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PRESENTATION

Unidentified Analyst

Welcome back. Thank you. It's my pleasure to welcome Ingredion to the conference and introduce Ingredion's President and CEO, Jim Zallie.

As many of you know, Ingredion is a leading global ingredient solutions company. Jim has served as CEO since January of last year. He joined the company in 2010 when Ingredion acquired National Starch, a $1.2 billion leader in specialty starches where he was president and where, during his 4-year tenure, compound annual sales grew by double digits.

Since joining Ingredion, Jim has led the successful integration of several key acquisitions. He served as the architect of Ingredion Idea Labs, which now has 28 locations around the world. And he has been responsible for all 4 business regions as well as Ingredion's global specialty portfolio that has grown now to 29% of total company revenue under his leadership.

So with that, please join me in welcoming Jim, along with several members of the leadership team that he'll introduce. Together, they will tell us more about the Ingredion story. And Jim, over to you.

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

Thanks. Okay. All right. Thank you, [Steve]. Okay. So it is my pleasure to introduce Ingredion to you, especially those of you that are not familiar with who Ingredion is and want to learn more about our story, but also those of you that are familiar with Ingredion but want to understand what's new with us, what are the new growth opportunities that we have and what's the value that we're creating for customers.

So when you think about Ingredion, you should think about us as a company that is very in tune with the consumer trends, the consumer preferences and the impact that, that is having on the changing landscape of which we are very connected to globally through our global reach with local touch.

Our purpose is to bring together the potential of people, nature and technology to create ingredient solutions that make life better. We are all about enabling consumer-preferred innovation for our customers.

From a housekeeping standpoint, let me show the forward-looking statement with the Safe Harbor provisions.

For today's agenda, let me introduce 3 of my colleagues who are going to present today and help me tell the Ingredion story. Following me will be Jorgen Kokke. Jorgen is Executive Vice President responsible for Global Specialties portfolio. And he is also the head of our North America region, which happens to be our largest region. He is entering his 11th year with Ingredion, and he is going to talk to you today about our growth platforms, the prospects for growth in each and the drivers for growth in each. Following Jorgen will be Pierre Perez. Pierre has been with Ingredion for nearly 3 years, but he brings 25 years of specialty food ingredient expertise, specifically in nutritional ingredients and texturizing ingredients. And he is going to describe how we cocreate with customers and how we drive consumer-preferred innovation for customers. And Jim Gray, our Executive Vice President and Chief Financial Officer, has been with the company for going into 6 years now, and he will talk about value creation and the financial outlook for the company. And then I'll wrap things up at the end.

For those of you that are not familiar with Ingredion, we are a leading global ingredient solutions provider to more than 18,000 customers in more than 120 countries around the world. We have operations in 26 countries and 11,000 employees worldwide.

We're a Fortune 500 company. And just this year, we're very pleased to be recognized for the 10th consecutive year on Fortune's most admired list. For the last 5 years, the Ethisphere Institute has rated us as 1 of the most ethical companies. And for the last 2 years, we've enjoyed a spot on the Bloomberg Gender-Equality Index. We're a company that's approaching $6 billion in sales. And for the last 5 years, we've delivered earnings per share growth -- compounded annual growth of 7%.

When you think about our unique value proposition, it really is that we are aligned with the food and beverage trends that are shaping the food industry today and are impacting the customers. We pride ourselves on being customer intimate with global reach and local touch. We consider ourselves an innovation accelerator from idea to shelf, making foods taste better through texture. We have a very experienced team with deep technical knowledge, great capabilities in food science and culinary sensory that help basically bring innovation to our customers. And for these, we're a very reliable and trusted partner to our customers.

When you look at Ingredion's global breadth and depth, we have sales of more than $1 million in 66 countries around the world, which represents access to 80% of the world's population. What I like you to take away from this is that the ingredients that we offer and the way we work with customers very locally, specifically as it relates to developing countries where packaged food consumption is growing in proportionate -- in proportion to macroeconomic growth, we provide affordable solutions to reach all levels of the socioeconomic pyramid, whether that be in Pakistan, Brazil or China or India. But equally, we provide highly innovative specialized solutions for premiumization in developed countries like the United States or Western Europe where we're adding value that consumers will pay for. To whether it be in developing or developed, Ingredion is there.

Consumer trends really are creating significant opportunities for us. Let's take a quick look at a few of the trends that are impacting the food industry today. The first 2 are really around transparency and authenticity in labeling and spersing. Consumers want to know what goes into their food today. And Ingredion is a trusted supplier that certifies whether it be a nongenetically modified ingredients supply chain or organically certified ingredients.

Another trend that's evolving very rapidly right now is the trend towards sugar reduction or low and no sugar-formulated foods. And you're going to hear more about our capabilities and what we're delivering for customers from my colleagues a little -- in a little bit.

And the other trend that's really disrupting the food industry today is the consumer demand for food anywhere. The global food demand anywhere trend has evolved to be a $150 billion industry in 2016 and is projected by Euromonitor by 2021 to grow by 50% from that level. And you can see now, I showed this graft last year, the amount of food that's consumed away from home in comparison to at home has now increased significantly, and that's only going to increase further. And this creates an opportunity for companies like Ingredion where the (inaudible) on food quality when the food has to be delivered to a consumer anywhere and be hot and of the right texture, provides opportunities for us.

So for example, the 2 applications on the right. We worked with an Asian fast food chain to make sure that the coating will provide the right degree of crispiness after an extensive period of time of delivery. And equally, we work with a company in the U.K. on french fry coatings that would provide the heat, would maintain the heat and also the crispiness for the french fry. So again, this is providing an opportunity for us to problems of the customers.

Our strategy is built upon 4 key strategic pillars. The first is to drive specialties growth. And just this past year, we did a body of work to look at our specialty growth platforms to make sure that they were precisely in tune with the consumer trends that are shaping the food industry, and we're going to share those with you in a moment.

That drive for specialties growth, higher margin, higher-value products, is underpinned with an intense passion to be preferred by our customers by offering world-class commercial excellence, being easy to do business with, cocreating with customers.

In addition, cost is a strategic priority for Ingredion. Just this past year, we established a target of $125 million of Cost Smart savings, $75 million, of which will come from the cost of goods sold and $50 million from SG&A. And this is all about driving operational efficiency, improving productivity, reducing spend in layers, accelerating decision-making and allowing our people to operate more strategically and less administratively or tactically. And this is all underpinned by now a solid core purpose, contemporary values, an inclusive culture and a high-performance team.

We play in a big space in the food ingredients space. And while we offer ingredients in the categories of sweeteners or fruits and vegetables or fibers, it is the 26% of that $155 billion pie or $41 billion in the texturizing space where we have extraordinary capabilities to problem-solve. And we've enhanced that just this past year with an entry into plant-based proteins that we can get not just for nutritional purposes but also for texturizing capabilities and problem-solving. We're the world leader in specialty starches, and also, we have an emerging presence in hydrocolloids as well.

We have had an intense focus on growing our specialties portfolio over the last number of years, and we have a track record of delivering on that. Since 2015, we grew our specialty's percentage of net sales from 25% to 29% and have established a target to grow that to 33% to 36% by 2022.

And what I'd like to do now, before handing it over to Jorgen, is to introduce Ingredion's road map for value creation. It is really at its center our 5 growth platforms. And it's all about, again, working with customers to cocreate and deliver for them consumer-preferred innovation.

The first is starch-based texturizers. Starch-based texturizers for us, again, is a tremendous platform for growth. We have many different base starches, whether it be from corn, tapioca, rice or potato. And just this past year, we announced $60 million of investments in Asia to double up capacity in rice, to increase our position in tapioca by more than 20% and to expand our capacity for modified food starch in China, which is the largest market for specialty food starch and is growing because of that food demand trend.

We're currently expanding our portfolio for functional native ingredients in a plain and simple platform because of the growth prospects in the United States as well as in Europe.

Late this past year, we announced the entry into the plant-based protein space, which is growing very rapidly, with an investment to produce pea protein isolate as well as we announced the joint venture with a company by the name of Verdient to produce a range of what are called pulse-based flours and concentrates that would complement the isolates, again, to give us more tools in our problem-solving toolbox.

As it relates to sugar reduction, we have a great-tasting Stevia Reb M product, which is a foundational ingredient for us but also announced late last year a partnership with a Japanese company that for the last 10 years has led pioneering research in the area of the rare sugar allulose, which is low-calorie sugar, 70% as sweet as sucrose. That, plus our capabilities to functionally build back the bulk that's replaced when you replace sugar, gives us a tremendous toolbox to problem-solve there.

And approximately 2 years ago, we had purchased a company by the name of TIC Gums to give us an entry into food systems and hydrocolloids. And we're currently expanding its footprint in China as well as Mexico as well as South America.

So all of this is underpinned by a performance- and purpose-driven culture, sustainable and trusted sourcing and supply chain and operational excellence. But also, we have a core food ingredient business as well. And that core food ingredient business, whether it be in sweeteners or in starches, gives us relevance, size and scale with large customers that then allows us to work with them on highly innovative projects as well.

So this is our road map for growth and value creation. And now Jorgen is going to talk about each one of these growth platforms and the prospects for growth in each. Jorgen?

Jorgen Kokke - *Ingredion Incorporated - Executive VP of Global Specialties & President of North America*

Thank you, Jim. It is my pleasure to walk through the 5 growth platforms that fuel Ingredion's specialty growth strategy. And let me start by sharing what these growth platforms have in common. They all present significant growth opportunity, revenue opportunities, for Ingredion because they are aligned with global consumer market trends. In addition, Ingredion is very well positioned to win in each of these spaces because of our technology, because of our asset footprint and because of our connectivity with customers and our go-to-market model.

The first platform is starch-based texturizers. This, in fact, is the largest platform with sales approaching $1 billion. As the name suggests, it is all about texture, so it is about thickening, providing thickening soups, making (inaudible), making snacks crunchy and so forth and doing all of that in a very cost-effective manner.

And for me, having lived in and worked in 3 of Ingredion's global regions, I will say that this platform has really global appeal from Japan to China to Russia to North Africa to South Africa to the Americas.

Now going forward, as Jim was alluding to, we continue to be very optimistic and see growth potential and endless innovation opportunities as a result of our rich tool kit, toolbox with multiple raw material basis that is really unparalleled, tapioca, potato, rice and multiple varieties of corn as well as multiple processing techniques.

Going to the next platform. More than ever, consumers care about what is in their food, and they do read labels. And what they like to see on the label is clean and simple ingredients that are recognizable, that are non-GMO, perhaps, even organic and certainly, not artificial. And so Ingredion has been a leader and an innovator in this space with our NOVATION functional native starches. And that's been a strong growth engine for us and continues to be so in the future. But we're expanding our portfolio and continuing to -- and continue to innovate. And we've recently added functional tapioca flours as well as functional rice flours that really take clean label to the next level.

The third platform is plant-based proteins. And as consumers look to reduce, such as the flexitarians; or completely eliminate, such the vegans and the vegetarians, their intake of animal-based proteins, this creates opportunities for us in this particular space. It is noteworthy that these consumers tend to be millennials and/or people with higher incomes. And as they reduce their intake of animal-based proteins, they look for sources of plant-based protein, and that's where Ingredion comes in. And we work with our customers to formulate plant-based protein into snacks, into alternative meats, alternative dairy and into pastas and other food products.

Given the substantial growth opportunity that we've seen here and to capitalize on that, Ingredion has announced an investment of $140 million in 2 facilities: 1 in Nebraska, to make plant-based protein isolates; and 1 in Saskatchewan, Canada, where we have a JV with Jim Cameron and his wife, Suzy, the famous movie director, of course. And we're going to be making plant-based -- pulse-based concentrates and flours there.

Arguably, sugar reduction is the largest and most impactful trend that the food and beverage sector is facing. Not only tumors try to move away from sugar and/or reduce their intake of sugar, but certainly, also, governments are stepping in for reasons of obesity as well as concerns about controlling health care costs. They've instituted taxes in jurisdictions around the world, ranging from Mexico to the U.K. to the Philippines, to Thailand and parts of the U.S.

However, formulating sugar out is a challenge from the standpoint of ensuring that the food and beverage products continue to taste great. So maintaining that sensory experience is the challenge. And that is where Ingredion steps in. For example, with our natural Stevia-based solutions, the next-generation of Stevia solutions, as well as also with our recent announcement around an investment in Mexico to produce allulose. Again, allulose is a rare sugar that, with virtually no calories, delivers 50% of the sweetness of sugar.

The last platform is food systems, and this is about combining different ingredients synergistically. For example, different hydrocolloids as well as starches, but you could also think about high-intensity sweeteners and/or plant-based proteins. And this really leverages Ingredion's food science and formulation capabilities (inaudible) our Ingredion Idea Labs.

What is important to realize with this particular platform is that it resonates very well with the small- and medium-sized enterprises. We call them emerging businesses. And although many of these businesses are very well funded, they oftentimes lack scale, access to good R&D resources. So in a sense, you could say they partner with Ingredion and outsource their R&D to Ingredion. And this platform not only provides a very good revenue growth opportunity but also at margins that are double the rate of what we generally see in our specialties franchise.

With that, I'd like to turn it over to my colleague, Pierre Perez, who will bring the specialty strategy further alive by giving you a number of examples.

Pierre Perez Y. Landazuri - *Ingredion Incorporated - Senior VP & President of EMEA*

Thank you very much, Jorgen. (inaudible) and our 28 Ingredion Idea Labs throughout the world. It is really the intersection of where the consumer trends come together that were unique and differentiated technologies. And that's where we can find growth and where we have differentiation to accelerate customer co-creation and consumer-preferred innovation.

I'm going to take you now on a short journey around the world and present a few example of actual customer co-creation. So let's start with South Korea. The brief was about to develop low-sugar drinkable yogurt. The challenge was to maintain the desired mouthfeel, texture and taste while avoiding an added sugar label. Leveraging our formulation, capabilities and sensory expertise, we developed an ingredient solution based on the use of Stevia within a functional ingredient system while meeting the desired mouthfeel and taste.

Now I would like to bring you to Russia. The brief here was to develop a lower-cost indulgent spreadable cheese. The challenge was to deliver a specific cost reduction without compromising on the indulgent section. Leveraging the strong customer intimacy and joint pilot plant trials, we co-developed a new, more affordable recipe by replacing milk fat with a specialty starch while maintaining the desired indulgent mouthfeel and taste.

The next example comes from New Zealand, and it's about the improvement of a gluten-free frozen pizza dough. The challenge here was for this fast food chain to prevent the pizzas from cracking at the outlet while only using natural ingredients. Working closely with our customers, we were able to reformulate together with nature-based ingredients [to suffice] the cracking issue while increasing the dough elasticity.

The next example comes from Chile. The brief was to develop a brand-new fiber-added multigrain bread. The challenge was really to improve the fiber content while imparting, again, the desired texture and taste. Combining great customer intimacy with our bakery application and sensory expertise, we cocreated a new formulation based on a clean label, high-fiber starch while meeting the desired texture and taste.

The last example of consumer preferred innovation actually comes from here in the U.S. It was about the launch of a brand-new non-GMO chickpea flour pasta. The challenge was to formulate the pasta with functional, nutritious non-GMO and clean label ingredients while maintaining the desired pasta cooking and eating experience. Leveraging our culinary and sensory expertise, we enabled the rapid development of a brand-new pasta formulation sharply aligned with new consumer trends.

You've heard about one of Ingredion's strategic pillars is about sustainable and trusted sourcing. There is an increasing consumer demand for transparency and traceability. Consumers, millennials in particular, are incorporating sustainability in their purchasing decisions. This is driving customer demand in sustainable sourcing and ethical sourcing practices. Ingredion has been aligning with leading external standards to meet these expectations and provide commercial value. It is critical that Ingredion continues to operate sustainably for our employees, customers, neighbors and investors.

With that said, I would like to turn it over to Jim Zallie.

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

Thank you, Pierre. So I'm going to just transition to 1 more slide before turning it over to Jim Gray. But hopefully, with what you just saw from both Jim and -- it's a real reason for us to be excited about our problem-solving capabilities and how we're actually working with customers to solve their problems everywhere around the world. And this graph really reinforces that enthusiasm that we have for incremental growth when you consider what our current sales are and the ratio of those sales to our existing customers as well as to the population in those regions.

So for example, in North America, that represents 60% of our sales, 39% of our customers today but only 7% of the world's population. When we look to Asia, it's 14% of our sales, 25% of our customers but 57% of the world's population. And you can contrast that with EMEA, for example, from a standpoint of the density of population opportunity. And so again, the unique value proposition for Ingredion is global reach, local touch, customer intimate and working with customers for developing country opportunities as well as highly specialized opportunities in developed countries. And we think this really represents a tremendous opportunity for growth.

I'm going to turn it now over to Jim Gray who's going to talk about value creation and financial outlook. Jim?

James D. Gray - *Ingredion Incorporated - Executive VP & CFO*

Thanks, Jim. Let me begin with a recap of 2018 performance before I move on to discuss our profit growth outlook. We finished 2018 with flat sales year-over-year, ending at $5.8 billion, but recognizing that we faced almost $200 million of FX headwinds on our top line.

However, our adjusted operating income was down 13% to $767 million. Most of these were -- this decline in our adjusted operating income was driven by challenges in our U.S./Canada business within our North America region, which really experienced lower sweetener volumes and higher supply chain and production costs as well as some commodity margin pressures.

Beyond North America, we faced significant foreign exchange devaluations in Argentina, Brazil and Pakistan. Towards which, our teams responded by taking price to match local inflation.

For 2019, we expect net sales to be up. For adjusted operating income, we expect either flat or slightly up.

2018 has really presented some challenges for our team, and that we're remotivated, even more motivated, to go after combating inflation and controlling costs. As Jim mentioned, we introduced a cost savings program, which we call Cost Smart, seeking to take out $125 million from the business by 2021.

In 2018, we achieved $11 million of initiatives activated by year-end. For 2019, we expect that number to climb to $24 million to $34 million. And again, that's end of the year run rate savings.

We operate a culture of continuous improvement. The Cost Smart is really our challenge to ourselves to think beyond the 4 walls of our plant or our traditional functional organization to redefine ourselves with centers of excellence for scale, so that we achieve really sustainable breakthroughs and effectiveness and efficiency.

Positive results from Cost Smart, we believe, will offset about 3% inflation expectation for 2019. And over time, we expect Cost Smart to contribute to margin stability in all of our business lines.

If I can turn from Cost Smart to our specialty growth platforms and highlight what Jim and Jorgen and Pierre have touched upon, this is the chart of our net sales here in '18 as well as growing to 2022, so it's a 4-year outlook. We expect our total net sales to be up 1% to 4%, but it's really driven by specialty growth platforms that my peers have spoken to. And this is over $500 million of sales that we expect coming into the business.

In the gray shade of the bars, the remainder of our sweeteners, industrial starch and co-product sales, we expect that to be flat to low single digits. But then, let my highlight for you at the bottom of the bar, which is our estimate of our operating profit attributed to specialty versus the remainder of our business. A couple of caveats. This is before we allocated any corporate expense, but we did include R&D because I know many have asked about that. So this is our expected mix of our adjusted operating income. And as you can see, as we drive specialty growth platforms going forward and we're successful in that execution, the mix of our profit in our company changes. I believe that's our expectation by 2022.

Now we're facing a number of different headwinds and tailwinds in our business. We're executing against Cost Smart. We're driving our specialty growth platforms. We're overcoming inflationary pressures, and we're also dealing with some ups and downs in terms of some of our co-products. We think it's appropriate to talk to a 4-year profit outlook. So our 4-year profit outlook is net sales driven by 1% to 4%. And our adjusted operating income, we expect to be in the mid-single-digit range. And we expect our EPS to be in the -- our adjusted EPS to be on a high single-digit growth range, on average, between those time frame. This does assume that when we have free cash flow after dividends, that we're forecasting in repurchase of shares.

One of the benefits of our company is that we generate very consistent cash flow. We expect operating cash to be $650 million to $700 million for the year. We anticipate investing in capital investments $330 million to $360 million. This has elevated a bit in '19 as we finish a few specialty growth projects that Jim and Jorgen have talked to. After dividends, we expect free cash flow between $115 million to $200 million to be applied towards other repurchase or M&A.

We have a very, very healthy balance sheet. Our net debt-to-EBITDA is at 1.7, and we maintain a Moody's rating of Baa1. Within our balance sheet, I think there's ample room for other -- for us to pursue other acquisitions.

And as we've highlighted a couple of times, really, the M&A opportunities that we're finding, even though we look at all possibilities, what we're really finding is tuck-in opportunities or partnering opportunities that really allow us to take the Ingredion's capabilities and find unique value creation in the mix. That's what we've alluded to with Verdient as well as with our agreement with Matsutani, whereas we'll bring this rare sugar allulose to the market. We think it is highly functional in terms of sweetness yet delivering on significantly fewer calories.

Overall, we've delivered 7% EPS growth either on a 5- or 10-year basis, including 2018. Our 2019 EPS guidance is $6.80 to $7.50. And as we look forward over the next 4 years, we believe confidently that we can deliver high single-digit adjusted EPS.

And with that, let me turn it back to Jim for a few final comments.

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

All right. We're almost at the Q&A portion. And so as Jim just said, what we thought was prudent is to put out 4-year earnings guidance, taking into account this year's earnings guidance, which is essentially flat to slightly up, with the major aspects of commitment being towards our specialties growth to get that to be 1/3 minimum of our portfolio by 2022, surpassing $2 billion in sales, getting 1 percentage point in absolute dollar growth of margin expansion and committing to high single-digit targeted adjusted EPS growth and a return on capital employed being greater than 10%.

And so this is all supported by now what we have as a real road map that the entire organization is committed to and believes in to drive value creation starting with customers then for Ingredion and certainly, for shareholders as well.

So with that, me and my colleagues are now ready for questions.

QUESTIONS AND ANSWERS

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

So they have a microphone, and we have Adam Samuelson with his hand up over here. So Adam?

Adam L. Samuelson - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Just going through the long-term earnings outlook. Relative to last year, the outlook has come down. It was low double digits last year off of a higher base. And so I just want to be clear, is the view that, hey, we're taking a view '18 and '19 commodity performance is weaker, and we're just rebasing it. Or what has changed on the specialty side incrementally? And along those lines, what gives you confidence that the outlook on the commodity side prospectively, which you have modeled flattish, is comfortable or is attainable?

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

Yes. I think how you described it is actually correct. So 2018 was a very challenging year for us related to the core side of the business and undergoing, experiencing commodity margin pressures, which we talked about related to the impact on our net corn costs related to the trade dispute between the United States and China, bringing soybeans down and competing with co-products for corn. So that's an externality that we hope is going to be transitory. Exactly when that's going to change, I think it's anybody's guess. We're hopeful that it's going to be sometime this year. I think that's where conventional wisdom is. But if you take that into account and you bake that in for the preponderance of this year and then you take into account some of the headwinds that we've experienced -- the industry has experienced in relationship to sweetener demand that we've experienced, we would say that 2019 is kind of a reset year. And since this is the first year of the 4-year outlook, that's why the outlook for profit growth has come down to high single digits as opposed to low double digits for adjusted EPS growth. The specialties growth, we're looking to accelerate because what we've done is we've increased our capital expenditures significantly towards growth. The $140 million growth investment in pea protein isolate and pulse-based protein is the largest capital investment in my time with the company, certainly, and probably in the last 20 years with the company. So we're making significant capital investments in specialties growth, and we anticipate that, that is going to continue to propel us forward. And as Jim shared, which we had not shared previously, the breakout on OI, operating income, growth and the relative percentage between that core business and specialties, we see that increasing as well. And again, nobody knows what the future holds in relationship to the core business, but we did experience a number of our precedent headwinds. It was a very atypical year in 2019. We've also given wider guidance this year, which gives us some opportunity to perhaps perform on the upside of that guidance should some of those things that I talked about, really, the trade disputes, et cetera, get resolved sooner rather than later. So hopefully that answers your question.

Akshay?

Akshay S. Jagdale - *Jefferies LLC, Research Division - Equity Analyst*

Akshay Jagdale, Jefferies. Thanks for the disclosure on the specialty, but with that comes more questions. So it looks like to get to your long-term algorithm, the 4-year that you're laying out, your core EBIT has to be flattish, and all the growth is coming from really specialty, right? And I think that's prudent given where we are in the cycle. But if some of these onetime issues come back, there could be some upside, right? So am I interpreting that correctly? And secondly, it also assumes that the margins in the specialty business are flat. And you talked about some of the products that might be margin accretive, Cost Smart goes down. So I mean, those are areas of upside in how I'm thinking about it. Is that correct on my part?

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

Sure. We were very, very intensively focused on Cost Smart and trying to bring those cost savings forward. So that would be one thing that I think could be an opportunity to outperform, along with, again, some of these things that are -- that were very severe in 2018 that could transition. Let me ask Jim Gray to make some comments in relation to your question.

James D. Gray - *Ingredion Incorporated - Executive VP & CFO*

Yes. I think that's right, Akshay. I think the -- I just sort of remind you that the headwind that we faced in the sweetener portfolio in North America, primarily is a U.S./Canada headwind, which many of you and your colleagues know about, our investors know about, I'll remind you that our core business and some of our other markets is actually benefiting from younger populations, growing populations and in rising other household incomes or personal incomes. And so I think that, that does give us confidence. And when I add up the map on a weighted-average basis and I look around the globe, I'm actually saying our core flat to kind of low single digits in terms of net sales. So in some of those businesses, I do think that we'll actually enjoy some growth. And every year, that HF business in the U.S. gets a little smaller, so it becomes a less relevant part of the portfolio.

Akshay S. Jagdale - *Jefferies LLC, Research Division - Equity Analyst*

(inaudible)

James D. Gray - *Ingredion Incorporated - Executive VP & CFO*

No. No.

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

The question was, was M&A included? And the answer was no.

So we've got -- I'm going to go with Rob Moskow first, and then David, I'll get to you. Rob?

Robert Bain Moskow - *Crédit Suisse AG, Research Division - Research Analyst*

Regarding the quantification of the segments of specialty, I noticed that the smaller segments were described as $150 (sic) [$150 million] revenue opportunities. Why describe that as an opportunity? Like how big is it -- how big are each of those segments currently? And are there growth rates that we can assign to each of these? Is one faster than the other?

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

Yes. I'm going to turn it over to Jorgen. I think what we were trying to do is talk in the context of a 4-year window, not necessarily in how big the size of price is over time. And we were also, I think, trying to provide some statistics related to the compounded annual growth rate that we see for the category. But Jorgen, you may want to make some comments.

Jorgen Kokke - *Ingredion Incorporated - Executive VP of Global Specialties & President of North America*

Yes. Okay. Well, Robert, yes, I mean, as Jim actually pointed out, we see mid- to high single-digit growth for the specialty category overall. I spoke about the starch-based texturizers is approaching almost $1 billion in sales. Clearly, that's going to be at the lower end of that range, but we see strong growth there continuing as well. We also spoke about that plant-based protein and identified and presented a $100 million revenue opportunity. You should think about that in the context of this presentation, so in a 4-year kind of -- with the 4-year horizon. And that starts off a very, very low base today. And some of the other platforms are more somewhere in between starch-based texturizers and plant-based protein. I would say the clean and simple food ingredients platform, we also identified $100 million opportunity there over the next 4 years in terms of revenues for Ingredion. But that's already an established platform, so you're going to see some of our growth on lower percentages there as compared to plant-based protein. So we don't break them out in detail, but I think this gives you some context.

Robert Bain Moskow - *Crédit Suisse AG, Research Division - Research Analyst*

And just so I get the math, I think you said the biggest segment in starch-based texture is 60% of the specialty sales?

Jorgen Kokke - *Ingredion Incorporated - Executive VP of Global Specialties & President of North America*

That is correct.

Robert Bain Moskow - *Crédit Suisse AG, Research Division - Research Analyst*

Does that mean the other 4 segments are the other 40%? Is that right?

Jorgen Kokke - *Ingredion Incorporated - Executive VP of Global Specialties & President of North America*

Yes, there are some sales that are not in the [platform], but in the main, you're right.

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

Okay. David?

David Christopher Driscoll - *Citigroup Inc, Research Division - MD and Senior Research Analyst*

2 questions. So if sweetener demand in North America continues to decline by 1.5% per year, does capacity in North America have to close for you to make your algorithm? And then a follow-up question on the specialties. Just to be clear on the -- so the $600 million specialty growth that I think you showed in that revenue chart, do you have any customer commitments for some of those products that gives certainty to it, the Reb M, the allulose? Are there commitments to those types of products from the beverage customers that give you some certainty that those markets will develop?

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

Okay. So maybe just on the first question...

James D. Gray - *Ingredion Incorporated - Executive VP & CFO*

Yes. You're right, David, I think our estimate would be for a subset of the sweetener market, which is the high-fructose corn syrup, that declines from 1% to 1.5%, maybe 2% per year annually, right, because the other sweeteners that we sell tend to be flattish. For us, we anticipate that decline over the next 4 years, and that has actually worked into the changes that we made with [halting] production at Stockton and how we've looked up to the remainder of our facilities.

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

So I'd say, the answer to that is yes. So with the closure of Stockton this past year, we've reduced our HFCS footprint here in the United States. If it's 1.5% on HFCS declined, then we should be okay from a standpoint of our 4-year profit outlook for growth. And then, in relationship to the prospects for $600 million of growth, Jorgen, do you want to make some comments? And Pierre, if you also want to make some comments.

Jorgen Kokke - *Ingredion Incorporated - Executive VP of Global Specialties & President of North America*

So for example, David, if you think about plant-based protein where we're making a large investment, we have been working with a number of suppliers in alliance, so sourcing products from them. So we're not new in that field. And we do very thorough voice of customer work, so we interview our customers. Obviously, we have a very strong reach into the entire global food and beverage sector. And so all of that suggest to us that there is very, very strong demand for these plant-based proteins. And in fact, I would say that probably North American market is underserved, meaning there's more demand than there is supply at this point in time.

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

Time for 1 more. Ken?

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food & Agribusiness Research and Food & Beverage Analyst*

Sorry, just want to go back to this guidance for the full year. It seems like what you're really doing is just rebasing the number and then the year 2 through 4 is reestablishing at a double-digit growth rate, right? If I assume 0 growth rate in year 1, which is '18, '19; and then to get to high-single-digits, you need to get all 12%, 13% growth. So is that -- just basically, what you're doing is just, hey, we're just rebasing for what has structurally happened. We're continuing on our plan of capital investment. The -- everything that we thought don't happened. Just -- we're just rebasing the -- is that what you think about it?

James P. Zallie - *Ingredion Incorporated - President, CEO & Director*

Well, we certainly looked at 2018 to 2019 as a reset year. And again, the growth in capital investment for specialty is driving accelerated specialties growth. Jim, do you want to make some comments?

James D. Gray - *Ingredion Incorporated - Executive VP & CFO*

Yes. And I would just say that we're a bit cautious on 2019 in terms of North America and just our net cost of corn. There's some things playing out with trade that I think are impacting some of the values of co-products that we sell, which lower our cost of corn. Right now, our cost of corn is a bit higher. Don't know if that's structural or transitory. I think that -- generally, I think that the flows, the trade flows of our products will continue sometime second half of '19 or into '20, and that could benefit the algorithm. But other than that, yes, your math is generally in the right direction, Ken.

Unidentified Analyst

All right. I think with that, we're going to go for the breakout room. Thank you to Ingredion.
