

Ingredion Inc (Investor Day)

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Corporate Speakers:

- Noah Weiss; Ingredion Inc; Vice President of Investor Relations
- James Zallie; Ingredion Inc; President and Chief Executive Officer
- Michael O’Riordan; Ingredion Inc; Senior Vice President of Texture and Healthful Solutions, EMEA & Asia-Pacific
- Rob Ritchie; Ingredion Inc; Executive Vice President, Food and Industrial Ingredients U.S./Canada and LATAM, & Sugar Reduction
- Michael Leonard; Ingredion Inc; Chief Innovation Officer & Head of Protein Fortification
- Jim Gray; Ingredion Inc; Executive Vice President and Chief Financial Officer

PRESENTATION

Noah Weiss^ Good morning. And welcome to Ingredion’s 2025 Investor Day here in New York. And greetings to everyone joining us online around the world. My name is Noah Weiss, Vice President of Investor Relations, and it’s great to see so many familiar faces this morning as well as some newcomers.

Before we begin, I kindly ask that you switch off your mobile devices as we are webcasting the session today. The presentations that we will be giving this morning are available under the Investors section of ingredion.com.

Please note that we will be making certain statements we’ll make today that will contain forward-looking information that are governed by our safe harbor provisions. Since our last Investor Day, the company has undergone a significant transformation.

Today, you will hear from our executive team on what’s next. Jim Zallie, our President and CEO, will share our vision for Ingredion’s future and our strategic priorities.

Mike O’Riordan, our Senior Vice President of Texture and Healthful Solutions, we’ll update our strategy since the segment and our Texture Day last November and share some of the accomplishments in building a global texture house.

Rob Ritchie, our Executive Vice President of food and industrial ingredients, Lat Am and food and industrial ingredients, U.S./Canada, will highlight how these segments are leveraging their unique strengths to meet changing consumer needs.

And Mike Leonard, our Chief Innovation Officer, will explain how we are accelerating our R&D strategies to drive innovation from soil to shelf.

And Jim Gray, our Executive Vice President and CFO, will explain how we will bring it all together with a comprehensive financial overview and an update on our long-term outlook.

Before we go into the presentation, you have an agenda there in front of you.

Please note that there will be two distinct Q&A sessions today. The first will cover the four presentations and -- please keep your questions only to those.

At the end of the morning, we'll have a full Q&A, where I'll invite all the executives up on stage, after which in the adjacent room, we'll have an informal lunch where we can continue the conversation with the executive team.

With that, let's get started.

[Presentation]

Operator^ Ladies and gentlemen, welcome Jim Zallie.

James Zallie^ Good morning, everybody. It's great to be with all of you.

I want to thank you all for taking the time to join us here in New York City. And we've got a very informative and engaging program for the next few hours. And we're going to update our long-term financial targets, and we're going to outline the steps that we're taking to deliver on those commitments.

So let me get started and start discussing our strategic vision to drive growth.

As Noah mentioned, Ingredion has been on a business transformation journey the last number of years. And that's been built on strategy development, first and foremost. Being clear on where we want to go, and where we believe we can win.

Second, portfolio optimization, and we'll talk more about that as well.

Starting last year, business resegmentation, a big focus on innovation. You're going to hear from Mike Leonard, our Chief Innovation Officer, and certainly driving cost competitiveness and Eric Seip, the Head of Global Operations, is with us here today as well. And so through all of those efforts, we are diversifying our presence and offerings through geographic expansion, capabilities building across functions.

It's been very, very significant. And part of the transformation and part of the success that's permeating through all aspects of our business, especially in relationship to something that you probably don't have visibility into, which is digital capabilities, some infrastructure investments for efficiency that we think are going to position us in the future to more readily adopt the impact that AI will have on our business.

And certainly, you'll hear more about this, operationalizing solutions selling. And I think it's very important that you take away today, what we have done to organize for success as it relates to moving from being an ingredients company to a company that truly is selling solutions and what that can and will do for us going forward.

We're committed going forward to building on our track record for value creation.

With what you've come to expect from Ingredion, disciplined capital allocation, strong risk management, and those centers of excellence that I've talked about to drive efficiency and productivity.

So the long-term growth targets that we're sharing today, we believe are achievable.

And will allow us to build on our strong financial position as we continue to work to maximize shareholder returns.

So I know many, many of you are very familiar with our company.

In fact, I was talking to one lady and she's been a very long-term shareholder, and I was telling me that I'm third CEO for Ingredion that she has known personally.

But for those of you that are not familiar with Ingredion, we are a global ingredient solutions provider primarily to food and beverage customers, which represent more than 70% of our net sales, but also increasingly selling higher value, more functional ingredients for industrial pharma and Beauty and Home companies.

And again, something that you probably haven't realized and something that we don't talk a lot about.

But over the last, I would say, six, seven years, we've really focused on those two, say, smaller industrial parts of our business in relationship to Beauty and Home and pharma.

We've significantly improved our margin structures.

We've dedicated separate manufacturing operations to them from a standpoint of being able to make them reliably and be able to meet regulatory requirements. And those have contributed to the overall success, small but growing.

And we've been in business, most importantly, as a company for more than 100 years, and we're well positioned to diversified, and that's key as well.

With more than 16,000 global and local customers, which we service through 30 idea labs in 22 countries. So a very diversified company when it comes to customers, product mix, geographies. And we think that also positions us well for future success.

So since we were last together, and I know a number of you were with us in Bridgewater, New Jersey in November of 2024, we've made significant progress, both strategically and financially.

We, of course, completed a resegmentation of our business last year that we believe strengthens both the parts and the whole of the business.

We've made purposeful changes in our portfolio, divesting our Korea sweetener and industrial starch business and announcing our intent to sell our majority stake in our Pakistan business.

Last year, we reached record levels of EBITDA, earnings per share and cash and increased our gross profit margins to a new higher level.

We've exceeded the growth targets we established at our Investor Day in 2022 for net sales, operating income as well as gross profit margins and cash from operations.

We've also exceeded our cost competitiveness targets, and we've reinvested some of the savings and the cash in key manufacturing facilities and in R&D and in go-to-market capabilities to increase capabilities building. And that's, again, to drive more from the innovation engine, but also to operationalize solutions selling and we'll talk more about that here in a moment.

And these results allowed us to deliver strong shareholder returns compared to a peer set in our industry over the last one, three and five years. And we believe we're well positioned going forward to build upon our recent success and what we're focused on now and it started with the strategy development is to build competitive advantage in a pursuit of our winning aspiration.

And our winning aspiration is to be the go-to provider for texture and healthful solutions that make healthy taste better.

So you're going to hear from Mike Leonard, on what we're doing to accelerate on-trend innovation, and we're segmenting our markets and our customers within the regions and the countries in which we operate to pursue pockets of growth.

I think in the food industry right now it is challenging from a standpoint of overall volume growth, and you certainly know that, and we all are working towards where are the pockets of growth. And that's what we are actively pursuing, leveraging deep customer relationships in the local markets in which we operate.

We're investing to maintain leading market positions in target categories, very clear about the categories we want to play to win and improve profitability and margins. And we're using our strong balance sheet. To first and foremost, invest in the business, expand capacity, to strategically grow as well as make carefully timed investments in reliability and infrastructure to secure earnings and cash generation.

So we want to do that as well to continue to have the cash generative businesses that we have that are very high ROIC businesses as well continue to help fuel the investments to drive growth primarily in Texture and Healthful solutions when you see the projections on the long-term targets by segment.

So the segment structure we introduced last year combines better coordinated global reach, for example, in the case of Global Texture and Healthful solutions with strong local expertise leveraging again our long-standing presence and deep relationships in region and in country with customers. You're going to hear Rob Ritchie talk about this from a standpoint of how long we've had a respected presence in the LATAM countries and what kind of a competitive moat that presents for that particular region in that business.

And then I'll make some brief comments right now profiling the compelling business characteristics of each of the segments. Texture and Healthful solutions, for example, you ask yourself, why did you go through the resegmentation, moving away from a regional structure with high-level commentary previously around what is called core and specialties to move to this segment structure.

Texture and Healthful Solutions.

We have global multinational, regional customers across multiple channels. And one of the things right now that we're working on is identifying as part of our strategy development.

What are our shared measures of success globally across the business.

One of them is something called markets that matter.

We've been very clear on that. Relevant channels for growth across branded, private label, food service.

So we're dissecting, segmenting all of these opportunities and doing that where there is global relevance from a standpoint of the customer base, or where there's an opportunity to benchmark and drive best practice for companies that are regional and/or local.

In that business, there's really -- it's become, over time a business with limited business seasonality and the average selling price, and you'll hear Mike O'Riordan talk about this is 2x what it is in the other segments.

So we're driving growth there and making more investment.

Again, Rob is going to talk about food and industrial ingredients LATAM, but we have a competitive advantage and we believe a strategic moat as it relates to the market positions that we have in those countries.

And Rob will talk about it and I believe it will be very compelling. And again, in those countries, the long-term prospects are bright because of the trend towards affordability. These are ingredients that we provide that our mainstay ingredients in many of the food products that are sold in those regions, driven by just population growth overall and the trend towards urbanization.

And then one of the success stories certainly over the last few years, and you'll see the numbers is in the food and industrial ingredients U.S. can business. And that's a business that for many years, we used to get some very intense questions about, but that business has performed outstandingly.

We believe certainly over the last year, 18 months, it's also because of the focus from a segment standpoint, and how we've driven operational excellence and improve the gross profit margins and operating income margins significantly.

And one of the other things is we are the only producer in Canada, and that's a very important business for us that probably gets not enough notoriety. And then we have a segment called Other, but that was designated at the time because it had Pakistan and Korea.

I've talked about the plans there or what we've already done.

But in addition, to those -- that segment has two other operating units that are higher growth units.

One is leveraging sugar reduction or stevia business, where we're the leader in stevia-based ingredients and also for protein fortification in the case of pea protein isolate, which this year is growing high double digits.

So the segment structure really is creating better alignment with market opportunities, customer needs and our business objectives.

And within each of these segments, Ingredion's market position is significant.

We're a significant player in large and growing markets eat with attractive growth potential. You'll hear from Michael Reardon and Rob Ritchie shortly on how we intend to grow at or above the market in each segment.

So this is the simple long-term strategic framework that defines our three key priorities over the next period.

Each of the presenters that will follow will speak to the specifics on how we're going to execute against each priority for each of the segments.

Overall, for Ingredion, when it comes to profitable growth, we're focused on what is happening and co-creating with customers.

We're leveraging customer relationships and capitalizing on the amount of reformulation that's currently happening in the industry, especially driven by the Quest for health and wellness, new product innovation.

You'll hear from Mike and Rob on how we're defining those markets that matter and looking to expand internationally where we have a right to win. And we're extending our solutions selling globally. And when it comes to innovation, we're investing in differentiating R&D and capabilities building, especially as it relates to texture science and I'll speak more on this in the next couple of slides.

And when it comes to operational excellence, we've been on a mission to make service and quality differentiator and drive positive operating leverage from what Eric Seip, who again is in the back of the room, calls the four Cs.

Care: Ingredion, and I hope you all know this, especially those of you that have followed us for many years, we pride ourselves on one of our foundational values, which is care first. And we operate at world-class levels of safety.

And Eric is driving the same sort of culture that we have for safety and care for employees and process safety as it relates to food safety and quality.

Second is customers.

We have our operations very connected at the hip with the go-to-market teams as it relates to multilevel selling of all that we bring to customers as one integrated organization especially leveraging the investments we're making in functional excellence to bring that before the customer.

Capacity: What Eric has brought to the organization is looking where we can make sure we have headroom for growth capacity to capitalize on opportunities when they arise from a standpoint of accurate supply/demand forecasting, driving the brilliant basics, but also looking at capital efficiency, how we can either avoid or delay capital.

And lastly, it's about Cost, and you'll hear Jim Gray talk about it. And again, Eric lives this, which is net structural savings and how we can operate to offset inflation.

So that's you'll hear more about these three priorities in each and every one of the presentations.

Now there are five macro trends that I think you'll all identify with that we believe will offer and shape opportunities in the future. Mike Leonard will discuss and share examples of progress we're making against a few of these.

But let me make some brief comments about each very quickly.

So as it relates to clean label, there's, of course, the desire for transparency for folks to know what's in their food. Don't know if you realize, but Ingredion has the market-leading position in functional native starches, these are starches that are not chemically modified, they're physically modified.

They're labeled simply as corn starch, potato starts, tapioca starch, but they have all the performance characteristics of highly specialized products. And they enable clean label formulating and that's an opportunity that we think we can broaden and leverage when it comes to solution selling to deliver clean label enabled solutions. Affordability and especially today more than ever, where consumers are pinched with the price points of food and trying to make their discretionary spend go farther.

Ingredion works with its understanding of functionality on how to replace expensive ingredients substitutes for eggs and cocoa, for example.

Sugar reduction, leveraging that toolbox of stevia for high-intensity natural sweetening, the protein fortification along with the sugar reduction, pick up on the trend for the GLP-1 drugs and what you read about and hear about from a standpoint of how their diets may be changing when it comes to consuming products that have more fiber fortification, meal replacements and certainly protein fortification. And you'll hear more from Michael on that as well.

So when it comes to the key priorities of innovation, our focus is on clean label texturizers. And this is something that we are leveraging again that unique portfolio that we have, and we've made decades of investments in proprietary manufacturing on how to make these products.

So it's a customized process that we have. and again, building out these clean label formulating capabilities, investment in expanding texture science leadership, and Mike will talk more about some of that, and we have some examples of the equipment that we've that we're using and that we've made investments in.

And we're really the first to market with a texture solutions service model. And this is consumer insights driven.

So we've had Larry Fernandes in the back who's responsible for commercial excellence. And we have a really very respected group in the industry that works with customers to really understand where the consumer is going and we share perspectives and ideas and then back that up with the science-based approach towards how we can deliver a texture that meets a white space, an opportunity for white space innovation for a customer. And we have examples and case studies we're going to share with you.

We've piloted this in 2025 with broader rollout in 2026.

And again, I want to give you just a feel for how this is permeated through the organization.

So I just literally yesterday, got an e-mail from Nancy Wolf, who's in the back of the room, and she is our CHRO. And Nancy has a gentleman who works for her that's been on point the last year, who knows our organization extremely well from a standpoint of all the go-to-market capabilities. And he has led the sea change that's taken place over the last 18 months in relationship to how we go to market with customers to really develop solutions selling capabilities.

And so it was an e-mail exchange, and I got a chance to read it yesterday. And it was celebrating a success at a customer, delivering on a Mochi texture, which is a chewy elastic texture in China, and it was a new win that we delivered in two months. And what was notable in the e-mail exchange was that the gentleman that works for Nancy said he was on the customer visit. This is an HR person on the customer visit with the go-to-market team because he's working to make sure organizationally, we put the right skills and talents on how to operationalize that.

And at the end, Nancy says, yes, and I'm excited because I'm going to be in the U.K. and I'm going to be visiting a customer with our sales manager for an opportunity that they see that they're about to close on for solution selling.

So that's where we're excited about what the future holds.

And then lastly, Rob is going to talk about and Mike is going to talk about -- Leonard about the investments we're making, where we see an opportunity Especially in sustainable food packaging with regulation changes, the needs for more biodegradable sustainable solutions for coding. Rob is going to talk about grease resistance and PFAS replacement.

We see an opportunity to invest there in industrial applications that are high value, high function.

I do want to talk a little bit more about operational excellence because it's really played a key role, I think, in our success over the last four years. And again, our focus is on making service a differentiator and driving cost competitiveness.

And we only stood up the global operating model a little more than four years ago. And that may sound like a long time it's really not. And the point of highlighting that is that I think, and Jim Gray would say, we're in the early innings of the delivery of the benefits from going to this global operating model as opposed to the regional structure that we had with duplicative manufacturing different standards.

We weren't doing benchmarking.

So we did that to develop operational standards and systems require benchmarking and drive excellence across the global supply chain and operations, stand up a global procurement organization.

We're going to have the first ever global procurement supplier summit in the history of the company on October 1, inviting in key suppliers to have that.

We weren't capable to do that four or five, six years ago.

In addition, what Eric has done is the ability to leverage machine learning and other AI tools to improve forecasting, scheduling and reliability.

It's also noteworthy to highlight that one of the most significant achievements in operations in recent years is the investments we've made to strengthen and regionalize and derisk our supply chains. Coming out of the supply chain crisis, COVID 2021, we were exposed.

We shipped a lot of product around the world.

We've made strategic investments in countries to be more locally and regionally self-sufficient.

It's something else you may not have fully appreciated about Ingredion. All of this has enabled us to raise the bar on ourselves.

So for example, we used to just measure our service based on on-time and full, delivered on time and full.

Now we measure against a perfect order standard, taking every single possible customer dissatisfier and measuring it. and making sure that we can deliver against a perfect order standard. That's led to improvements and increases in our Net Promoter Scores. Eric also strengthened our centralized engineering team, and that's optimizing our asset footprint.

If you pay close attention, we've announced the closure of a few facilities.

We're executing against those, and those have financial returns heading into next year as well as obviously making sure we have that capacity at a cost to enable growth and again, minimizing, delaying or avoiding capital spend.

And this has delivered honestly, and Jim will say it as well millions of dollars of savings with an ability to optimize again over this next period that we're going to talk about.

So the long-term targets we are establishing for the next three years or 4, 2% to 4% net sales growth, and that compares to 3% for the 2022 to 2024 period. 5% to 7% adjusted operating income growth that compares to 14% that we delivered from 2022 to 2024, and slightly higher adjusted EPS growth of 7% to 9%, and that compares to 17% EPS growth

from 2024 -- 2022 to 2024. And our recent track record has demonstrated that we have an experienced execution-focused leadership team that operates with a strong drive for results.

We want to win. And in addition to today's presenters that you're going to hear from and you're going to meet, you're going to also have a chance over lunch to meet the rest of our executive leadership team that are here today, and they're all sitting in the back of the room. And I'd like to quickly, if okay.

Introduce each one of them, ask them to stand in case you'd like to connect with any of them later today, during lunch.

So first, I'll start with Larry Fernandez. Larry, if you could stand up, our Chief Commercial and Sustainability Officer; Tanya Jaeger de Foras, our Chief Legal Officer; Mark Karns, our Vice President of Corporate Development and M&A; Eric Seip, our Senior VP of Global Operations and Chief Supply Chain Officer; and lastly, Nancy Wolf, our Chief Human Resources Officer.

And now it's my pleasure to introduce Michael O'Riordan, who will discuss with an Irish accent, our strategic vision for growth and our Global Texture and Healthful Solutions segment.

So Mike, over to you.

Michael O'Riordan^ Thank you. Good morning, everybody. And thank you, Jim, for mentioning.

I've got an Irish action I am from Ireland, and there's a translation bottle the back if you have any difficulties understanding me.

I've been with the company for about 25 years, and I consider myself to be somewhat of a solutions warrior.

I've been true to process.

I started out in operations. in the go-to-market front in the innovation area and general management in EMEA, Asia Pacific and in the U.S.

I've been on the journey quite a while.

And hopefully, this morning, you get a feel for why we've demonstrated success in the last 12 months or so and of course, preceding that as well. There are four kind of key areas, hopefully, that you'll take away from my presentation. Why is it that we grew by 7% volume last year in a very, very difficult market.

Well one of the reasons is that we have a very significant footprint in the emerging markets, where I spend a lot of time -- and so we are -- we see quite a long runway there to pick up volume.

So we're in more and more recipes, particularly in Asia Pacific.

Second reason is that a lot of our customers are struggling, I would say, in the developed markets for growth, and they're renovating their recipes. And so we are co-creating and reformulating with them. which helps to improve product mix and particularly in a market like the U.S., clean label is one of those areas where we are upgrading recipes and helping our customers.

The third reason why we're growing is really around the area of innovation. Michael Leonard will talk a lot more depth about the innovation that we have but we're really finding a lot of success with solutions.

I know a lot of people talk about solutions. Hopefully, by the end of my presentation, I will share with you how we define solutions, what it means to us as an organization. And it is delivering, as you will see margin expansion.

So there is something behind what we're doing in the solutions front that's really very profitable for our organization. And the last area, which Jim was discussing which has been very important for us is the operational excellence.

We've invested a lot in assets. And so we do have the capacity for growth.

We've invested over \$300 million in the last couple of years.

And we have a pipeline to continue to invest to enable that growth to happen.

So these -- this is a little history of time. Maybe I start on the right-hand side first. You can see that, obviously we've got a nice portfolio of products with a number of patents, highly differentiated and then underpinning all of that, we've got these labs and manufacturing facilities.

Jim mentioned it a little bit, and Nancy is here as our CHRO.

I think our culture is -- it's a bit like a good wine, has distilled over time very well. And so we have a very strong culture, very high-performance culture and you'll also know that we have very high engagement scores. And so there's been a lot of warriors on this journey for quite some time that has really helped to build the expertise we have in our organization.

We look at how we're getting above market performance, I would say that we have two areas, Texture and Health Solutions. Texture solutions is probably about 90% right now of where our success is coming from.

With these clean label high-performance starches.

We've also broadened in recent years with hydrocolloids and we're starting to get more into customized formulation. And we'll talk a little bit more about that as we go through the presentation.

And then there's overlap with some of the helpful solutions where we have areas where some of our technologies can be transferred to these helpful solutions into areas like Beauty and Home.

So clean label is very important in food, but nature-based ingredients is also very important in areas like Beauty and Home, and we can transfer some of those technologies into those areas, which are very high margins. And so this is where we get some synergies. And then you can see the results here. The net sales a little deflated between 22% to 24% because we had raw material deflation.

But as I mentioned earlier, we had 7% volume growth last year, very strong and good volume growth as this year as well and the margin expansion.

So I can say a lot of words on the stage here, but you can see from the results that we're getting significant margin expansion. And hopefully, as we go through the next few slides, you begin to understand a little bit more where that is coming from. And our results this year are north of these margins as well if you've seen our results for the first half of the year.

And so we have really very strong momentum here.

I presented to you at the November Day, and I wouldn't have turned up today if the -- we hadn't made progress, but we have. And so I have a little bit of confidence to share with you what has happened since we last met some of you in November.

Jim, I was very passionate talking about our operationalizing our Texture solutions. And everybody talks about solutions, but there's really -- it's bigger than just sales or go-to-market, it was led by our HR.

It's a, I would say, a cultural transformation that you also got to look at things like operations and your supply chain because you need the agility to be able to also supply the solutions on time.

But we brought a lot of training and accountability to how we do solutions.

And we'll also talk about things like customer briefs, how we have formalized certain tools to capture data when we're interacting with customers. And every time we capture data, it brings more insight in terms of what customers need, but we can track it

throughout and so for example, with these customer briefs, first of all, is we formalized our conversations with customers to make sure we've got the right target.

But also, we send these briefs to customers after our meeting to make sure that we've captured all the right things to solve the problem. And then we're tracking toward the entire process, how these briefs are being managed and their level of success and so forth. And this is all building our knowledge to be able to get more solutions to hit the target and do it faster.

Our pipeline.

So it has grown significantly. And when I say significantly since the last time we met, it's doubled. And so that is transformational, so I think as a company, you know us we're a high-performance company, but we are going through a bit of a transformational change, and we have seen a significant pipeline growth, which gives us a lot of confidence moving forward.

Clean label, very much something that we've been doing for 30 years. And so we have a lot of expertise. And so fortunately, the environment is changing, where more and more customers at one stage, it was more of a push for us, now it's more of a pull, and we're seeing significant opportunities, not only in the U.S.

It's been in Europe for quite some time but also in places like China, where there is significant upside with this.

And so sometimes, we have starch as a backbone, but we need other types of technologies, and we've recently also been looking at these citrus fibers to give us unique cleanable properties.

Mike Leonard will talk to you a lot more about what we're doing in predictive formulation, but it's certainly helping us to reduce cycle times at customers and our closed win rate at customers is also improving.

So we are beginning to see the benefits of predictive formulation.

You have a picture here on the right-hand side of this config laser. And so we're utilizing tomography and some of these imaging capabilities to link consumer liking to textual preferences. And all of this here, there's a lot of data that is being captured with this instrumentation.

And every time we have data, obviously we can utilize that data to help us with predictive formulation.

So the type of data we would capture with this instrumentation, if you were taking something like a French fry, you're looking at audible crunchiness, and so you have certain instrumentation to do that. The crispiness, as you compact the bite resistance and

two packing. And so these are, as an example, and I have to say in the French fries area, I spoke to you about that in November.

It's a market of about \$17 billion, growing at about 15% CAGR.

We had tremendous expertise, particularly here in the U.S.

But there has been a shift if you're following it in moving towards Asia Pacific. And so we're helping customers reformulate with some of these coatings with this type of knowledge to be able to help them to develop these nice coatings to be able to make the journeys with some of these new delivery formats as well in Asia Pacific very successfully.

And then finally, we're experimenting a little bit I don't know -- yes, I mean in the industry a long time we have something which we say that -- when we go to see some of our customers, particularly the small to medium-sized customers, they have people in their organization, which have the golden tongue. And the Golden tongue is somebody that is the owner are quite senior in the organization, and they make the calls in terms of the launches that go out into the marketplace. And that probably explains to some degree, the high failure rate of launches in the marketplace.

So with all of these sort of capabilities, we're really moving more towards data-driven decision-making and link it to consumer, predict the consumer liking. And so the probability of success is higher.

We're piloting these services are customers.

I don't want to get ahead of my skis at this stage to say how successful that is because we're still working it.

But we feel very confident that maybe at some stage, we will look to maybe monetize and this could be another part of our toolbox with solutions.

And it's really the tip of the spear at the moment as we develop these capabilities.

We've showed this before. And so this is the market packaged food, where texture is on the front of pack is about \$600 billion.

I think what's also interesting for me is about 25% of those claims are linked clean label, and that's really our wheelhouse.

We have -- there's nobody else in the industry has as much expertise in the area of clean label.

The total addressable market for us, as we're looking at right now is about \$1 billion -- and that's where we're seeing significant speed in that lane. And then on the right-hand side, you can see that texture is the new flavor.

It is something that we talked about mochi a little bit earlier in terms of the what the new generation is looking at GenZ and social platforms is really they talk a lot about texture.

And you see that we have for our proprietary research here, it's very, very relevant in many different areas. And the other part is evolving more and more is the health benefits that people are looking for in their products.

These are the trends.

I'm sure you know them very well. All I would say here is that the trend is our friend right now because some of these areas like clean label, as I mentioned, and wellness. These would be particularly very important for us in the developed markets. Convenience, we see a lot of momentum, as I said, in the emerging markets.

delivery formats in terms of how products are brought to consumers are creating new opportunities for us.

And in mochi, Jim Zallie mentioned at the November texture day, there are 140 texture terms for texture in China alone and 400 in Japan.

We have a very solid foundation in that part of the world. And so we are leveraging some of that knowledge to bring to some of the developed markets, where, again, we want to be known not just only as the go-to provider for Texture and Healthful Solutions, but also when you want to do mochi, we have the expertise. And Mike is going to show you a very nice video later in terms of some of the capabilities that we have to demonstrate our leadership in that space.

You've seen this before, we launched about 18, 24 months ago, our Play to Win strategy.

So where do we play to when and what capabilities do we need. And obviously we've selected these categories. And I would say just behind these categories, besides the growth rates and the opportunity, you can see how the \$20 billion is broken down between the different segments here, categories, is that we're also looking at -- and that's where we need our colleagues in HR.

It's what are some of those differentiated capabilities that we need behind these categories to win.

And that's where we're developing those capabilities.

We have, of course, a long history, and I would like to say it's been a cumulative effect over many, many years. where now we have the momentum, but we need to continue to

make sure we stay on the front line of some of these capabilities to make sure we're seen as a pioneer in our space.

And then we have management systems that are behind these categories to bring accountability for delivery to hit the type of targets that we have set, and we are demonstrating already in the last 18 months.

Jim split there's really three strategic imperatives here for our enterprise, and it keeps it very simple, and I like it.

So what is it that we're doing in profitable volume? What's driving that? Where is the innovation coming from? And then underlying all of that, you need to have operational excellence, and I'm going to give you just some examples on Texture and Healthful Solutions on all three.

The first one is I talk about where emerging markets. And one of the things that we have a heritage of about 100 years on is starch. And so we know that very well. And Starch is good because it is the texture backbone for most texture solutions. And the reason why it's the backbone is because it's got tremendous versatility unlike some other type of ingredients.

It's available in abundance in nature, and it's very affordable.

And so that gives us a tremendous advantage over anybody else that's trying to enter the space is we have that heritage. And so we also know that starch is in the developed markets, the per capita consumption is quite high.

So in a place like the U.S. But in the emerging markets, it's at least 16% lower, and that's where we see the potential.

If I go to a place like India, it's very early days.

It's, I would say, 1/10 of the consumption that we have here in the U.S. And so with all of these emerging trends here with urbanization, affordability and middle-class growth there is tremendous opportunity for us still in this market for profitable growth.

Now I did promise you at the very beginning. People talk flippantly about solutions. And I really want to -- because we've been on a journey for a long time to really optimize what is it that solutions really means. And we have defined it very, very carefully.

So solutions for us are ingredients that are highly differentiated within our organization.

And these typically are high-margin ingredients and also with high selling price. Jim mentioned earlier, typically, for these type of ingredients, there are two to 3x the average selling price of our baseline products.

We also are launching every five years, new products, and we include that as well because we always want to be innovating and staying ahead of our competitors and customized formulations. Historically, we call them systems. And so that's where we bring different ingredients together to give unique functionality. And so it's really helping our customers deliver more holistic formulations for them.

And then finally, we're looking at these value-added services. And I just talked a bit likely about it today because we're piloting at the moment. And I don't want to, as I said, overpromise here yet.

But this is really our solutions portfolio that's driving the margin expansion.

We're holding everybody accountable behind that.

It's very clearly defined what they are. and what our expectations are going forward.

I talked about the -- some of the -- the way we've structured solutions.

We need these briefs that are done with customers in a very formalized way to uncover unmet needs.

We also have developed -- again, we had a very good foundation, but we need master formulation experts. And so we have a program development in our organization for different grades.

And if you get to a certain level, then you become part of the global team, you travel around the world because we're trying to scale solutions globally.

So I give you the example of the French fry earlier success in one market, but how can you scale that in other markets, and we move these formulation experts around the world help us to scale these solutions.

We have a lot of proprietary consumer insights now to help us to link to consumer liking and these -- how do you link that then the overall consumer liking which many companies do, but back to texture preferences back to our ingredients. And that's where the predictive AI tools that we are developing are making those connections.

If we can make those connections successfully, then we help to increase the speed of bringing launches successfully to market. And then I keep repeating is that the importance of a successful solutions approach is not just go-to-market.

It's holistic. You also need to make sure you've got a global procurement that's got the agility to source ingredients from around the world and do it quickly.

So when we're bringing these customized formulations to market is faster and faster and faster. And so very often, somebody is going to be made to order, they have to be out in

weeks or a month. And so we have these capabilities. And overall, you see that on the right-hand side, if you are bringing more of these solutions to market, more of recipe and obviously that is driving a faster growth and helping you to have margin expansion.

One of the great, and I call out Eric Seip, our Head of Global Operations for his leadership in helping us to do that.

What has happened, and I told it really is transformational on the front line, is that in the last number of years, we have spent a lot less time worried about service to customers and having issues of supply because we have the assets in the way that we're set up now as a global enterprise, to deliver superior service to customers.

And we're getting feedback from customers in terms of what we talk about Net Promoter Score, which are very high, which is helping us to win more and more opportunities with our customers.

We've also changed as an organization where we used to have our regional assets, and we manage those kind of ourselves now having global assets, and so we can move things around very quickly to make sure we have optimal service for our customers. And that is a tremendous upside because rather than go-to-market organization, spending time trying to worry about production planning and service to get to customers and what have you.

We have a centralized team that do all of that, and the go-to-market teams can focus a lot more on commercializing solutions with customers. And so we spend a lot more time with customers, which is why we're seeing a lot more brief. Behind that, and I'm very excited that we're continuing to do that.

We have made investments of about \$300 million to enable the growth, but we have more in the pipeline -- and so thank you to our shareholders for making these investments is that we need to make sure also that we improve our cost competitiveness.

We don't necessarily have to be the cost leader, but we have to be cost competitive.

We are making a number of improvements in our plans to ensure that we are cost competitive.

And I'm very excited and biased, of course, because in Asia Pacific, we have not only a fantastic team there, but we are also the franchise leader for tapioca as an example, which solutions can be utilized around the world that are very unique.

We want to continue to invest in those markets to make sure that we have the capacity for the future growth plans that we have in place.

And then finally, we're seeing through this reorganization in terms of centralization, a lot of productivity gains.

I can tell you from the area where I work in EMEA as an example, we have reduced our SKUs by 50%, which enables a lot more capacity going through assets. And also it's better for customers to get rid of some of that complexity to really have the products that they need.

I took this example rather selfishly because I was traveling to Hamburg airport a few weeks back, and I was on the go, and there was this food in a bottle, which is filled with about 45 different ingredients of nutrients, vitamins and things like that. You can tell I'm not an avid user of these products.

But in this particular case, I actually did need to have something quickly.

But it was a fantastic product. And so when I went back and I spoke to the [theme] and said, "Wow, have you tried this product?" -- they said that they were -- yes, we were involved in developing the product and know that at that time it's for a private label which, again, private label, as you may understand, is really beginning to challenge some of the leading brands.

In this particular case, -- the private label came to us and said, this is the brand out there today. Why are they so successful with this brand. And that's where we can then start to look at overall liking characteristics and understand that brand and explain that to private label.

And then you can link it back to the type of textures that would enable that overall consumer liking to our ingredients. And the solution in this particular case, which is full, I don't know if you've ever tasted these products, which is why I was surprised. They're usually quite choke and dry in your mouth, I don't particularly like them. And this was very silky and smooth.

And actually, our solution as part of our solution to this particular example, was rice, clean label rice solution, which gives you that silicon is that white colored a full-body mouth feel, and it was done in record time. 45 ingredients.

It was done in less than three months. And so that's -- if you get an opportunity to be in that part of the world, you can taste some of our success here.

What I like also about this example is we talk about being a go-to provider for Texture and Helpful solutions. And so we're helping customers not only to get the texture right, because of our knowledge with sugar reduction with plant-based proteins and sport, we bring it all together, that gives us a much more informative and holistic approach with our customers.

These are our commitments that we have laid out. And so we have said that we expect for a portfolio like ours to be growing at 4% to 6%, and we're very confident that we're going to deliver in that range.

I think also you're beginning to see for the gross profit in November, we said 27% to 28%. And in a CAGNY, we said around 28% and now we're seeing GP from 28% to 30%.

So it should give you an indication that our confidence level is growing with the success that we're having with solutions that we feel that we can start to raise the bar higher with this margin expansion that we're seeing, and we're seeing significant operating income upside as well from the 8% to 10% level.

So let me wrap up.

What you should take away is where is all this growth coming from? I think one of the things you should take away is we are in more recipes.

So we're in the -- a lot more recipes.

We have a lot more customers coming to us.

like working with us and particularly in the emerging markets.

We're seeing margin expansion because we are reformulating to improve product mix.

And one of the key competencies that we have that's very much on trend now not just in the developed markets, but also explained in places like China that we're seeing clean label, and that's really helping us to reformulate and build on our expertise to help customers.

We talked about innovation and our area of expertise and solutions, and we're more in recipe.

We're a bigger percentage of the recipe.

So when we bring some of these solutions to our customers, not just one single ingredient, but we talked about customized formulation. And so we're a bigger part of the recipe, which helps with revenue generation and also, of course, margin expansion because it's a much more differentiated offering.

And finally, very excited.

We do have one full operating model, and we have the capacity for growth. Thank you for believing in us, and we will continue to make these investments. to continue to make sure that we have the capacity that's needed to deliver on these solutions.

With that, I'm going to hand over to my colleague, Rob Ritchie, to talk to you a little bit about the -- our success in LATAM.

Rob Ritchie^ Good morning, everyone. Thank you again for joining us.

Similar to Mike, I've been here for a few years, 28 years, originally started working up in Canada, spent time in the U.S. and in Mexico -- so again, thank you for being here.

So I'm going to talk about two segments today.

I'm going to talk about our food and industrial ingredients business in LATAM, which includes Mexico now and then I'll talk about our U.S.

Canada business after we go through this.

So some of the key takeaway messages for our LATAM business are we have a lot of experience in that market. And I know past success does not always guarantee future success.

But in this particular case, I think our knowledge our market position, #1 throughout the LATAM markets helps us drive innovation and growth for our customers and dealing with all the volatility and instability that can happen in those types of markets.

We've been able to deliver consistent and profitable growth through long-standing customer relationships, operational excellence and network optimization.

And I'll just say this, as global accounts that we have relationships with, begin to grow in those markets, we're positioned for that as well as regional brands that are starting up in the LATAM market as well. And finally, on the trend around innovation, in line with the consumer trends and anticipating customer needs.

We'll talk about those a little bit, but different than maybe in some of the developed markets in terms of affordability and those type of things as well.

But it will continue to further reinforce our regional innovation position while leveraging what Mike Leonard is going to talk about from a global perspective as well.

So over the past several years, Ingredion has been able to deliver very strong performance in the LATAM region, driven by local manufacturing presence in some of the world's most dynamic and growing CPG markets.

So a couple of stats here. Net sales down slightly, mainly just due to the price of corn on a pass-through from that perspective. Gross margins have gone up 500 basis points at 26% in 2024, and our OI margins have gone up to 20%, up 300 basis points as well.

As you can see, we touched a lot of different applications in the region.

We actually sell the whole portfolio to all of the customers within the LATAM region. And a couple of things here, and Jim talked about this, you can wear to use like

competitive moat, but we have a very, very strong right to win in LATAM that I want to take away from this is a key message.

In addition to our four idea Labs innovation centers, we have 15 production plants from Mexico down to Brazil.

And our competitors combined have 6.

So we've got a very, very strong position. And when you think about 90% of the products we make are sold within the region. That local service, that local knowledge really gives us a competitive advantage over our competitors based on our past.

I talked about that history.

Actually, this October, we're going to celebrate 100 years operating in Mexico.

Brazil were at 96 years, Colombia, 92 years.

We've got a smaller operation in Peru, but that's at 61 years as well.

So long history in the region.

We have over 1,300 customers, and we supply over 950 unique region.

So a very strong position from a business point of view, but also in the future as well.

In this region, we have the widest variety of products and solutions across the key categories in LATAM.

Additional to the food ingredients business, we have texturizers, sugar reduction, Jim talked about our Beauty and Home Care as well our industrial business and our agri business.

And the good news is as we look at this, we have the playbook in place, leverage that portfolio for today. And we also have the global experience and knowledge to grow with customers as the consumers' demands and preferences continue to evolve. And what do I mean by that, if you talk about some of the things that Mike Leonard talked about -- or I'm sorry, Mike O'Riordan we have a lift and shift approach.

We've developed those solutions in Bridgewater in Europe and the United States.

And as the LATAM market moves up the food chain in terms of packaged foods consumption, we can bring those ideas and solutions to the marketplace.

So we're well positioned for growth today but also set up with an eye in the future.

We've got a great playbook moving forward.

The LATAM market is very dynamic, as we mentioned, I'm poised for long-term growth as economic fundamentals continue to grow, supporting the development of our food, beverage and industrial market.

So a couple of trends Economic-wise, approximately 2% GDP growth over the next planned period of three years. This increase in the formal economy of 7 percentage points since 2004. That means instead of maybe getting paid every day and going to the market every day. People are getting paid weekly, every two weeks and they're going to their grocery stores, buying products, packaged goods specifically and bringing them back to their home.

There are some challenges.

We're dealing with some front-of-label pack issues here in the United States, but in Latin America, these have been around for quite some time whether it's sugar taxes, front-of-label packs in Mexico.

And we've been able to navigate through those again by leveraging our global knowledge and innovation, but also looking at reformulation with some of our sugar reduction and other texture solutions to help through that process. Demographic wise, 62% of the population in LATAM is 40 years old or younger versus 51% in the United States. And if you think of a population histogram, kind of pair shaped at the bottom, those people are moving up into middle class. They're better educated. GDP is growing, income is growing, which bodes very well for us versus United States where it's probably a more older population moving up.

So that trend is our friend in that area.

And the other part is the urbanization.

We talked about this a little bit.

I think two of the largest cities in the world are in LATAM and Mexico City and Sao Paulo.

But 82% of the population living in urban areas expected to grow to 2050 to 86% by 2050.

So again, in those urban environments, working in different jobs, going to the grocery store bases versus maybe working out in the field.

In terms of consumption, we expect packaged food consumption in the market to have a CAGR of approximately 3.9%. And that's very different.

If you look at the U.S. market and just U.K. for reference, they're about 2.3% and 2.6%.

So almost approaching double the rate of growth in those particular markets.

And I think this next stat is very interesting.

So 24% of consumers in LATAM disposable income is spent on food, right? That's a big number.

In the United States, it's approximately 7% to 8%.

So how we go to market, how we innovate, the type of products our customers want is very different than maybe in some of the developed markets.

So that being said, as that innovation moves up, we've got the innovation solutions to bring those in as that market continues to grow over the next 10 to 15 years. And again, the trends such as functionality, affordability and wellness will be significant. And we have the products and solutions to address those trends today and in the future.

Just another stat here. The gray bar is per capita consumption of packaged food on the left. And on the right is beverage. The blue ones are Latin America. You can see the consumption rates are much less.

And we forecast as we go forward over the next several years that, that consumption rate in LATAM will continue to grow, which bodes wells for our customers as well. And long-term volume growth in CPG is expected to continue even beyond that 3-year horizon that we've seen.

In terms of the addressable market, the CAGR rate for CPG products is expected to grow at 2% to 3% over the next several years. You could see our sales there today about \$2.4 billion and an addressable market of \$5 billion that should continue to grow.

Some of the key areas that are driving that growth are continued packaged foods consumption, the trade-up for value-added ingredients as consumers start to earn more money and look at the products they consume differently.

Affordability, that's not going to go away.

We have to take that into account when we develop new products and innovation for the LATAM region. Diversification of that end product.

I'll talk about that a little bit as we continue to trade up from maybe more commoditized type project to value-added ingredients. And just -- it's a concern in the region that happens with many global companies is the FX has been a little volatile lately, but we have good ways with our finance team to work through that as well.

So as I mentioned, in Lat Am, very, very sustainable competitive advantage today and into the future. That historical presence gives us a lot of knowledge and confidence from our past learnings as we go forward.

Our local go-to-market innovation.

Our customer relationships are very, very strong. They rely on us for the products today, but they're also asking about how can you help me in the future of reducing sugar, adding texture, perhaps including protein in some of these ingredients as well.

We have that complete portfolio, right? So as they see more basic ingredients today, but as they move forward and they want to replace products with stevia, we're set up to do that and we'll tap into our global innovation teams to execute against that in the region.

And then the other side is scale and cost advantage. Having those 15 plants versus our competitors, only having six in the region gives us size, cost and service advantage, which is critical in those markets as well.

So again, very deep knowledge in the LATAM market.

We know how to adapt to change with our local teams. Despite some challenging business environments we've survived and actually thrived in those marketplaces.

So just to build upon pillars and what Mike talked about as well.

So the three key areas of strategic growth for LATAM will be profitable growth, innovation for the region and operational excellence and execution.

So one of the key initiatives to enable that from a profitable growth perspective is to diversify somewhat beyond corn and the brewing industry. Mainly today, we use corn.

However we're now making investments in growing our tapioca business in the Indian region, where we've got very unique properties with that product.

We've launched a potato starch business in Brazil, and we're using that model from the United States to grow in that area as well. And brewing is a very important segment to us in LATAM and around the world.

However the raw material sold into that are somewhat commoditized, right? So we have opportunities to trade up our mix to add more value-added ingredients, we're certainly going to pursue those opportunities moving forward.

We mentioned elevating our DA Labs, connecting more closely with Mike Leonard and his team and our global side.

We're going to accelerate sugar reduction, texturize our portfolio as well as some other ingredients.

We also sell a lot of specialty syrups in the region and confectionery segment in LATAM is a very important segment for us.

It's growing not domestically, but some of the largest exporters of confectioners are based in LATAM and Mexico and Colombia. And we've been able to develop specialized syrups that look at different carbohydrate profiles, reduce sugar and actually protect the product integrity during shipping, giving some of the temperatures down there as well.

So we've got some really unique ideas there.

And then finally, this is Jim talked about Beauty and Home Care.

So for us, globally, it's a growing market. And LATAM is actually the largest region for Ingredient for Beauty and Home Products.

We see that trend continuing. The whole clean and simple that goes for ingredients that go into beauty products and home products as well as a trend that we're positioned very well for to continue to drive that growth.

In terms of the innovation side in LATAM we're going to focus on texture and sugar reduction, affordable cost in use, which is very important.

Sustainability is critical in those markets as well and we've got a strong focus in that area. Larry leads that up as well and we usually bring that together with our business to talk to our customers about that.

Solutions in responses to taxes and regulations, sometimes in LATAM, there's good intention, but a lot of it is about tax revenue coming into the government.

So just working through that and our customers as they look to reformulate and then really optimizing that local presence and expanding our regional market.

Here's a great example. And you talk about trends today.

We made this investment in Mexico, and I was actually living there back in 2018. And this is an investment in liquid allulose, which is used in sugar reduction across many different areas.

So it's a low-calorie sweetener with functional bulking properties.

So not only can it replace sugar in application, it gives the bulkiness, enables significant calorie reduction, that stop sign in Mexico of the front of the package, good flavor and mouth feel.

And the beauty of this is we are approaching sold out on this particular channel and product line across North America. And we're looking at what that next investment potentially looks like for Allulosas we continue to grow that and focus on sugar reduction.

So again, we're going to strengthen our market position.

We're getting more channel expertise and understanding our customer better. And we really think beyond the products today, there's really great opportunities for long-term growth related to innovation.

And this is a great example of an investment that's paid off very well.

This goes -- what is saying in this market as well we talked about affordability is a key issue.

So enhancing our cost leadership to maintain high-level margins, right? So we've expanded our LATAM sourcing model, I think under Eric's team under global procurement, put a lot of good resources in there.

So keeping our costs down, looking at our raw materials and our chemicals as well that we use in making sure we're cost competitive.

We will continue to tweak and optimize our network what's the best place to sell from, where do we source from, optimize freight, logistics and some of the tariff issues that we're facing today.

We're going to boost plant reliability and efficiency and we're going to continue to invest in debottlenecking and reliability for those products to maintain our leading position.

And then I think this regionalization of supply chains, as I mentioned, about 90% of what produced in LATAM is sold in LATAM.

So it's hard to -- for people to come in and penetrate that, but we're going to continue to invest and reinforce that position in the marketplace.

But we do feel that operational excellence is a key driver for continuing to maintain, but also grow our gross margins as we move forward.

So our outlook for the food and industrial ingredients in Lat Am, net sales growth of 2% to 3% and somewhat dependent on the price of corn a little bit, but we're confident that

will be our number off a base of \$2.4 billion. Gross profit margin of 26% to 28% and coming off of base right now of about 25.7%.

So we continue to see margin expansion in the region and adjusted operating income of 5% to 6% growth on a CAGR basis. That's coming off a base of \$483 million as well.

So a very large contributor to Ingredion's overall OI.

And just to summarize for LATAM, that I don't want to minimize that experience, but also those leading positions, #1 in the markets in which we operate.

It gives us access to the customers today for those products, but also the innovation as we go forward, delivering consistent profitable growth, customer intimacy, knowledge, when they come to us looking for challenges, they're going to call us first. They're going to look at opportunities to reformulate. And we're going to be on the front of that to work with them to help those work as long as our -- and in line with our network optimization.

And then the innovation side as well. This will continue to be an important part of our business there and our journey there and the good news is our global network is very strong. And as I said, we can lift and shift those ideas from other parts of the world as LATAM consumer trends change.

With that, I'm going to pivot here to our food and industrial ingredients business in United States and Canada.

So again, the key messages for U.S./Canada in this particular situation is we have a strong position in mature markets, and we'll talk about that a little bit, but we've been able to deliver stabilized margins over the last several years. through our trusted customer relationships and the strength of our business model, and we'll talk about that a little bit in a few minutes.

We've been able to drive profitable growth through our expanded industrial product offerings. Jim Zallie touched upon this.

We are the leader in U.S. Canada in terms of corrugating paper supply, sustainable solutions for packaging.

We have a number one position.

Our customer intimacy is second to none.

We know that market very well. And it's actually growing. You think about everything that shows up on your doorstep today and food delivered usually as a packaging format in there.

So we're very well positioned to tap into that growth and continue with that.

And there's some solutions that we're going to bring into that area as well.

We're going to look at our operational efficiencies.

It's critical in this region.

We have some very large competitors in the space as well.

So cost is critical, spending a lot of money and effort and resources around maintaining our margins. making sure that we have that customer in it and to have better supply to our customers.

And then finally, this is the -- I think the other side of this business is it delivers stable cash generation, right? And that fuels growth not just for food and industrial ingredients U.S./Canada, but that cash is used across the corporation, whether it's in CapEx projects, MA or cost savings projects that we move going forward.

So it's a good generator of cash, that's used across the organization in line with our strategic capital allocation.

So in this particular case, again, over the past several years, this business has performed extremely well.

We've got a very unique position in the region, leading positions in dextrose and the only corn at Miller in Canada. You can see we have two idea labs, and then we have our six plants.

We have our two plants up in Canada as well. Net sales flat, but again, somewhat related to the price of corn in that area.

Gross margin percentage, up 900 basis points, right, in the last couple of years from 13% to 22% and that was necessary.

We needed to reinvest in this business from a reliability point of view and an efficiency point of view. And at 13% gross margins, that wasn't possible.

We can explain a little bit on how that happened.

And then on an OI basis, from 9% up to 17%.

So really exceeded expectations. The team worked very hard together cross-functionally, pricing center of excellence.

We'll talk about raw material hedging and also our operations and supply chain delivering that. You see the product applications there.

I think one of the other key things that we did is raw material volatility. This has been a bit of a problem, right? We're in a global market, soy proteins, dealing with corn, other things, global trade.

We did a pretty comprehensive risk management evaluation and partnered with our finance team. And what we've been able to do through some different hedging techniques is reduce our exposure to commodity to we're not talking about dislocations between soybean protein and corn protein.

We've been able to cross hedge across other ways to protect that corn price and that net start choice that we have. And it's been very effective as we go forward.

So again, delivering stable cash generation to fuel growth and support our capital priorities across the whole organization.

So this is our mix you think about we have a strong local presence with a diversified sweetener and starch portfolio.

So by product, you could see the mix there, high-fructose corn syrup, approximately 20% of our sales in U.S.

Canada, and actually, just for a company point of view, it's just slightly less than 10%.

So yes, there is some exposure to that.

However we are looking at new ways to take that grind and use it for other advanced products. Locally sourced ingredients.

So if you think about where our plants are located, they're closer to the customers, not so reliant on rail shipments and things like that, we can deliver directly from our plants using our trucks.

As I mentioned, we've got a very strong leading position in the industrial business, and that is continuing to grow, and sustainability will continue to drive demand for those products. And again, upgrading that mix, right? High fructose corn syrup is a great product. nothing unsafe about it.

But as consumer preferences change and demand levels change, we have to adapt and find new avenues for that stream, and we've been very successful of that going forward.

So again, continuing to transform that portfolio. looking for pockets of growth to drive that, that we'll continue to maintain and grow our margins in the U.S./Canada region.

So from an addressable market point of view, we think it's about a \$10 billion market with a relatively lower CAGR of 0.9% to 1.3%, and this is just for this portfolio. And that's a line.

It's a mature market, so we understand that.

So the key factors that we're going to do to look at this is strategic diversification into the growth markets.

We talked about biosolutions, products like liquid dextrose for industrial use or food use and fermentation. Glucose shipments have actually increased over the last few years as well offsetting the Fructose declines.

Sustainable materials.

We'll talk about that in a second.

Biosolutions. So this is replacing petroleum-based products in chemistry and other applications with corn.

And then again, the sweetener side, trying to maintain stable positive performance in other categories than beverage like baked goods, confectioner and ready-to-drink beverages.

So our competitive position in U.S. Canada, we have strong market and customer presence.

I think that's very important.

We have a very focused go-to-market team in Canada and the United States with a larger percentage of our business mix being smaller and medium-sized accounts, right? So they're dependent on us not just because of supply of service and logistics, but also the innovation side as well.

They tend to rely on us more versus some of the larger accounts are a very important part of our portfolio as well.

But I would say our competitors have a larger position with them.

We have the ability to react quickly to trends and customers' needs based on our plant locations and again, continuing to optimize our portfolio.

We're the leading supplier of food and pharma grade dextrose, which is a very unique product to us, corrugating and papermaking starches and I'd mentioned specialized glucose syrups as well.

So continue to optimize that mix based on the trends moving forward.

So driving value through our service, which is critical, customization and agility and continue to look for new opportunities to trade up.

Similar to the past couple of segments.

So three areas of profitable growth, I'd mentioned finding those pockets of growth in this industry and finding where we can continue to trade up in those areas.

Innovation, so delivering focused innovation and leverage our overall ingredient network and then operational excellence, focused on cost and service and the optimization of that network, which keeps our competitiveness very important in the marketplace.

So as we continue to shift that mix, I'd mention developing and scale of portfolio is barrier coatings and functional binders, and this is to replace plastic in the marketplace.

I'll give you an example of that in a second. Accelerate the development of our next-generation sustainable packaging solutions. And I'd mentioned innovation as well.

Innovation goes beyond products.

There's supply chain innovation, finance innovation, in this particular case, we put a lot of effort and resources into risk management to making sure that we have stability of our raw materials.

So we have all these predictabilities when we're reporting our earnings.

So some of the trends that are in our favor here is paperization, right? You think of paper packaging.

I've seen alcohol now in paper packages, right? So this trend away from plastics, even glass.

Plastic reduction, right, single-use plastics and PFSA's, which are forever chemicals. Those are an issue. The development of biosolutions.

So this is using liquid dextrose and other start streams to make green chemistry products that radically maybe use petroleum products.

Looking at consumer preferences, right? Many people reading the label, not just what's inside the product or the package, but what's on the outside of that package? Was it made sustainable.

Is it bio-compostable and then our local and reliable servicing. And again, corn starch and its derivatives is the perfect economic raw material source to drive growth and innovation in this segment.

So we'll continue to use that moving forward.

So again, we're positioned to meet the rising demand and needs for sustainable bio-based and locally sourced solutions in the U.S./Canada region.

So just another example here is next-generation sustainable packaging solutions.

So supporting paper and packaged good trends with deep customer relationships and industry expertise.

Again, we're supplying them with the majority of their ingredients today. And as they look to follow these trends and the solutions, they're going to rely on us our relationships and our knowledge of the industry to help that growth. Talked about chemical replacement, biodegradability, bio-based materials.

We debated this one at 4%.

I think we're being a little conservative.

I think we're going to do better than that.

But again, it's a growth segment sometimes in this segment, a lot of the news is around what's not growing. This area is growing and it's going to continue to grow, and we're positioned very uniquely versus our competitors to be successful in this marketplace.

Another example here is with replacing PFAS, which again, are these [fare level] chemicals you've probably heard about them in soils and waters and things like that.

So regulations are looking at how do you replace oil and grease resistant food packaging alternatives. And I think as we all know New York City is probably a great example.

Since COVID, pre-COVID pizza was pretty much it.

Now you can get anything delivered in food, stake, franchise, whatever it is, McDonald's right?

Pre before, there wasn't much of that going on.

So one, that product integrity, how do you keep it hot, crispy moving forward.

But again, how do you do it in a sustainable way to kind of balance the performance that you need and the cost competitiveness.

So some of the applications, think about popcorn bag, pizza boxes, burger wraps, french fry sleeves, things like that. is where this application and coding can work.

So our unique solution, we've got some modified corn starch, which enables grease resistance in a paper packaging. No one wants pizza, burger if it's covered ingredients on the packaging. And these are certified compostable modified starch that preserves package recyclability. And again, they can work through our plants as well.

So again, we're allowing our customers to make these claims 100% PFAS-free packaging with better compliance and sustainability metrics while still being cost competitive. And I think it's very important moving forward.

So we see some big ideas in this area.

We're making some investments in R&D and go-to-market resources to further capitalize on this growing segment in the U.S. Canada market.

And then finally, on the cost in to support higher margins, right? So again, it's about cost, right? We don't add a lot of OpEx to this group per se.

So we're very mindful of the costs that are invested in this area of the business.

However we do invest in cost savings projects, digitization, as Mike had talked about as well and keeping our costs in line, so we can continue to grow margins in this business.

How do we streamline plant operations? Should we make this product at all three plants, maybe one of them and get that mix so the plants can run more efficiently and operationally. That's important.

We didn't talk a whole bunch about customer order fulfillment and demand forecasting.

We've done a really good job and under our supply chain team with Eric a forecast accuracy, right?

So we give the plants what we want to make.

We match it up with demand, and our levels have increased a lot. And that has a lot of benefits from cash flow working capital, but also maintaining the right level of inventories for our customers.

So that's a big part of it as well.

Mike talked about rationalization, right? Do we need to make all these products. Every time there's a changeover, it slows down our operations.

So how do we manufacture that and make it go forward. And again, the reliability side.

We've talked about this.

We have our largest plant in the world in Argo.

We need to invest in that, and we need to make sure that we continue the reliability in that moving forward.

So again, very well positioned to build upon the positive momentum today.

But as we go forward, great opportunities for expansion as well.

So our outlook here is about 0% to 1% CAGR on a revenue basis. Gross profit margins of 21% to 23%.

So stable-ish moving up a little bit in the segment, which I think is critical.

I think there's been a lot of volatility in earnings for people in this sort of segment. This is our third year of stabilizing, and I feel very good about the changes we've made that we'll be able to maintain and enhance these margins, similar to our operating income, a very big part of our business, \$373 million of operating income in 2024.

So very cash-generative business, very high return on invested capital with profitable growth in industrial product offerings.

So just finally, just the key takeaways is that strong position in the mature market, right? And I think the criticality of this is delivering stable margins, which I feel very confident we will with the changes.

Our growth through our expanded industrial product offerings, it's growing.

We're positioned as the number one person in that area.

We'll continue to upgrade and upgrade and bring our global solutions in.

We'll look at our efficiencies that we talked about as well. That's part of our DNA.

It's going to continue moving forward.

And again, that's stable cash generation, right? We're able to use that money to reinvest in other parts of the business as well as maintaining the reliability and debottleneck it with plants today.

So with that, I'm going to pause, and I'm going to ask Noah to come back up, and I think Jim and Mike are going to join us, and we'll have a Q&A session here on some of the topics that were covered this morning.

QUESTIONS AND ANSWERS

Noah Weiss^ Thank you. Thanks, Rob. Just as a quick reminder, this is going to be a shortened Q&A session. We'll have a longer one at the end.

If I can ask that we keep the questions just to the material that we've already covered so far, and then we can do a full at the end.

Benjamin Theurer^ Just wanted to real quick follow up on some of the material just recently on the U.S./Canada business, and you talked about some of the things you'd look into it to kind of like get away more from the high-fructose corn or business, et cetera. a little footnote that actually, there's a growth caveat into it in your outlook.

So I just want to understand what are your investments into innovation.

What are the opportunities you're looking at to get away from high fructose corn syrup just in light of what's the political pressure right now as certain companies making -- so where do you see the opportunities here? And what are the more short-term risks?

James Zallie^ Yes.

I think Rob. Do you want to take that one?

Rob Ritchie^ Yes.

I think two things.

So this is not a new problem. -- by the way, right, the decline of high fructose corn syrup has been going on in the U.S. Canada market for quite some time.

So it's not a new topic that we're used to.

I think what has changed is innovation, somewhat of a necessity, but also market trends is hey, there's not another plant to close.

It's about what are you going to do with that plant differently in the future, right?

So I think a couple of things have happened within the fructose market, which we forecast maybe a 1% to 2% decline moving forward.

We're offsetting that with growth in other areas like liquid dextrose and glucose.

We've got a project at Argo where we're going to repurpose HFCS into glucose production, based on a growing need in the marketplace. And I'd mentioned around Biosolutions, advanced packaging materials in our industrial business.

So the benefit Ben, is we have that starch stream and we can make choices, right? We can make fructose, dextrose, glucose, biofermentation opportunities, and we can determine that based on profitability and opportunity.

We also have a development team that's looking at over the fence to supply for green solutions and biofermentation right? So that means they co-locate potentially at one of our plants. There's industry news out there where that's happened in a very big way where anywhere from \$800 million to \$1 billion pounds of fructose will be replaced in, for example, biomeg for plastic replacement as well.

So it's a focus that we're looking at, but I think we've been able to demonstrate to the industry that yes, fructose is declining based on consumer preference. -- but we're able to pivot our resources in that grind towards those type of areas, which will keep our plants full and also continue to bring those stable margins that we have moving forward.

James Zallie^ Yes.

I think just to build on what Rob was saying, and he said it, but I want to make sure it really resonates.

Over the last 20 years, the rate of decline of HFCS has been negative 1% to 2% per year.

Today the industry, a very rational industry is operating at high levels of capacity utilization according to one of the leading market intelligence firms in our industry that over the corn wet milling industry, Mackin Flavel, correct?

Rob Ritchie^ Yes.

I think Jim, I'll build upon that.

So the term is grind utilization, right? So yes, there may be finishing capacity.

But if the grind utilization remains high, upper 80s, low 90s, -- that means they're pivoting away from products that are declining and making things like liquid dextrose for industrial applications in fermentation or over-the-fence supply for chemical replacement using instead of oil.

So yes, I mean there's stable, and I think the supply-demand is in balance, partly over the last five to six years on this innovation focus on biosolutions and the whole bioeconomy within the United States market.

Kristen Owen^ Kristen Owen from Oppenheimer.

I wanted to ask more about the solutions platform.

I understand it's still early days to get too much into it.

But -- just help us understand what does the business model look like? Do you charge separately for a solutions or co-creation opportunity?

Is that an exclusive opportunity? Just help us understand how we should think about that going

James Zallie^ I'm going to turn it over to Mike, I just wanted to make some comments.

First of all, we have done an awful lot of work upfront to define solutions clearly within our organization. representing differentiated products, representing co-creation opportunities as well.

So a very strict definition. And today, based on that definition, it is not an insignificant quantity of our -- or an amount of our overall Texture and Healthful solutions revenue today.

So we're starting off of not an insignificant base. and then enhancing it from a standpoint of how do we go to market.

But Mike, why don't you take that and expand upon it from a standpoint of how we're approaching.

Michael O'Riordan^ I think if you look at it in a few different areas.

So first of all, solutions is our differentiated -- highly differentiated ingredients and they're technologies that bring significant value to our customers, and we are able to capture quite a bit of margin. That's the foundation, and we have a certain portfolio of these products.

Then we evolved a little bit to always try to bring some new stuff to the market. And so we have this innovation that has been launched within a 5-year period, where we're really trying to drive that to stay relevant with customers.

So that's another element where again, we would have certain targets to commercialize that with customers every year. The next evolution, which we've gone through in the last couple of years, which also involves some acquisitions as we acquired some systems houses that enabled us to look beyond just what we have within our own portfolio to see if we can help customers to formulate more of recipe.

And so that's the customized formulation where it now is representing a bigger part of the solutions we bring to market.

The next kind of the last part of that is with these capabilities and being able to get deep consumer insights and understand consumer overall liking, which I know a number of other companies have also looked at that, but it's the piece where you start to connect that to texture preferences into ingredients and the AI predictive formulation to be able to come up with some of these recipes.

We are, at the moment, running pilots where we're testing to see how can we -- how quickly can we work with customers to come up with these recipes to launch success in the marketplace. And so we're finding it -- we're getting very positive feedback from customers.

There's different ways to monetize that.

It could be as a consultancy service is one area that we can look at.

Sometimes, it could also be not just the consultancy piece, but it could be tied into the sale of ingredients.

And so I keep saying this is kind of like the head of the spear, where we're beginning to see -- this is where we're really pioneering.

Also you're probably aware, a lot of companies are struggling to be relevant in their categories, and they're outsourcing more R&D. And so this is our opportunity to become that co-creation partner with them. And so we're trying to work out how much resources that require, how we have to scale with these predictive tools because it's very important that we can make sure we can do that in a very cost-effective way and also the rate of success and the speed to customers.

So we're still putting those pieces together.

It's a bit too early before we want to commit ourselves too much on that. We really do feel we're at the forefront and being able to work with customers on this area is also enabling us to collect a lot of data to help our own innovation process.

James Zallie^ And then you'll also hear from Mike Leonard about how we're going to be scaling that based on the work that we're doing on predictive formulation as well to help scale it without just incremental SG&A.

Charlie Rose^ Charlie Rose. You're not -- your shareholder equation so far is not a very robust top line but you're sort of talking about predictability and sort of managing the business in a much more aggressive way to deal with positives and negatives you're taking out some volatility with respect to the commodity risk of the business.

Can you talk about -- are you trying to really talk about predictability and cash flow in a way that -- how does that relate to the shareholder equation that you're trying to deliver?

I'm trying to understand that a little better because you're talking about a low single-digit top line and maybe that translates to a high single-digit bottom line.

But does that involve volatility? Or does it involve more linearity going forward? And does the hedging process help that manage that volatility in a more constructive way.

I'm trying to understand that.

James Zallie^ Yes.

So first of all, Jim -- okay. Yes. Thanks, Charlie.

So Jim Gray is going to actually address that.

He has a slide in his deck towards the close that addresses the top line growth issue.

One of the things to highlight, for those of you that track us, obviously is corn is a significant input. And so with corn costs coming down, say, 30%, there is that pass-through.

So naturally, our revenues would move consistent with with that. The business model, though, that we have has proven that we're able to navigate increases and decreases in the movement of and yet we've continuously increased our operating income.

As far as then how we're using the cash that we're operating at at record levels of cash we're deploying that very, I think, strategically for the investments that we're talking about on how to continue to grow.

At the same time yes, we have been communicating a message over the last few years in all of our earnings calls and at CAGNY about what we have done to reduce earnings volatility in the business. And that is through expanded hedging practices, which has been a big significant issue.

It's one of the things I talked to Rob about in his oversight of the U.S./Canada business in relationship to the first Trump administration and what happened in relationship to co-product dislocations.

The work that we've done has really taken the risk and mitigate the risk associated with that.

So we have systematically, not just in U.S., Canada, but looked at every corner of our business consciously because it was feedback we were getting from the investment community.

I'm talking five to 7, eight years ago about the earnings volatility and what can you do to mitigate it? So we've done that. And in addition, we manage the price movements

because of the strength of our business model and how we hedge not just corn on the front end, but for the back end on coproducts.

Rob Ritchie^ You do.

I think, Charlie, one of the things that we've seen as you looked at margin growth in texture and Health and LATAM, we've been able to stabilize and continue to grow that.

I think in U.S., Canada, we call it the roller coaster, right, probably over the last 20 years of earnings. And a lot of that was related sometimes to the volatility or the hedging of not just the corn or the raw mater the coproducts.

And I think some of the things we put in place, there's still a little bit of noise.

But instead of this, it's tighter like that. And that's actually delivered consistent earnings which I think is something Jim has mentioned that we need moving forward, specifically for the U.S. Canada, Food and Industrial Ingredients business. And we're kind of three years into that.

And you can see we've had very healthy margin performance, and we're actually keeping the margins, which I think is something maybe different than from the past.

Noah Weiss^ Okay.

Let's take one more very quick question right here. Christina?

Christina Hahn^ My question is for Rob on LATAM.

So you talked about the GDP growth in the region. And we've had benefits in Mexico recently from the whole near-shoring trend, but that seems to be reversing now and also remittances down, which could be more of a structural issue.

So just curious about the growth also going forward if Mexico is such a big part of it and a profitable piece if we do see a slowdown in the Mexican economy?

Rob Ritchie^ I think it's a great question.

I think with nearshoring coming out of COVID, a lot of companies did relocate their I still think, ultimately, at the end of the day, they are geographically positioned like no one else, right, to benefit from the trade across the border in many distant categories.

So I think over the long-term basis, we feel that Mexico from a GDP perspective, from a consumption perspective, in the proximity of the United States will continue to drive that growth. The good thing about LATAM, again, we have other options, right? So our Andean business has performed very well. Brazil has been facing some challenges

economically, politically -- so over the next few years, we may rely a little more on Brazil to deliver that OI growth going forward.

But our forecast for Mexico continues to be very strong.

Like I mentioned, we're very uniquely positioned there in the marketplace.

We've got a leading position and most of the competitor comes from sort of imports or exports from the United States down there as well.

So maybe not quite as accelerated growth, but we're still very optimistic because of that population growth, GDP growth, that the growth of packaged foods in the region.

There are some issues with beer now obviously with immigration in the United States.

So for example, Constellation Brands has come out to make public statements where they were growing 10% to 12% they dial that back a little bit.

But that will be a short-term fix, where domestically in Mexico, the rates of consumption are still very strong.

Noah Weiss^ Okay.

So at this point, let's take a quick 5-minute break, and then we'll come back in and continue the presentations.

[Break]

PRESENTATION

Operator^ Welcome, Mike Leonard.

Michael Leonard^ Well good morning, everyone. My name is Mike Leonard.

I'm the Chief Innovation Officer here at Ingredion -- and I know I'm a relatively new face to some members of this audience.

So I'd like to take a moment just to introduce myself and my background.

I spent my whole career in the food industry about 22 years now.

I'm trained as a chemist in a material scientist and plays into a lot of the texture themes that we'll talk about today.

But I've spent my career mostly in larger B2B and CPG companies like IFF, DuPont, PepsiCo and Kraft Heinz before spending around five years in the food technology

startup world, I was able to lead a company called Note FoodWorks in Boston, where I served as the CEO for four years. and then served as CEO of MycoTechnology in Denver, Colorado, focused on fermentation technology for alternative proteins.

I've been at Ingredion for just about 1.5 years now.

And it's my privilege to be able to introduce you to our innovation agenda, building on a lot of the themes that you've heard earlier today.

So let's get right to it.

So the first thing I'd like to help you understand is that we've made some choices over the past year with respect to our innovation portfolio. And today, we're driving a very focused and targeted agenda that's focused on delivering growth in three key areas.

The first is texture.

We're going to talk about that a lot today. The second is around clean label and helpful solutions; and the third is around functional ingredients for sustainable packaging.

So it's taken several months to consolidate our resourcing and agenda to those three topics that we're driving very aggressively right now.

We're also making investments in establishing external partnerships to extend our capabilities in texture science, sugar reduction and protein technology, which I think we all understand represent significantly growing consumer benefit areas for our world and for our business in particular. And all of this is based on now over centuries and counting worth of data, a proprietary data which is the foundation of our new AI-assisted predictive formulation capabilities that we're building to co-create more effectively and efficiently with customers.

Now you've heard some examples of that already today.

We'll go into a little more detail now.

But this is really a foundational capability that without enough data and the right kind of data that links chemistry, structure and consumer liking. AI doesn't have much of a role to play. Thankfully, we have a lot of those data, which allows us to very effectively use AI as a development tool.

Let me tell you about our team.

Our global R&D team comprises over 500 associates in 30 idea lab locations around the world. And we deliver \$300 million in annual new product sales.

Now to continue fueling that growth, we're investing 3% of our texture and helpful solutions sales and R&D to expand and protect our portfolio of over 1,000 ingredient solutions, and you heard Mike talk a lot about solutions this morning.

Innovation is a key component to this.

Now we're focusing our investments on strengthening our most differentiated capabilities in texture science, product development and food design, think about customer-driven formulation expertise, which is enabled now with new AI tools and molecular discovery, which includes plant science and biotransformation.

So some of you may remember, during Texture Day last November, we talked a lot about plant science and the role that our plant science program plays in developing new ingredients with new functionality and also improving operational efficiency. And all of this is underpinned by our world-class capabilities and process innovation, scientific and regulatory affairs, IP management and open innovation, which continue to provide a strong foundation for technology development and growth.

So coming from the startup ecosystem, having this sort of historical data at our fingertips combined with world-class organization and the types of capabilities that we're investing in here is really a rare combination. And we believe it's going to provide us with a competitive edge as we look to continue innovating in multiple categories.

So let's talk about our innovation process. How do we come up with new ideas, how do we bring new ideas to market.

So the process starts with understanding the unmet needs of our consumers and our customers and their consumers to identify the most critical challenges to address and where innovation can be most impactful.

So the most underrated question in business is defining what problem are we trying to solve. That's where our insights come into play, and it's the initial part of our process.

So we can then translate those needs into technical specifications and ingredient performance targets, which we deliver through our differentiated capabilities including the foundational understanding we have on texture science, and emerging capabilities and biotransformation, data science and AI.

And now is where our customers come in.

So with this deep understanding, we're able to co-create very effectively with our customers at our 30 global Idea Labs locations to cocreate and scale up new solutions that deliver new benefits and consumer experiences in a margin-accretive way. And we're doing this even faster than we have before because of our new capabilities and predictive formulation.

And we do this repeatedly to drive commercial growth and ongoing investment in new technology.

So the faster we can go through all these stages and with higher probability of success, the more success we're going to have in the marketplace, the more success our customers are going to have, the stickier innovation is going to be for them and the more benefits we can deliver.

So we're positioned to innovate and win across the five major food trends that Jim discussed earlier with scalable, on-trend ingredient solutions.

We're addressing the growing demand for clean label options through functional and native clean label starches and multifunctional flours.

We're helping to manage volatility and supply chain risks through egg and cocoa replacement solutions.

We're capturing significant growth opportunities across sugar reduction by or stevia and allulose businesses and through our protein fortification portfolio, which unlocks new benefits for plant protein enhanced beverages and nutritional bars, -- and our soluble probiotic fibers and resistant starches provide clinically demonstrated metabolic and digestive health benefits, and we're continuing to explore new investments in this space.

Now we've said before that eating is simple, but food is complicated, and we talk about this idea of texture science and understanding structure.

While to design great products, we need to understand the entire continuum of the eating experience. And it starts on the left-hand side of this chart with taste and texture.

So what do you experience as a consumer when you take that first bite of a product? That sets the stage for a lot of things that come next in terms of your decision whether or not you like that product and whether you want to come back for more.

So there's the first bite.

Then there's the complicated physics of chewing and moving that food around in your mouth and mixing with saliva that come into play.

We call this oral processing, AKA chewing, but it's pretty complicated physics and we can measure it. Those physics are driven by how food is fundamentally structured all the way from the carbohydrates, proteins and fats, those molecules, how they organize themselves together, all the way to the sales structure that you observe when you cut a waffle in half or you bite into a snack product and you look at what's inside that structure is directly related to the chemistry and the molecular structure of the components, okay? So this is a hierarchy of structure is a hierarchy of physics, that we can understand because of our deep knowledge of texture and chemistry.

So understanding that continuum of the eating experience requires critical knowledge about how food is structured the physics of how it's consumed and how all of this drives consumer preferences. And we're investing in cutting-edge imaging and mechanical testing techniques to visualize and quantify that structure.

It's one thing to look at pretty pictures and to sort of guess and check to see if you can design good products, but if you can quantify that structural information related to the chemistry that you can manipulate related to new characteristics and properties that we can create with ingredients and then relate that to what people like and come back for repeat purchase, then you've got a winning equation.

So we're establishing new capabilities and open innovation partnerships to understand how that structure impacts the eating experience and consumer.

We're not trying to do this all by ourselves.

Innovation is a team sport.

We've got critical capabilities internally that we're investing in, but we're also very mindful of where we need to partner and extend those capabilities with academic partners and other innovation partners around the world.

And this is a particularly hot area for innovation right now.

So I'd like to bring this to life with you -- to life for you with an example of how we're relating fundamental food structure to sensory performance and a high protein snack formulation.

So product structure of morphology drives the eating experience. And we talked about Ingredient having tools to measure and optimize that performance.

So for applications like high-protein snacks, Balancing nutrition and texture is a significant challenge.

So if anyone here is a high protein not consumer, you know that there's always a trade-off between getting the nutrition you want versus the eating experience that you might want in a perfect world.

But at the texture is not amazing, people aren't going to come back for seconds, right? So how do you balance those things? Well it turns out the different formulations, different levels of protein versus carbohydrate result in different structures and consumer experiences.

So the picture that we're showing in the center of this slide is actually tomography. Analysis.

So think about X-rays being used to look at the internal structure of food -- we can also do this as the food is deformed and moved around.

I'll show you an example of that in a second.

But being able to look inside a food structure at the fundamental way that these cells are organized, really helps us understand how our ingredients impact that structure.

We can tie that all the way back to chemistry and ingredient design.

So the picture on the left is just a pea protein puff. The picture on the right is a pea and rice protein pump -- you can see qualitatively, there are differences in the cell structure wall thicknesses are different and the chemistry that goes into that structure is different. And we can use this imagery to understand differences in sensory and to relate it to what consumers experience.

So the pea protein product contains is significantly more crispy, aerie and less hard than pea and rice protein.

So our sensory data tells us that we can relate it right back to structure.

And then we can go back to the lab and optimize the formulation to try to tune the formulation to a point where the target texture is reached.

So we can use this technology to help us not just understand what consumers experience today, but to help inform future ingredient design.

So I want to show you some examples of what this looks like and how we actually test the product.

So you can see the puff on the left-hand side, that's what the product looks like when you take it out of the bag and just about to put it into your mouth.

What you're seeing on the right is a computed tomography video, which we'll show in a second, of the internal sales structure of that puff, okay? So these are x-rays looking inside the product, and we can see how that product breaks down under compression.

So this simulates first bite.

It's actually really important to know how food is broken down.

It's just as important as knowing how to build food up in a formulation because this has everything to do with setting your initial impression of texture and liking.

Okay.

So doing those kind of experiments over and over again with different formulations gives us a lot of insight into food structure and eventually food design. This is now a video of a multi role that we've developed in our lab.

It's one formulation, and it's also a tomography video using X-rays looking through a product at a cross-section of a multi role as it's developing, and we can watch the cell structure develop in real time.

Now that cell structure is fundamental to the eating experience. And you can see in this case, we have big voids that are formed in the product.

We can adjust the formulation to where those voids don't form or we can create even bigger ones if we want to create that crispy shell with a very sort of pop over type interior.

But without the ability to visualize and quantify what happens on the inside of the product as it's baking, we're pretty much guessing and checking, which is what a lot of food science has been based on over the past several decades.

So this is a very powerful tool to help us understand what's actually going on with the fundamental structure of food as we're preparing it. And we can also look on the exterior of this multi role, and we can see how the crust develops while the interior is developing, okay? So this uses the same tomography technique. And it looks like you look through the window and you're oven, well this is kind of what I see.

Well with this type of image, we can actually quantify it it's digitized, we can get real data from this that tell us a lot about the texture of that trust and the eventual performance of that cross and sensory applications.

So this is a new technique that we've just brought online in the past year and we're generating a ton of day in, day out about all sorts of different formulations perform and linking that to sensory performance.

So of course, protein isn't just for snacks.

The plant protein-fortified beverage category is growing at a very attractive rate as all of you know and will continue to be on trend in both ready-to-drink and ready-to-mix formats.

Now if you consume plant-based protein beverages like I do, you understand the trade-offs, you often have to accept in order to hit your macros, you'd like to have an experience similar to dairy you'll tolerate some element of greediness and pain to get the nutrition you need.

But as products get better and better, that tolerance is getting lower and lower. And consumers, like we expect a lot more of high protein beverages. And I want the plant-based experience.

So we've been able to create a protein able to balance that trade-off a lot better than we've ever been able to do in the past.

So through our knowledge of protein processing and texture science, we developed a unique solution to that challenge called [bitessence200D.] Now this is a product that delivers excellent solubility, smooth texture and neutral flavor, which allows our customers to have a blank canvas for formulation for high-protein, plant-based beverages everywhere.

And we had tremendous success with this.

It's one of our newest, most successful products.

But again, it leverages the combination of know-how for ingredient design plus know-how of texture and how that relates to consumer liking.

We've talked a bit about our predictive formulation and how we're leveraging that with customers to accelerate product development, and to increase the probability of success of their launches. And this is related to our co-creation trend.

Today, customers are expecting more from their suppliers than they ever have before. That includes us. They're looking to us to provide complete solutions end to end from consumer insight all the way through how do I scale a product up in my facility with my unique process requirements.

So that knowledge, it's now incumbent on us, come to the table with customers with that knowledge.

By the way, you have to do it at least 50% faster than you've done it in the past because our brand strategy requires fast innovation and high levels of growth, okay? So that's what this is all about.

And again, that ton of potential or proprietary data that we have, we're generating more and more every day across all categories, helps us to relate chemistry food structure and liking. And we're leveraging those data with new AI-assisted formulation tools to deliver these winning formulations and less time with a lot less iteration on the bench.

So we have scientists that are now doing other things than developing formulations and cranking through experimental designs and iterative formulation manually.

So we've launched this as a consulting service this year in a pilot format.

We'll be launching globally next year.

And as Mike said earlier, we're very interested to see what potential this capability can have from a consulting perspective.

Last example I'll talk about is in the industrial space around molded fiber packaging.

So sustainability is a critical driver for a lot of our customers, and we as a scale supplier in this industry have an obligation to help provide solutions to improve sustainability.

One area we'll focus on, in addition to the PFAS reduction project Rob talked about is around molded fiber packaging.

So one of the challenges around this packaging, which you've probably seen, especially here in Manhattan, if you're out and going to restaurants. -- fiber packaging is becoming more and more common, but it's got its own challenges in terms of manufacturing cost, weight of materials and also the sustainability of additives that have to go into that material to make it stronger and perform better.

So we've developed a range of plant-based biodegradable binders for use in existing operations, so our customers don't need to change their manufacturing footprint, don't need to change the way they formulate. That improves fiber-to-fiber retention, the cohesiveness of the material, improves bonding in parts greater rigidity and internal strength and enables lightweighting of the material.

So at the end of the day, we can eliminate the use of synthetic additives, we can expand the size of the addressable market for these products and enable real end-of-life claims that are meaningful in terms of biodegradability, recyclability and compostability.

So as you've seen, our innovation priorities are well aligned with growing sources of demand and our sustainability drivers. Hopefully, you've taken away that we're focused on clean label and fully functional ingredients, developing new and preferred textures with our vast knowledge of texture science and data. And we're doing all this in a way that's better for the world, better for the planet and better for nutrition.

So as I wrap up here, I just wanted to reiterate that we focused our agenda from an innovation perspective around three key themes. Number one is texture. Number two is around clean label and healthful solutions and then functional ingredients for sustainable packaging. And the investments that we're making in texture science, sugar reduction and protein technology are really on trend and represent growing consumer benefit areas that are worth investing more in.

And all this is underpinned by over a century's worth of data that we keep adding to every day that we can now operate on with our AI predictive formulation tools to make co-creation process even more effective and faster for our customers.

So thanks for your attention.

And with that, I'll hand over to Jim Gray, our CFO.

Jim Gray^ Thanks, Mike.

So it's kind of easy to see why the innovation is our second strategic pillar and priority as we go forward.

It's also pretty hard to follow, Mike.

I hope what you do is take away that the -- what each of our segment leaders are finding in their business are where is the growth opportunities, both today as well as tomorrow. And I'll talk a little bit about how we're investing to stay ahead of that curve.

But also, I hope you take away that there's a medium to longer-term possibility as we look at this space in Texture and Healthful Solutions, a \$20 billion addressable market. And you think about what Mike Leonard and his team are doing to be able to say "hey, where has texture failed today? And where can we actually make texture as a part of taste, more successful for our customers in any part of the globe. "

And I think that, that is fuel and upside as we think about our top line.

So I'm going to want you to kind of consider our business model in that it's quite resilient to both uncontrollable and unexpected changes in the global agricultural supply as well as the fact that we actually do business in many, many countries.

And those countries can have at any moment in time a wide range of economic growth or recession or stability. From time to time we're going to face headwinds and challenges, but with time we kind of overcome those challenges and prove that we can actually grow the business.

I'll tie together the growth opportunities I mentioned previously by my peers.

And then I'll tie that to our long-term financial outlook and then also share a few more comments on efficiency. And then finally, I'll talk about the balance sheet and our capital allocation priorities to drive shareholder return.

So in the fall of 2021, we put forth our last long-term financial outlook. And as you can see by the check marks and the pluses we really exceeded our targets despite the fact that we had a global supply chain crunch in 2021, the invasion of Ukraine and the subsequent run-up in the global inflation of the cost of corn, as well as then customer destocking in 2023 and 2024.

And while we faced these challenges the whole time we were repositioning the product portfolio, and building organizational capabilities to address changes in our business

environment. 14% average annual operating income growth has been driven in part by the growth in the markets in which we compete, but also by building new capabilities to better manage revenue development and cost containment. Many of those have been commented by Jim and my peers today.

One of those is we invested in pricing centers of excellence.

We've talked about hedging tools.

Eric has led both supply chain as well as procurement teams to really build out these teams so that we can manage the business more consistently.

So if we look back to 2022, Ingredion's profit, cash generation and ROIC figures have all increased. And now you can say, well wait a minute, Jim, net sales have gone down, which does that foot with the growth model.

But -- so for some of you listening to our story, who may be new, our pricing practices to customers generally reflect up and down movements in the value of the underlying raw materials such as corner tapioca. And I'll call out here just on the bottom left that over this short time period, corn values decreased about 30%.

So clearly, sales then go down 30%.

In addition, in 2024, is reflecting the sale of our Korea business.

So that's kind of taking away from sales in 2024.

So what we do, given everything is moving in the raw material market, we have this very agile revenue generation model with our customers, we're very straightforward with our customers about changes in our costs.

Internally, we really strive to manage gross profit dollars per ton, and we watch gross margins carefully as a metric for overall customer and product portfolio potential.

In some of the profit improvement over the last three years has really been driven by the team's efforts towards operational excellence.

I mean I think you've heard a lot about that today.

But what our operations team has done is taken an owner's mindset to continually find cost savings to offset inflation.

At the same time they're improving service delivery. You heard Jim talk about perfect order as well as, as we continue to invest reliability capital, we're upgrading and optimizing capacity, which then pushes out capital investment.

So about three years ago, we led the centralization and expansion of our global procurement team. And those efforts today are contributing tens of millions of dollars of savings to offset inflation and drive what we call net structural savings.

And so net structural savings, Eric's team has implemented this throughout the company globally.

Finance separately tracks it. And basically, what we're doing is very much trying to say if we have inflation in our non-raw material COGS, how are we doing our best to try and offset that and level that.

We also believe that investing in the capability during normal business environments, enables actually more resilient performance when the business environment proves to be more challenging. Right? When the business environment becomes more challenging, that's not the time to say, "Oh my gosh, we need to do cost cutting." You need to actually do the cost cutting now as reflected in our Cost Smart program, which we will exceed our \$50 million run rate savings target.

And most of that savings in 2025 will come from our supply chain and operations team.

But you need to be thinking about all the time about how you can reengineer your business and make it more resilient and lower cost when both business is good as well as wind business becomes more challenging.

So we're going to -- you're going to see us continue to invest in digital solutions through AI, we're going to be thinking about enterprise productivity because AI is not just a tool, AI is you have to step back and think about the entire process. Where is the information coming in? Where is it being converted?

Who's touching it, who's making decisions? And can you actually significantly shorten and/or accelerate that process, therefore, using less organization resources.

We believe this combination of focus on growth and pursuing operational excellence leads to strong financial results versus our peers, we've delivered a better net sales change, we've expanded margins, and we've grown EBITDA more. And on a comparable valuation measure, our stock trades just above maybe 8x enterprise value based on trailing 12 months in 2024.

I'd highlight maybe that this is slightly lower than that peer comparison, which I believe invites a further look into what we offer as a company.

Looking forward for the next three years, we anticipate low single-digit net sales growth and adjusted operating income growth in the 5% to 7% range. Although our forward growth outlook is not 14%, which we have stated was partially driven by capability building.

We have confidence in the growth investments that we have already started, which will commission in '26 and '27.

So let me take a minute to expand on assumptions in our outlook.

We hold corn cost constant.

We also hold pricing constant, and we hold FX constant.

So right now even though I may be able to look at a '26 futures curve for corn, when we plan '26 and '27 in our outlook, we're holding that constant today to '25 levels.

And that's important because, therefore, then the change in the improvement that you see in the overall algorithm, the outlook is actually driven by continued upgrading of the products that are in our portfolio and continuing to work with those customers, the value innovation that are going to value the solutions that we bring in the future.

On an adjusted EPS basis, we have assumed repurchase on a kind of historical average over the last four years. The business generates enough cash that we should be looking forward and assuming that, and you should be assuming that we'll be disciplined in least repurchasing shares.

So maybe then to address what potential risks are out there.

So our outlook incorporates tariff changes that we've seen thus far through Q2 2025. And we've noted that in the vast majority of our business is actually made locally and sold locally.

So our geographic diversification has turned out to be a benefit in that we really aren't exposed as much to tariffs.

But we can't anticipate kind of further tariff changes or revisions to trade agreements over the next three years.

So we're kind of watchful of those developments through specific U.S. country pairs. And those actually may create oftentimes everybody talks about risks, but we also see opportunities as well because some of our global competitors manufacturing footprint isn't the same as ours. And so we're watchful both of, is it a risk?

Is it an opportunity? to whether our trade volumes are pricing and our margins.

So Ingredion's free cash flow generation runs about 50% to 60% in that range on average over a period of two to three years. And I'd like to call that out because it's really kind of a global corn cycle, so corn price fluctuations really depend on both on really the size of the U.S. and the Brazilian crops. And those may take one to two years to rebalance.

So we may see corn rise up, corn may come back down.

And over that time we have to invest our working capital or we're going to get cash generation from our working capital.

So it's really mostly if you look at our balance sheets, either in receivables, as we're passing through a higher price or lower priced product to our customers or the value of our inventory, which is generally finished goods inventory value.

So that moves up or down with corn values. And so in as corn values decrease, our net working capital change generated excess cash flow and enabling a significant buildup of cash. And currently, our balance sheet, we have really no commercial paper outstanding. And really only long-term debt.

We are comfortable with a long-term debt-to-EBITDA ratio of greater than 2x. And I would say that we have credit worthiness, capacity up to kind of 3.5x, if an M&A did present itself, and we thought, boy, this is strategically right, and this is also the kind of the right type of financial return for our shareholders.

Our capital allocation priorities are balanced between high-return growth opportunities and returning value to shareholders.

So our first priority for many of the past years has been organic growth investment to ensure that we have the capacity to serve future customer demand.

Why we like organic growth? One, we usually know the plants and the people and the place where we're adding capacity.

So it tends to be lower risk.

It also tends to be supporting capacity on a business that we already have a customer base. And so we tend to see really high returns on organic growth investment.

And then just as an aside, in the food ingredient space and the pharma ingredient space, when customers select a supplier, they have an expectation of quality, availability, delivery service and value to meet their 24/7 demand requirements.

So those requirements often lead to a very low turnover of customer buying in our industry.

Once they've sourced your plant, that is generally the habituation you see in the buying. And so therefore, organic growth investments for us lead to kind of deeper supply relationships with customers, maybe adding new customers.

But when we add those customers, they tend to be pretty sticky.

Also we always look at M&A.

I'll speak to it in a minute, but we're actually looking at it so that it's accretive to our strategic growth.

And then finally, in terms of returning capital to shareholders, it's an equally important priority, we do have a very consistent dividend, and we've been able to grow that dividend over the last 10-plus years. And then we look at share repurchases as opportunistic relative to both market volatility and our mid- to long-term view of the value of our business.

We're always running a DCF, we have an intrinsic value, and we're going to look at the stock price relative to what we believe is the future growth where we know we're investing capital where we have high confidence that our profit is going to grow in certain countries, in certain products. And so we actually look at share repurchase, not on a kind of mechanistic basis.

We're going to look at it opportunistically.

We take a strategic and disciplined approach to M&A.

I think maybe first to recognize is that the global ingredients and solutions industry is not fragmented. There's not a lot of little roll-up opportunities.

For those opportunities in our pipeline, we're going to first have, I'm going to say, the commercial and the general management leadership take a view that it's strategic. How does this capability add to what we want to do and what our market position is and texture and helpful, how can it have kind of a multiplicative effect on our competitive position.

And then we look at a disciplined financial approach.

I believe we've demonstrated success in the past in finding synergies and executing on the integration plans.

I really think that's Ingredion's powerhouse is that we plan the business.

We know what we're going to do for the first, second and third year. Different functions have to come into place once we've actually acquired a company and brought it into our culture, into our business.

We target a return by year three of at least a 10% ROIC, so that includes at least some time for synergies to develop, but it's not so far out that you can't hold us accountable for how did that M&A perform.

We also look at a variety of other financial KPIs, but I think an ROIC relative to our WACC does indicate that we're going to seek economically value-creating opportunities, even though our ROIC today is more in the kind of 14% range.

If we can deploy capital and we know that it's going to be deep in our strategic competitive moat and it's also going to return value to shareholders.

We think that those are really good opportunities.

And finally, I think we have a consistent track record of returning capital to shareholders.

So as I mentioned, first, growing operating income is the best way to create future shareholder value. Just driving up consistent op income being disciplined about adjusted EPS growth turns out that I think that's what has driven the performance in the last five years.

Jim and I can limit together on our multiple, but we're going to stay very focused on the top line, growing adjusted op income and being disciplined in our fiscal policy.

We're going to return part of our cash each year through a dividend.

And then finally, as I mentioned, we'll pursue share repurchase, but we've been quite consistent in the last four years in share repurchases.

And so with that, I will thank you for your time.

I'll hand back off to Jim to wrap this up.

James Zallie^ Thank you, Jim.

Okay.

We're at that moment where we're at the end of the presentation, and we're going to get ready for the Q&A, I just wanted to thank you again for your attention. And hopefully, what you've heard not just with the messages that we've delivered about the transformation and about how balanced and how strong of a company that we are, but how well positioned we are also for the future. And we think that all makes for a very compelling investment thesis.

And specifically, it's because of who we are in the market, we're a market-leading again, very diversified geographically diversified with customers as well as with our product lines and are increasingly positioning ourselves to engage with customers providing solutions. And those solutions will, we believe, drive higher rates of growth as well as higher margins over time. And we're a very, very trusted and well-established supplier to a growing global customer base.

As Jim just described, we're in a very strong position right now financially from a standpoint of the strength of our balance sheet as well as the performance that we've delivered in the last three years. And we have generated, which is a sign of any great company, a consistent and increasing amount of cash flow.

And we believe that is insulated by the business model stability that we've described across all three segments and the competitive moat, which we believe we have deepened over these last three years.

And I think we've also proven that when interest rates were extremely low, a lot of companies chased M&A at multiples that have since come down. And now they have faced a higher interest rate environment, where we've stayed very disciplined, found opportunities to invest organically with target disciplined hurdle rates, and that's all driven improved shareholder returns.

And then in addition, we have a very experienced and deep leadership team and not just at the leadership level but below that, our culture, I think, is something that really has sustained us.

We have great values, a great purpose, and we always lead with integrity. And that's another reason why I think Ingredion is a great investment of choice.

So with that, I'm going to turn it over to Noah and Noah is going to moderate all of you, and then I'll field the questions, and we're going to ask everybody to come on up right now.

QUESTIONS AND ANSWERS

Noah Weiss^ Okay. As we're getting situated up here, we'll have about 30 minutes for the Q&A. So I think we could probably get to everybody. And if we have time we'll go around for another one. So we'll start off now.

G. Leonard Teitelbaum^ I'm just wondering with the focus on innovation R&D that you discussed before. Have you set any specific financial targets, metrics or benchmarks for your R&D investments -- and is there any, for example, compensation scheme tied to that?

James Zallie^ Yes.

Let me turn it over to Mike.

Michael Leonard^ Yes.

So we do set targets internally for annual new product revenue from revenue from new products, and that's built into our annual bonus scheme.

So there are components of our compensation that are based on our ability to deliver against top line growth from innovation.

We also benchmarked the organization against the competitive landscape in our peer set in terms of project cycle time how quickly can we develop new products, how quickly can we be ready for product launches 2, three years in the future? -- so readiness targets. Plus we also have a stage gate process that helps us to manage risk and spending as we run projects.

So all the metrics you'd expect from a R&D organization for a company like Ingredion, we have in place.

But top line growth is a key part of our incentive scheme, not just for the innovation team per se, but also as part of our go-to-market teams incentives as well.

So we're all working together.

James Zallie^ And also, obviously solutions, right? Correct -- we're going to be measuring and we are measuring solutions because we have that definition, strict definition -- and then from a standpoint of building that into incentivization, Jim is working on the governance, the financial governance model, which we, by the way, had in place for specialties.

For those of you that have covered us for a long time. we went back from 2009 to 5% specialties to, I think, 34% before we transition to the resegmentation and that was a strict governance process that Jim had in place to track it, and we had incentivization in place for that.

We're evolving now for the same for solutions selling and what constitutes solutions.

Noah Weiss^ If I could just remind everybody, if you could just state your name and your company, just for the record, it would be great.

Benjamin Theurer^ Just following up a little bit on the capital flexibility and the opportunities of growth.

So if we take a look at your balance sheet and you've highlighted very low leverage ratio with a target that is higher.

And at the same time obviously the growth opportunities within Texture and Healthful Solutions.

So -- just wondering as you look into the balance between M&A or organic growth investments into TNH, just given the flexibility of the balance sheet, how could you potentially accelerate some of the growth in DNH using just the strength of the balance sheet being M&A or investment.

Jim Gray^ Yes.

Well I think it's a great question because we've often thought about our capital budget and we've highlighted that we'd like to put about \$80 million to \$100 million a year towards organic growth opportunities and that tends to be kind of a nice pace for setting up the type of growth that we're looking for and really texture solutions part of the business.

But please understand, we may have a lot of discretion and flexibility, right? If we found it like we had two, three, four plant investment opportunities, and they were going to overlap, then we'll come back and say, "Hi, we're changing our growth investment pace" and we'll reflect that in terms of how we're thinking about tapping the balance sheet and/or actually the cash flow generation.

So I think organic growth, we really shouldn't be kind of constrained by necessarily what's on the balance sheet.

It's really actually do we have the people to actually make sure that we're building the type of asset that we want with the right type of process if we have partners involved with the right type of partner structure.

Maybe on the M&A side, to the extent that we actually see that we have M&A, particularly in either texture solutions or healthful solutions that can actually rate kind of the strategic position that we want to be in.

I think we've always said that we'll take that approach.

But even more so now as we've I think, really tightened our portfolio.

We're seeing those opportunities in that broader space of texture and healthful solutions, that \$20 billion market. That's probably our first priority.

James Zallie^ Yes.

I would say we're opening up the aperture as it relates to all the things that can influence texture beyond starch and hydrocolloids because we see trends towards obviously clean label ingredients, process technologies.

So our aperture as it relates to how do we become that comprehensive go-to provider for enabling texture solutions, along with the fundamental understandings of the why behind it, which Mike talked so well about that will also come into the consideration set for M&A, for example.

So hopefully, that gives you a good feeling for where we're looking at deploying our balance sheet for growth through M&A.

Kristen Owen^ Kristen Owen from Oppenheimer.

I wanted to ask about your other portfolio because you've called out both protein fortification and sugar reduction in your texture opportunity set. Previously I think we had a target where we were looking at breakeven profitability in that other segment.

Just wondering how should we think about the growth of that other segment as it relates to the solution set for protein fortification and sugar reduction.

James Zallie^ Let me ask Jim to just first remind everybody about what other is comprised of and how that's evolving and then we can maybe have Mike talk about what's happening in protein and maybe Rob can talk about sugar reduction.

So why don't you frame it first?

Jim Gray^ Right.

So I mean all other grouping of our reporting is our Pakistan business in which we own 70%.

It's our protein fortification and it's our sugar reduction business, which is primarily PureCircle. And I think over the medium term, each of those businesses are both growing and kind of improving the overall bottom line. And so we just -- as we look forward, right now I think we have some guidance that we're trying to get to breakeven.

So continuing to lessen the loss on the protein fortification, growing both the top line on both the protein fortification and the sugar reduction businesses significantly and then having our normal kind of expectations for our Pakistan business, maybe turn it over...

James Zallie^ So there's been significant improvements in the last couple of years in our protein fortification business, which Jim's right to highlight because we have highlighted it publicly, that it has been loss-making.

That being said, we're mitigating the loss each year, each successive year. And Mike, under his leadership, really has driven a lot of the R&D innovation the preferred products.

But why don't you talk a little bit about the growth that you're seeing, the pipeline that you're seeing and how the R&D pipeline is looking there?

Michael Leonard^ Sure.

Well there are significant tailwinds behind protein fortification as a category. And we're enjoying the benefits of that.

We've grown the business significantly over the past two years and have taken advantage of the capacity we have.

So we have better fixed cost absorption, terrific top line growth and we believe that protein fortification in conjunction with other elements of our portfolio like sugar reduction and the texture portfolio, will continue to represent a pretty strong area for growth for consumers.

We don't think that the demand for balanced nutrition and especially focus on protein is going to wane anytime soon.

So we talked about 200D as an example of innovation in this space. Again, it's our newest product and has really exceeded our expectations less than a year after introduction. And we're continuing to look for ways to diversify that pipeline to address consumer needs that balance nutrition and texture because again, the biggest challenge with a lot of these products, if you want to put a meaningful amount of protein and nutrition a relevant amount of protein in these products, how do you maintain that desirable texture while you fortify and we're making significant advancements in that space.

But we've been very happy with the growth that we've seen and are doing our best to keep up with demand at this point.

James Zallie^ I think sports nutrition, meal replacement, the GLP-1 diets that are driving the protein fortification all very positive. Rob, why don't you take sugar reduction in what we're seeing there.

Rob Ritchie^ Yes.

I would just say, first of all, from that, from a trend perspective, truly global, right? You think about -- I mentioned even LATAM, front-of-pack labeling added sugar.

So it's a global trend. And I think to Jim Gray's point, it's in an accelerated growth period.

So we're over investing in people, resources R&D and actually products as we go forward.

When you think about our portfolio today, as mentioned, we're the largest TV producer in the world, our allulose investment, look at fiber. And the beauty of it is when you take sugar out of a product, Typically, if you replace it with a high-intensity natural sweetener, there's a piece of that that's missing, right? And that's a texture build back.

So it's a beautiful combination with texture. You pull something out, we deliver the sweetness in a natural format.

We build back the texture with our other portfolios including potential new fibers as well.

So we're very excited about the growth of that. The trend will continue, and I think we're positioned in the next three to five years to capture that trend and truly be the leader in global sugar reduction from food ingredients and solutions point of view.

James Zallie^ I think as Rob just said, when you replace sugar, obviously you need the high-intensity natural sweetness to build back and replace the sugar, but also you need the mouth feel. And that's where the synergies between us being a texturizing company as well as having the high-intensity natural sweetness is very synergistic.

James Cannon^ James Cannon, UBS.

I just wanted to ask on the innovation platform as you try and move that to more of the innovation as a service, consultancy format.

What do you think differentiates your platform from any of your competitors? And maybe on the M&A front, is there anything in the portfolio that you could specifically call out that you could stand to bolster through the M&A market.

James Zallie^ So what I ask Mike O'Riordan to take that from a standpoint of how we're approaching that, that is different from others and different this time for us as well.

Michael O'Riordan^ So I think some of the competencies that we have that would differentiate us from some of the others is in the area of clean label, deep expertise in that area.

I think we've also built over a number of years, a very deep understanding of consumer insights. And our ability, and we've been analyzing that for some time on the consumer liking and linking that back to our texture.

I think we're pretty advanced in that area. And now we're obviously looking to scale with some of these AI tools.

So this gives us the right, I think, and we got to respect to the industry to really go out and work closely with a number of customers.

And customers are coming to us as that go-to provider to look for some support in launching their products. And we've had -- we've run some pilots already, and we've had some very, very positive feedback in our ability to significantly reduce the launch time.

What happens to traditionally, companies do outsource the early stage of launches, but where it fails very often is scaling it up industrially. And so companies come with a nice prototype but to actually scale it up in the affordability of industrial ingredients to actually bring something successfully to the market, that's where sometimes it falls down.

And we had that expertise along the entire value chain. And so the probability of launching something successfully in the marketplace is increased because of that competency.

So we've done pilots.

We're piloting around the world.

We've started in the U.S.

We're now looking at some other markets.

Sometimes the needs and markets are different. And so we're just taking it step by step to see how do we get the balance right in terms of being able to scale it correctly.

And then what's the best way to monetize it, always thinking in the mind of the customer, why it creates value for them and why they're going back to us time after time so that there's -- it's a win-win for both the customer and ourselves.

James Zallie^ Yes.

It's -- I want to be clear, it's not all contingent upon the service model. The service model is one complementary aspect to the overall solution selling. And I would say what's differentiating us today is the amount of training that we've put in place with the go-to-market teams globally and how they need to pass a certain level of proficiency in relationship to a solution-selling certification.

So we actually have -- the person that I was telling you about the reports to Nancy who's been leading this for us, has developed a whole certification process for proficiency and how to actually sell solutions.

So we've invested deeply in that and there's role playing with customers. There's what's called a digital brief that you guys could probably do better justice than me as to what constitutes that.

But Mike Leonard said something very profound actually during his presentation.

I'm going to ask you to say it again, because you're going to be able to say it better than I can. And that is in R&D, one of the most important but most difficult things is upfront, defining the problem -- the problem to solve.

And so we've put a lot of work in that digital brief upfront part of making sure our go-to-market teams understand how to engage a customer to not just try to bring a solution upfront but to define the problem upfront so that we can deliver and design the right solution.

So there's all of that that I think we're 18 months into this, and we're feeling very good about what we see.

Then this service model is something that, to be quite frank, we didn't know -- don't know exactly how big it could be or what it will contribute.

We think there's going to be a high percentage where we're going to get the ingredient sale along with it, of course.

We're not actually holding customers' hands to that.

But there's a fee-for-service that will compensate us, make us completely whole and maybe some other things that they're willing to do in response to speed and also probabilities of success.

So we're very excited. This has also unleashed a lot of excitement in our go-to-market teams as well on the way they sell.

Pooran Sharma^ Pooran Sharma from Stephens. Just wanted to revisit the comment about kind of shifting away from HFCS over time and finding other uses for the grind.

I believe you mentioned the -- your paper-making kind of sustainable packaging. And so I was just wondering, a, over the intermediate and longer term, what do you think that mix can get to? I'm looking at Page 8 on the deck, and I think 2024 revenue had about 19% industrial applications.

So I was just wondering, as we think intermediate term, longer term, how much further can that go up?

And then -- and b, as I think about the margin potential of these products, I know Texture and Healthful solutions have margins that are twice that of core? How should I think about the industrial applications and these sustainable packaging margin.

James Zallie^ Let me have both Rob and then Jim Gray tag team on this one.

But let's have Rob go first. And then Jim, you can...

Rob Ritchie^ I'll say initially, as we've mentioned, it's approximately 10% just slightly under that in terms of total revenue today. maybe the history, Jim, you can comment, but it was probably a lot higher than that five to 10 years ago.

So over time as that demand has shifted away from high fructose, we've pivoted towards, as you've mentioned, and industrial applications in starts, so we can use that stream to make more.

We just made an investment in Cedar Rapids for \$50 million to put in another starch drier.

But also the other opportunity there is around liquid dextrose.

So instead of making that fructose product we'll use that and Mike's working on a fermentation strategy in that space as well enzyme manufacturing, green chemicals.

So those things are happening well.

So as I said, it's not been a black swan event where it's dropped 30%.

It's kind of been this 1% to 2%.

And I think for ourselves, this focus and pivot of keeping our plants full. From a profit point of view, if you saw, though, the mix, the margins are very healthy right now in our U.S./Canada business, right? So they're not double -- kind of a double below where maybe T&H as well.

So we're at some fairly profitable level.

So the idea is to perhaps replace that, but have it on more of a consistent basis, right, in a growth category.

So I don't think we're looking to double the margins in that particular space.

But if we can find opportunities to sell those products at similar margins consistently. And a lot of those deals to are long-term deals, we may be colocating as well and provide that predictability, which I think, again, is very important from an investment point of view.

James Zallie^ So Rob, obviously to answer the question, we're obviously trying to control what we can control to mitigate our own exposure over time. to that.

But Rob also said something during his presentation that I want him to repeat in regards to what we see also happening in the industry that also sees the same challenge. And some of the steps that are being taken.

So you mentioned, for example, the Sustania investment and just give them a feel for size of how significant when and if that materializes and we understand it is progressing, but what that does to the industry as well.

Rob Ritchie^ Yes.

If you think about that opportunity, which we participated in the evaluation of our own BioMag, which is to make plastic bottles and things like that, it was approximately GBP

800 million to GBP 1 billion, right, which, depending on who you talk to, it could be 3% to 5% of the full industry with what we've seen longer-term plans to double or triple that size, so when you think about, hey, a 1% to 2% reduction, as I said, it's not necessarily about closing any plants, it's about what can you do with your plan -- and those opportunities are real. And moving forward, these colocations, where they're tapping into efficiency, energy, water and all those things, and you're going to supply a pipeline over them to make these products.

So if that demand continues, which we think it will, we think that we can offset the potential reduction in HFCS, along with some of the other things, like we mentioned industrial, but also on the food products like glucose.

It's actually not shrinking, right?

It's doing very well in the marketplace as well.

So we feel comfortable about keeping that supply-demand balance.

The other one portion you mentioned around margins as well. These are usually big fixed cost absorptions.

Our plants are pretty big.

So we maintain that level to keep our cost level at the same level as we make other products in those place as well.

James Zallie^ And the other thing, and I'm going to put Rob again on the spot. The other thing is all of us are obviously most familiar with the big kerfuffle in relationship to the Coke situation with HFCS, right? Coke handle situation, we thought extremely well with the statement that they then issued in relationship to HFCS obviously being safe, a very important and affordable economic ingredient as well.

And Rob, you're very familiar, just explain the outlook for HFCS from a standpoint of how established it is and what your sensing is in relationship to the threat of sugar from a standpoint

Rob Ritchie^ It's obviously a very large market for the industry here in the United States and Canada and for Mexico as well.

I know there's this portion that, hey, refined sugars used in Mexico, they actually use HFCS and their products down there as well.

I think as it goes forward, I don't think there's intention to move away from high-fructose corn syrup. Pepsi has tried this. Coke is done.

It's kind of a niche product. And theoretically, there's just not enough refined sugar to ever come close to replacing core.

In fact, you would probably have to go and import sugar from Brazil, which now is a 50% import tariff and you're actually going to hurt U.S. farmers, right? So you think about that balance as well. Corn growing in the Midwest used by our industry and the production of those products, it wouldn't make sense to replace that with of fine sugar as well.

So there's not only a maybe a theoretical approach, but there's also an economic and what is actually available approach to replace that products.

So again, we monitor it very carefully. Consumer preference drives that.

But again, I think I feel very confident about what we're doing within Ingredion's control to make sure that our plants are full and looking at those pockets of growth in the industry.

Heather Jones[^] Heather Jones from Heather Jones Research. I wanted to ask a clarifying question on assumptions for the top line. So you had mentioned that you're holding price flat.

So that 2% to 4% -- do you have a rough idea of how much of that is volume versus upgrades and the visibility into the upgrade side.

And then you said you're not assuming any economic weakness. And so -- there are some economies out there that are obviously struggling right now. Are you assuming a recovery to normal? Are you assuming what we have today is status quo for your assumptions?

Jim Gray[^] Maybe I'll take the first. So with regard to -- I think it's probably most relevant within texture and healthful because that's the biggest growth the underlying markets that Mike and the team are competing in, from a volume basis, those are probably 2% to 2.5%, 3% type of volume growth.

So one, there tends to be a skew towards populations in the world that are both larger as well as growing faster.

Two, there's also a skew towards younger populations. Rob has highlighted those, but also across Asia, across Africa and some of the Middle East. Where you have younger populations and kind of rising household incomes, which tends to drive demand for packaged foods.

So the two big drivers there, probably, that's probably 2.5-or-so percent. And then the rest is really driven by upgrade, right?

So just as Mike mentioned, hey, if we're going to sell more clean label. Clean label is a higher price per ton to our customers than say, a PO waxy starch versus an oscillated starch versus a native food starch.

And so what we see, whether it's in developed countries, pulling even more functional products that have to abide by wellness and labeling and a lot of the trends that Mike and Jim highlighted or we just see greater functionality moving from just a native food starch, doesn't have a lot of functionality.

It's affordable, but it doesn't have a lot of functionality. And we move to that first modified level, we really see an uptick in terms of the value that the customers demand.

And so that's -- that's really that mix as we see that country by country, product line by product line, that's really driving.

Michael O'Riordan^ Yes. Sure. The other thing we can do, and I think you referred to that is we're able to correlate our pipeline to future outlook in terms of what we think.

So I think in the 4% to 6% range for Texture & Healthful Solutions, -- we're pretty confident looking at the pipeline, just like you said, Jim, in terms of what percentage of that is due to market growth and reformulation, probably around 3%, 1% of it is coming from the innovation. 1% is coming through market penetration.

So we are pretty confident when we look at that pipeline, being able to grow at those certain levels.

James Zallie^ Yes. The only other thing that I would say is obviously in the near term, we're all observing what the unknown impacts of tariffs might be.

I don't think the full effect of that has made its way through the economy at large.

So always, there's going to be some short-term watch out.

But long term, we feel the market positions that we have how we're positioned, the competitive advantage and our strategy and our ability to execute and how we view the trends and how we're positioned, we feel very confident long term in relationship to our ability to deliver on the growth targets.

Jim Gray^ Yes. And then maybe the second half of that question though was kind of which economies around the world and where they're at.

I think someone asked a little bit about Mexico. Right now we're just -- we're looking at Mexico to date in 2025 and seen some economic slowdown.

It can be related to remittances, which Rob highlighted, and so I think we have to be able to say, hey, if you look forward over a 3-year horizon, how various economies performed.

And so we kind of would assume kind of a return to an average type of historical growth, right? So -- maybe that will be new news, right? I mean we highlighted as a risk trade agreements. Who knows what that posturing can be '26 and '27, right? So just stay awake.

Charlie Rose^ Charlie Rose with Cruiser Capital. The question I have is back to the stock market issue. Your multiples that you were showing all based on TTM analysis. And when you go forward, your multiple is even lower.

It's probably in the 7s. And then you look at your free cash flow yield and you look at your deleveraging effects.

Is this industry ripe for some consolidation? Or is it just going to be bolt-on acquisitions? Or is it going to be some other distribution of dividends? Or what's the game we're playing because you're entering a new financial format that's different than it's been a couple of years ago when you were sort of adding on pieces of the puzzle to sort of reshape the company a bit.

Now you're in a game of, obviously financially, integrating these businesses and getting the company on a trajectory of some form of steady improvement.

So I don't quite get what the shareholder equation is yet because you are in a deleveraging mode that's quite remarkable. And it's good. I'm not saying it's bad.

But the question is that how do you -- and I'm not trying to be negative. I'm trying to understand how does -- what's the -- what do you want to accomplish, what are aspirations maybe that you'd like to see realize as a result of...

Jim Gray^ Charlie, I may not have all the answers to your questions, but I'm going to state the one that's most obvious, I think, to us, right, which is the reason that we wanted to create a global texture and healthful Solutions segment, is to focus on the addressable market opportunity that we think is around the globe, right? Traditionally, we've had local idea labs.

We now have a centralized R&D team led by Mike, we have a global innovation focus across that, which is we're terming solutions. And I think that allows us not just to sell the next texture, but to actually get into other products that offer either fiber fortification other means of texture solutions within specific categories, I think it allows us not only to go deeper within certain customers, but also into adjacencies that we will invest in all day long, right? And so right now what we can see is an algorithm for texture and Health Solutions, which is '26 and '27.

Trust me, the upside that these teams are working on, I think, is beyond that. right? We're just at this point, say, this is what we can see, but we're thinking about our innovation, we're thinking about our customer pipeline.

As Mike has highlighted, we'll use M&A to accelerate that. I think that profile of what texture and healthful looks like globally is really, I think, something that we're all striving for and as part of our purpose that we as team outlined.

James Zallie^ Yes.

I think that what we're striving for is to continue to execute extremely well and leverage the assets that we have to continue, to drive growth at a higher rate, an increase -- Jim and I were talking during the break about just accelerating the probability of success, which we think we can do with Texture and Healthful solutions that will grow volumes, higher margins.

The other thing is and this is important, is there is an opportunity in our business to further increase fixed cost absorption through volume growth and a tremendous positive lever we believe from a standpoint of incremental value creation.

So -- and at the same time look, we are going to look to use our balance sheet to grow where we think M&A at a reasonable value at a value where we can create value long term for shareholders make sense for us. So that will be part of the equation going forward as well.

Noah Weiss^ So this brings us to the end of our Q&A session. But the presenters as well as our extended management team will be around for lunch. So please join us in the next room for interactive lunch. Thank you.

James Zallie^ Thank you.