



**Ingredion**

**Second Quarter 2014 Earnings Call**  
**July 30, 2014**

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

# 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," "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 presentation or referred to in this presentation 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 situations 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. 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 Form 10-Q and 8-K.*



# Perspective on the second quarter 2014

- Volumes increased in all four regions
- Operating income grew 16%
  - North America, Asia Pacific and EMEA were up
  - South America was down as expected weakness in Argentina offset improvement in Brazil and Colombia
- Earnings per share rose 13%
- Cash from operations more than doubled compared to the year-ago six month period
- Entered into an accelerated share repurchase program
  - \$300 million or up to 4 million shares

# North America second quarter business highlights

- Volumes rose 3%
  - U.S. and Canada delivered good volume growth that offset expected declines in Mexico
  - Mexican specialty volumes were up double-digits for the second consecutive quarter
- Operating income grew 6%
  - Realized favorable dollar margins in the U.S. and Canada
  - Mexico benefited from mix improvement and effective cost management

# South America second quarter business highlights

- South American volumes were up 4% driven by increases throughout the region
- Operating income down 5%
  - Brazil benefited from robust brewing sales related to the World Cup; however, they were partially offset by soft food and industrial volumes
  - Colombia continued to show solid growth
  - As expected, operating income in Argentina declined
- Argentina issues persist, but no meaningful change in the situation

# Second quarter business highlights

## Asia Pacific

- Volumes rose 9%
  - Growth throughout the region
  - Strong specialty results in Japan, China and S. Korea
- Operating income grew in all major countries
  - S. Korea, Australia/New Zealand, Japan, Thailand and China

## Europe/Middle East/Africa (EMEA)

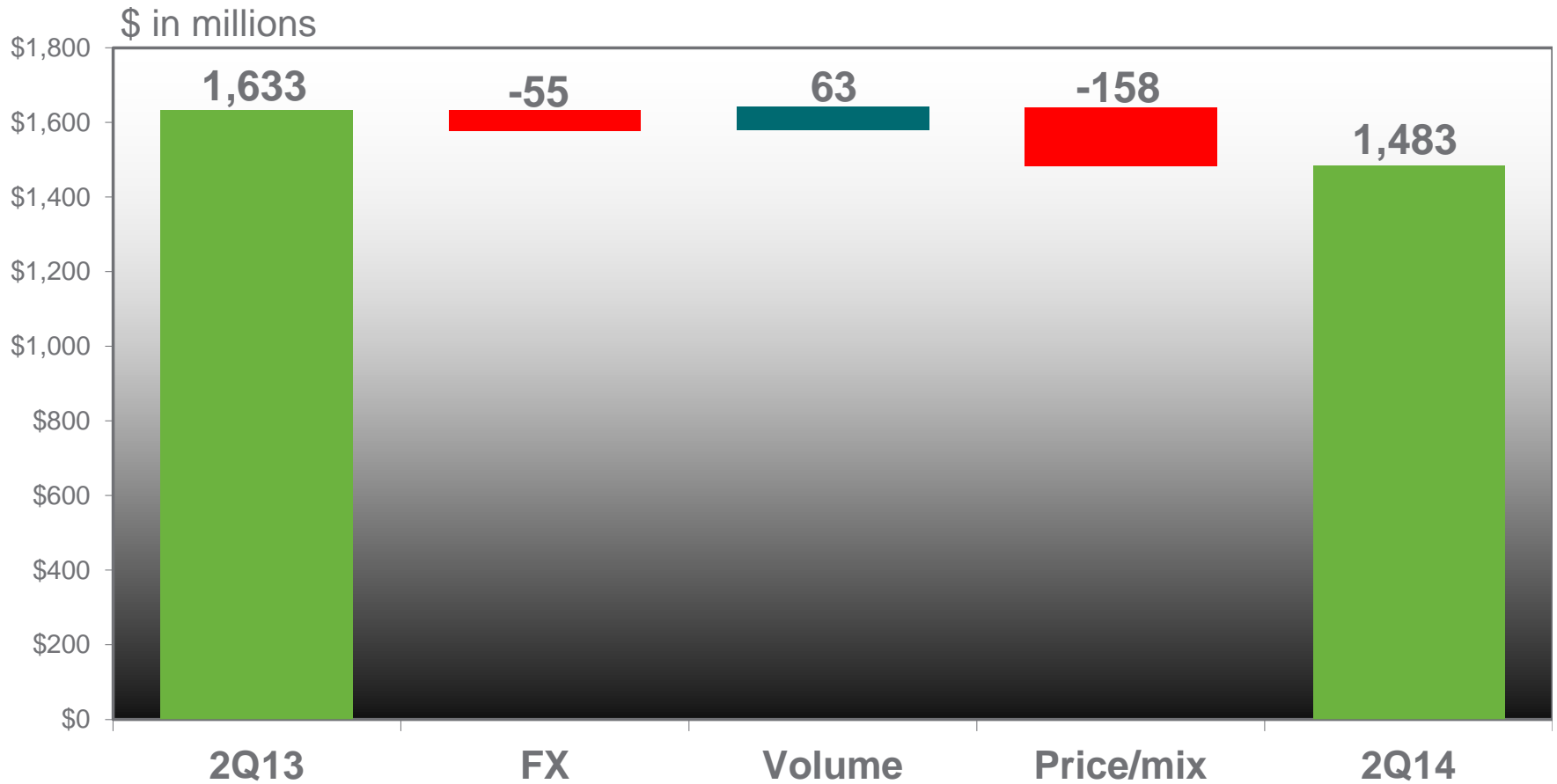
- Volume and operating income increased
- European business delivered strong results driven by continuing demand for specialty starches
- Pakistani volumes and operating income rose as a result of good cost management

# Second quarter 2014

## Income statement highlights

\$ in millions, unless noted	2Q13	2Q14	Change
Net sales	\$1,633	\$1,483	-\$150
Gross profit	\$276	\$296	+\$20
<i>Gross profit margin</i>	16.9%	20.0%	+310 bps.
Operating income	\$140	\$163	+\$23
Diluted EPS	\$1.20/share	\$1.35/share	+\$0.15/share

# Second quarter 2014 net sales bridge





# Second quarter 2014

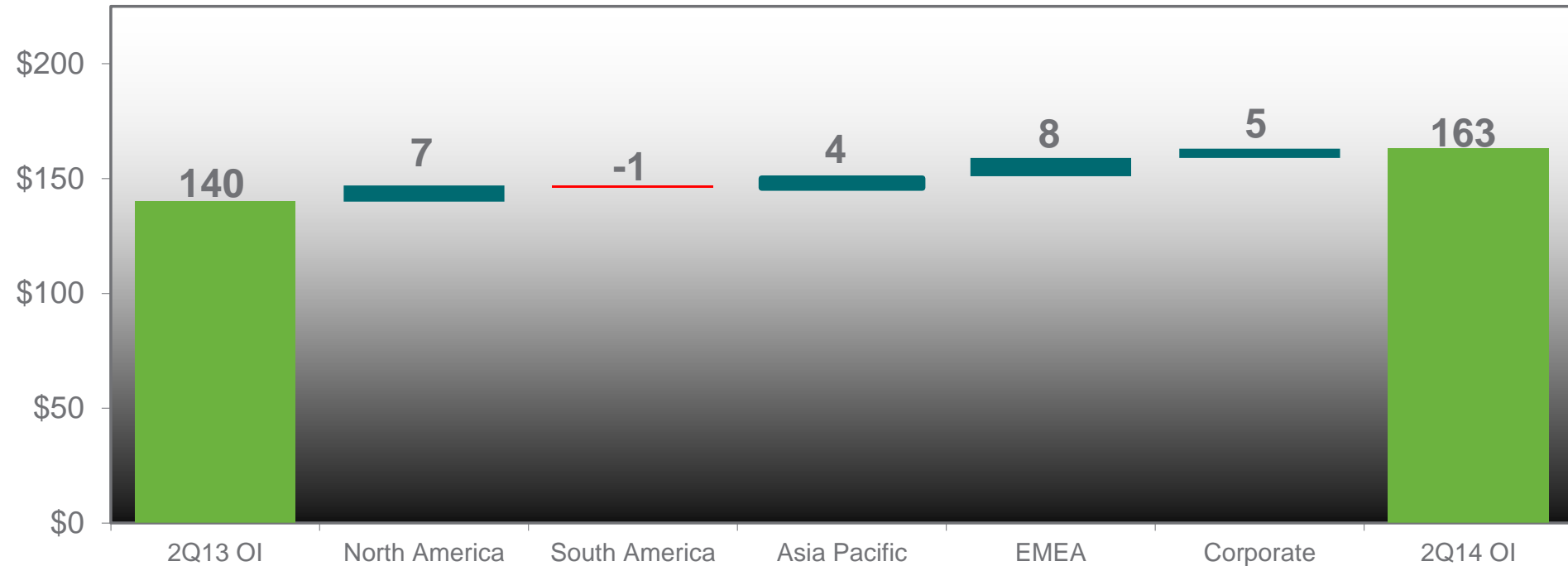
## Net sales variance by region

	Foreign exchange	Volume	Price/mix	Net sales change
North America	-1%	+3%	-18%	<b>-16%</b>
South America	-16%	+4%	+7%	<b>-5%</b>
Asia Pacific	-1%	+9%	-7%	<b>+1%</b>
Europe/Middle East/Africa	+3%	+5%	+6%	<b>+14%</b>
<b>Total Ingredion</b>	<b>-3%</b>	<b>+4%</b>	<b>-10%</b>	<b>-9%</b>

# Second quarter 2014

## Operating income bridge

\$ in millions



# Estimated second quarter 2014 EPS bridge

Amounts are dollars/share

**2Q13 diluted EPS** **\$1.20**

*Changes from operations* 0.20

*Non-operational changes* (0.05)

**2Q14 diluted EPS** **\$1.35**

<i>Margin</i>	0.08
<i>Volume</i>	0.13
<i>Foreign exchange rates</i>	(0.03)
<i>Other income</i>	0.02
<b>Changes from operations</b>	<b>0.20</b>

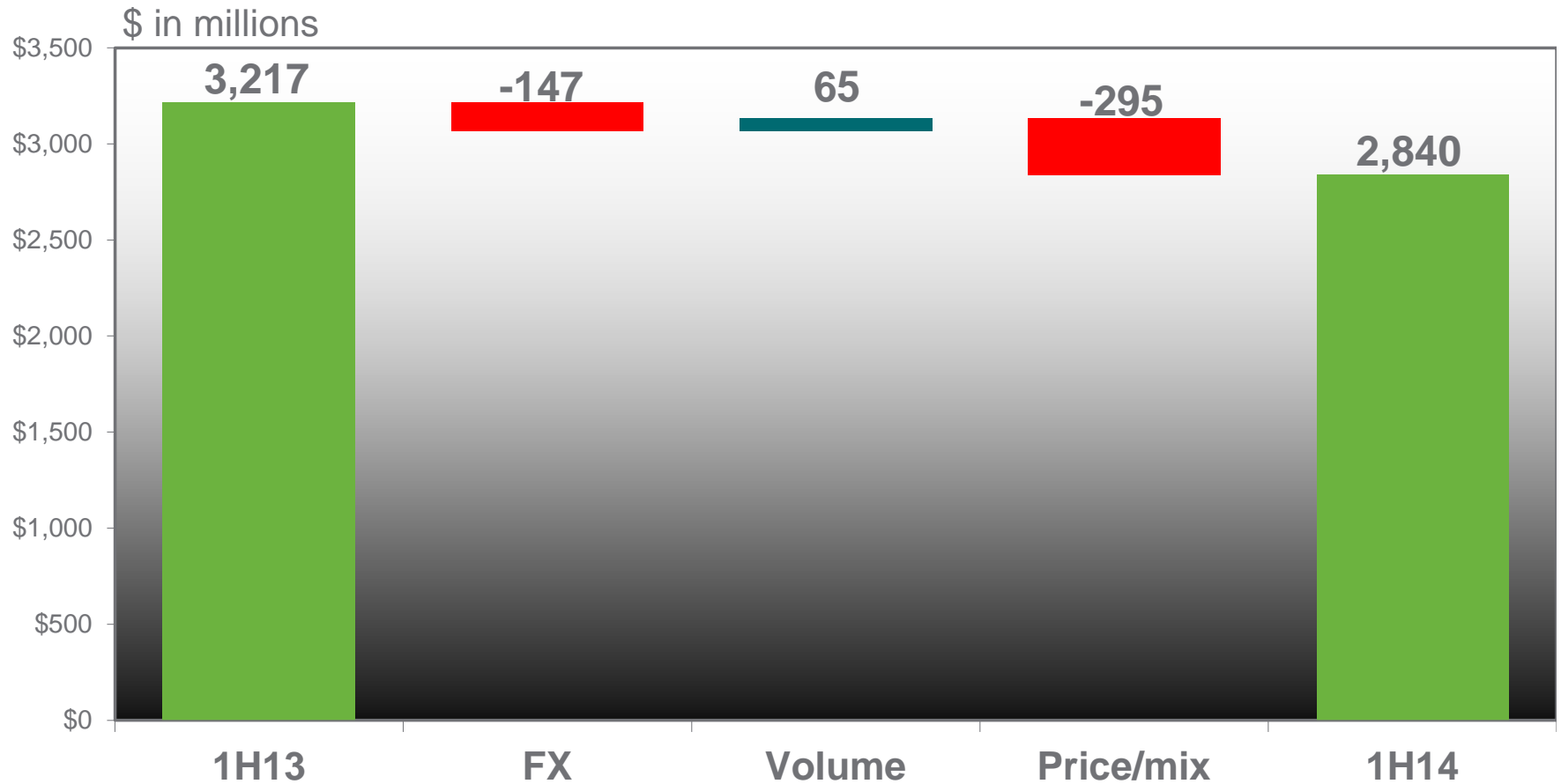
<i>Financing costs</i>	(0.01)
<i>Tax rate</i>	(0.09)
<i>Shares outstanding</i>	0.05
<i>Non-controlling interest</i>	—
<b>Non-operational changes</b>	<b>(0.05)</b>

# First half 2014

## Income statement highlights

\$ in millions, unless noted	1H13	1H14	Change
Net sales	\$3,217	\$2,840	-\$377
Gross profit	\$582	\$546	-\$36
<i>Gross profit margin</i>	18.1%	19.2%	+110 bps.
Operating income	\$315	\$285	-\$30
Diluted EPS	\$2.61/share	\$2.31/share	-\$0.30/share

# First half 2014 net sales bridge



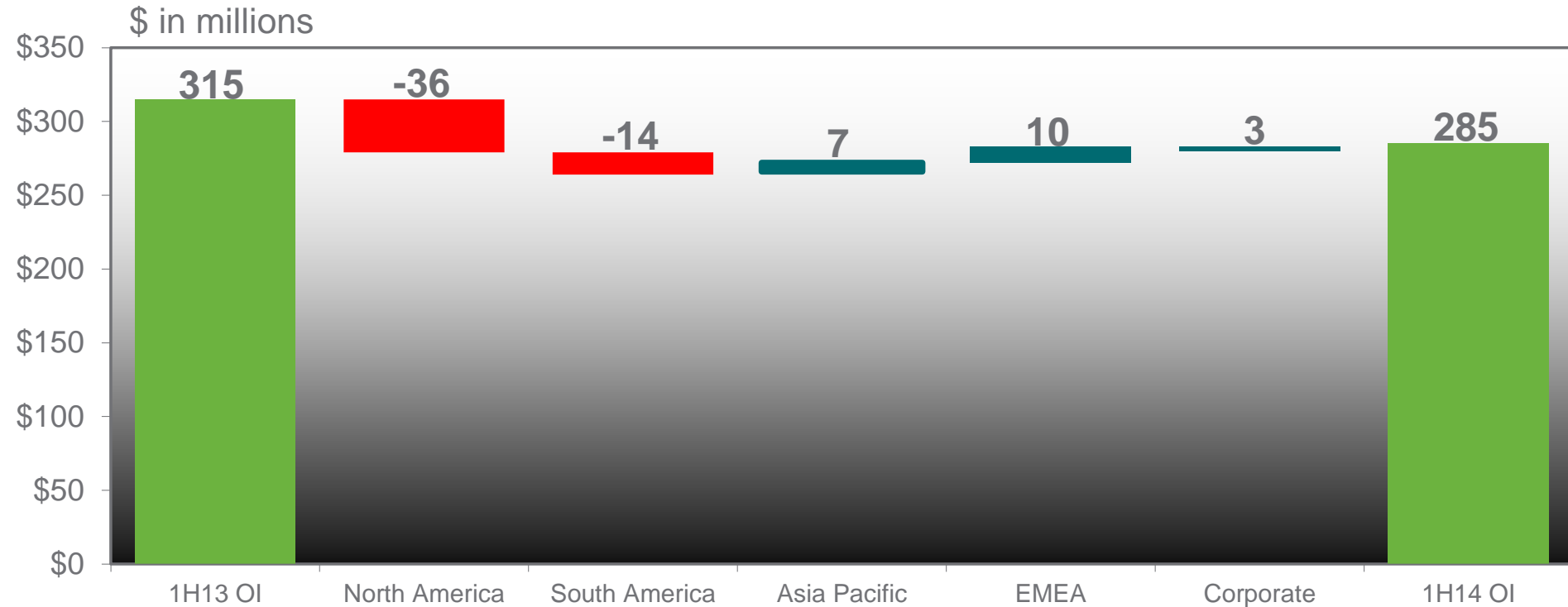
# First half 2014

## Net sales variance by region

	Foreign exchange	Volume	Price/mix	Net sales change
North America	-1%	—	-17%	-18%
South America	-18%	+3%	+4%	-11%
Asia Pacific	-3%	+6%	-5%	-2%
Europe/Middle East/Africa	+1%	+4%	+7%	+12%
<b>Total Ingredion</b>	<b>-5%</b>	<b>+2%</b>	<b>-9%</b>	<b>-12%</b>

# First half 2014

## Operating income bridge



# Estimated first half 2014 EPS bridge

Amounts are dollars/share

**1H13 diluted EPS** **\$2.61**

*Changes from operations* (0.28)

*Non-operational changes* (0.02)

**1H14 diluted EPS** **\$2.31**

*Margin* (0.31)

*Volume* 0.15

*Foreign exchange rates* (0.14)

*Other income* 0.02

*Changes from operations* (0.28)

*Financing costs* (0.01)

*Shares outstanding* 0.09

*Tax rate* (0.08)

*Non-controlling interest* (0.02)

*Non-operational changes* (0.02)



# 2014 income statement guidance

- Sales expected to fall significantly as a result of much lower raw material costs only partially offset by volume growth
- 2014 diluted EPS expected to be \$5.40 - \$5.70 per share
  - Financing costs anticipated to be in-line with 2013
  - Effective annual tax rate is estimated to be approximately 27-28%

# Regional outlook

## North America

- Sales expected to be down largely as a result of lower pricing related to reduced raw material costs
- Operating income anticipated to be flat to up slightly driven by expanded dollar margins and improved mix

## South America

- Sales expected to increase as volumes grow in Brazil and Colombia
- Operating income anticipated to be down slightly as growth in Colombia and less-than-originally-anticipated growth in Brazil are offset by previously expected significant decline in Argentina

# Regional outlook

## Asia Pacific

- Sales expected to increase on volume growth
- Operating income anticipated to increase as price/mix improves from increased specialty starch sales

## EMEA

- Sales expected to increase on positive price/mix and volume
- Operating income anticipated to increase
  - European business should generate strong volume and improved price/mix
  - Pakistani business should see solid demand, increased utilization of new capacity and benefits of cost management

# First half 2014 cash provided by operations

## Amounts are in millions

Net income	\$180
Depreciation and amortization	\$98
Working capital	\$(86)
Other	\$37
<b>Cash provided by operations</b>	<b>\$229</b>

## Uses of cash

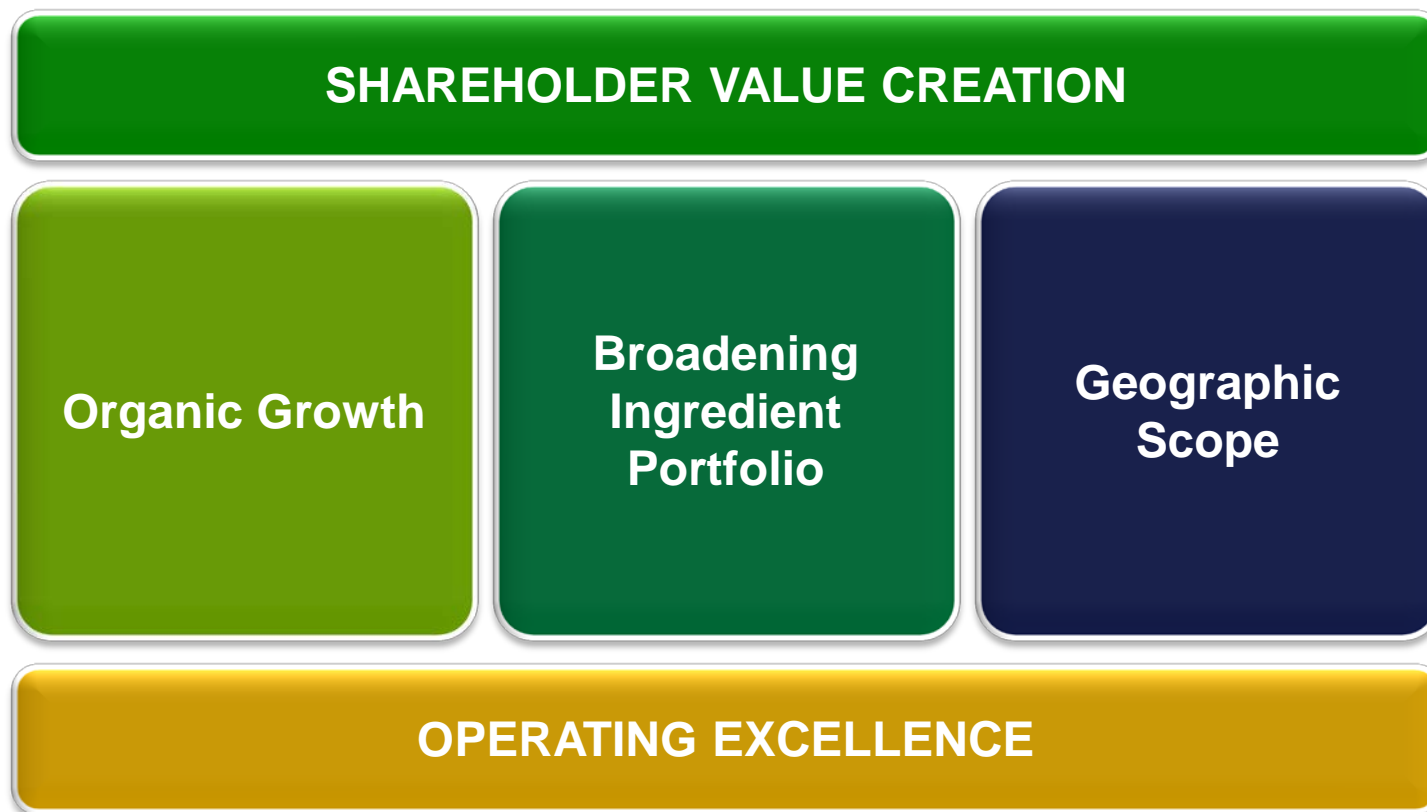
<i>Capital expenditures, net</i>	\$116
<i>Dividend payments</i>	\$65

# 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 of approximately \$300 million
- Strong balance sheet offers opportunities for acquisitions in addition to planned accelerated share repurchase

# Our Strategic Blueprint

A LEADING GLOBAL SUPPLIER OF INGREDIENT SOLUTIONS



# Questions and answers