non-Operating Income**	**-**	**6**	**6**

- Accounting Standard Update 2017-07 is effective for 2018; prior periods will be restated
- It is intended to improve the presentation of net periodic benefit cost for pension and postretirement benefit plans
- Presentation change will impact regional operating income
- No impact on net income or EPS

Regional outlook 2018 vs. 2017

North America

- Net sales expected to be up
- Volumes expected to be up
- Operating income expected to be up

South America

- Net sales expected to be flat to up; anticipated volume recovery and favorable price/mix expected to offset forecasted currency headwinds
- Operating income expected to be up

Regional outlook 2018 vs. 2017

Asia Pacific

- Net sales expected to be up
- Operating income expected to be up in the latter half of the year; anticipated specialty volume growth expected to offset our continued core customer mix diversification and raw material cost headwinds

EMEA

- Net sales expected to be up driven by anticipated volume growth and favorable currency impact
- Operating income anticipated to be up; anticipated specialty and core volume growth and improved price/mix are expected to continue

2018 Cash flow guidance

- Expect strong generation of cash from operations in the range of $830-$880 million
  - Assumes minimal impact from margin accounts
- Anticipated capital expenditures of approximately $330-$360 million
- Strong balance sheet offers opportunities

Ingredion

Questions and Answers

Appendix

To supplement the consolidated financial results prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), the Company uses non-GAAP historical financial measures, which exclude certain GAAP items such as acquisition and integration costs, impairment and restructuring costs, and certain other special items. The Company generally uses the term "adjusted" when referring to these non-GAAP amounts.

Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. By disclosing non-GAAP financial measures, management intends to provide investors with a more meaningful, consistent comparison of the Company's operating results and trends for the periods presented. These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP and reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. These non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with generally accepted accounting principles.

Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies. A reconciliation of each non-GAAP historical financial measure to the most comparable GAAP measure is provided below.

Reconciliation of GAAP net income and diluted EPS to non-GAAP adjusted net income and adjusted diluted earnings per share (EPS)

	Three Months Ended December 31, 2017		Three Months Ended December 31, 2016		Year Ended December 31, 2017		Year Ended December 31, 2016	
	(in millions)	EPS	(in millions)	EPS	(in millions)	EPS	(in millions)	EPS
Net income attributable to Ingredion	$99	$1.35	$94	$1.26	$519	$7.06	$485	$6.55
Add back:								
Acquisition/integration costs, net of income tax benefit of $0 and $1 million for the three months and year ended December 31, 2017, respectively, and $1 million for the year ended December 31, 2016, respectively (i)	1	0.01	1	0.01	3	0.04	2	0.03
Restructuring charge, net of income tax benefit of $5 million and $7 million for the three months and year ended December 31, 2017, respectively, and $2 million and $5 million for the three months and year ended December 31, 2016, respectively (ii)	10	0.14	2	0.03	31	0.42	14	0.20
Insurance proceeds, net of income tax benefit of $3 million for both the three months and year ended December 31, 2017 (iii)	(6)	(0.08)	-	-	(6)	(0.08)	-	-
income tax benefit of $3 million for the year ended December, 2017 (iv)	-	-	-	-	6	0.08	-	-
Income tax reform (v)	23	0.31	-	-	23	0.31	-	-
Income tax settlement (vi)	-	-	27	0.36	(10)	(0.14)	27	0.36
Non-GAAP adjusted net income	$127	$1.73	$124	$1.67	$566	$7.70	$528	$7.13

Net income, EPS and tax rates may not foot or recalculate due to rounding.

Notes

(i) The 2017 and 2016 periods include costs related to the acquisition and integration of the businesses acquired from Penford and/or Kerr. Additionally, the 2017 period includes costs related to the acquisitions of TIC Gums Incorporated, Shandong Huanong Specialty Corn Development Co., Ltd, and/or Sun Flour Industry Co, Ltd.

(ii) During the three months and year ended December 31, 2017, we recorded a $15 million and $38 million pre-tax restructuring charge, respectively. During the fourth quarter of 2017, we recorded $13 million of restructuring charges related to the abandonment of certain assets related to our leaf extraction process in Brazil, $1 million of employee-related severance and other costs associated with the Finance Transformation initiative, and $1 million of other restructuring costs including employee-related severance costs in North America. During the year ended December 31, 2017, we recorded $17 million of employee-related severance and other costs associated with the restructuring in Argentina, $13 million of restructuring charges related to the abandonment of certain assets related to our leaf extraction process in Brazil, $6 million of employee-related severance and other costs associated with the Finance Transformation initiative, and $2 million of other restructuring charges including employee-related severance costs in North America and a refinement of estimates for prior year restructuring activities. During the three months and year ended December 31, 2016, we recorded a $4 million and $19 million pre-tax restructuring charge, respectively. During the fourth quarter of 2016, we recorded $3 million for employee-related severance costs in North America and $1 million of employee-related severance and other costs associated with the execution of IT outsourcing contracts. During the year ended December 31, 2016, we recorded $11 million of employee-related severance and other costs associated with the execution of IT outsourcing contracts, $6 million of employee-related severance costs associated with the our optimization initiative in North America and South America, and $2 million of costs attributable to the Port Colborne plant sale.

(iii) During the three months and year ended December 31, 2017, we recorded $9 million in other income for cash proceeds from an insurance recovery related to capital reconstruction.

(iv) The 2017 period includes the flow-through of costs primarily associated with the sale of TIC Gums Incorporated inventory that was adjusted to fair value at the acquisition date in accordance with business combination accounting rules.

(v) The enactment of the Tax Cuts and Jobs Act in December 2017 resulted in a one-time estimated charge of $23 million for the three months and year ended December 31, 2017. The estimated charge includes a transition tax on accumulated overseas earnings, foreign taxes on a portion of our unremitted earnings, and the remeasurement of deferred tax assets and liabilities.

(vi) We had been pursuing relief from double taxation under the U.S.-Canada tax treaty for the years 2007 through 2013. During the fourth quarter of 2016, a tentative settlement was reached between the U.S. and Canada and, consequently, last year we established a net reserve of $24 million, including interest thereon, recorded as a $70 million cost and a $46 million benefit. Additionally, as a result of this settlement, we established a net reserve of $3 million for the years 2014 and 2015. In the third quarter of 2017, the two countries finalized the agreement, which eliminated the double taxation, and we paid $63 million to the IRS to settle the liability. As a result of that agreement, we are entitled to a tax-affected benefit of $10 million due to a foreign exchange loss on our 2017 U.S. federal income tax return. The foreign exchange loss was not recognized in income before taxes because it arose from the terms of the agreement.

Reconciliation of GAAP operating income to non-GAAP adjusted operating income

(in millions, pre-tax)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating income	$203	$189	$842	$808
Add back:				
Acquisition/integration costs (i)	1	1	4	3
Restructuring charge (ii)	15	4	38	19
Insurance proceeds (iii)	(9)	-	(9)	-
Charge for fair value mark-up of acquired inventory (iv)	-	-	9	-
Non-GAAP adjusted operating income	$210	$194	$884	$830

Net income, EPS and tax rates may not foot or recalculate due to rounding.

For notes (i) through (iv) see notes (i) through (iv) included in the Reconciliation of GAAP Net Income and Diluted EPS to Non-GAAP Adjusted Net Income and Adjusted Diluted EPS

Reconciliation of GAAP effective income tax rate to non-GAAP adjusted effective income tax rate

	Three Months Ended December 31, 2017			Year Ended December 31, 2017		
(in millions)	Income before Income Taxes (a)	Provision for Income Taxes (b)	Effective Income Tax Rate (b / a)	Income before Income Taxes (a)	Provision for Income Taxes (b)	Effective Income Tax Rate (b / a)
As Reported	$ 187	$ 84	44.9%	$ 769	$ 237	30.8%
Add back:						
Acquisition/integration costs (i)	1	-		4	1	
Restructuring charge (ii)	15	5		38	7	
Insurance proceeds (iii)	(9)	(3)		(9)	(3)	
Charge for fair value mark-up of acquired inventory (iv)	-	-		9	3	
Income tax reform (v)	-	(23)		-	(23)	
Income tax settlement (vi)	-	-		-	10	
Adjusted Non-GAAP	$ 194	$ 63	32.5%	$ 811	$ 232	28.6%

Net income, EPS and tax rates may not foot or recalculate due to rounding.

For notes (i) through (iii) see notes (i) through (iii) included in the Reconcilation of GAAP Net Income and Diluted EPS to Non-GAAP Adjusted Net Income and Adjusted Diluted EPS.

Reconciliation of GAAP effective income tax rate to non-GAAP adjusted effective income tax rate

Ingredion

(in millions)	Three Months Ended December 31, 2016 Income before Income Taxes (a)	Three Months Ended December 31, 2016 Provision for Income Taxes (b)	Three Months Ended December 31, 2016 Effective Income Tax Rate (b / a)	Year Ended December 31, 2016 Income before Income Taxes (a)	Year Ended December 31, 2016 Provision for Income Taxes (b)	Year Ended December 31, 2016 Effective Income Tax Rate (b / a)
As Reported	$ 171	$ 74	43.4%	$ 742	$ 246	33.1%
Add back:						
Acquisition/integration costs (i)	1	-		3	1	
Restructuring charge (ii)	4	2		19	5	
Income tax settlement (vi)	-	(27)		-	(27)	
Adjusted Non-GAAP	$ 176	$ 49	27.8%	$ 764	$ 225	29.4%

Net income, EPS and tax rates may not foot or recalculate due to rounding.

For notes (i) through (iii) see notes (i) through (iii) included in the Reconcilation of GAAP Net Income and Diluted EPS to Non-GAAP Adjusted Net Income and Adjusted Diluted EPS.

Reconciliation of GAAP diluted earnings per share ("EPS") to non-GAAP expected adjusted diluted earnings per share ("adjusted EPS")

Ingredion

	Expected EPS Range for Full Year 2018	
	Low End	High End
GAAP EPS (a)	$8.08	$8.47
Add:		
Restructuring charges (b)	0.02	0.03
Expected Adjusted EPS	$8.10	$8.50

Above is a reconciliation of our expected full year 2018 diluted EPS to our expected full year 2018 adjusted diluted EPS. The amounts above may not reflect certain future charges, costs and/or gains that are inherently difficult to predict and estimate due to their unknown timing, effect and/or significance. These amounts include, but are not limited to, acquisition and integration costs, impairment and restructuring costs, and certain other special items. We generally exclude these items from our adjusted EPS guidance.

(a) For the reasons stated above, we are more confident in our ability to predict adjusted EPS than we are in our ability to predict GAAP EPS.

(b) Primarily reflects expected 2018 restructuring charges related to the Finance Transformation initiative in North America previously announced during 2017.