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<<Pooran Sharma, Analyst, Stephens Inc.>>

Thanks for joining us today. I'm Pooran Sharma. I'm the Food and Agribusiness Equity Research Analyst here at Stephens. And it's my pleasure to welcome you all to today's fireside chat with Ingredion.

For those less familiar with the company, Ingredion is a leading global provider of ingredient solutions serving over 16,000 customers across food, beverage, industrial, pharmaceutical and personal care markets. Company has undergone a meaningful transformation over the past several years, shifting from a legacy starch and sweetener supplier to a more diversified higher margin solutions platform built around texture science, clean label and helpful ingredients.

With operations in over 120 countries and 30 Idea Labs around the globe, Ingredion combines deep local expertise with global innovation capabilities. Joining me today is Jim Gray, Executive Vice President and CFO. To kick things off, I'll turn it over to Jim to provide a brief overview of the company's strategy and operations. Then we'll dive into Q&A. Jim?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Great. Thank you. I'll keep the front end short because then maybe we can get into your questions and also maybe just have more of a conversation. When we step back and we thought about where the demand for ingredients and where the demand for recipe solutions existed really across the globe, it made sense for us to organize our texture business into a global product segment. And we started that idea really in 2023 when we revisited our strategy and re-segmented that in 2024.

And now, we've got a bit of a track record with 2025's results almost complete to be able to say, hey, how do we look back and think about this business? And so this business is Asia-Pacific. It's a large chunk of United States and Canada as well as Europe and Middle East and Africa. And generally, it's selling functional starch ingredients, but we also have some hydrocolloids and some fibers in that business where we're generally hitting kind of higher price points, higher gross margins and we really invest in some people capabilities to drive kind of the technical solutions for our customers.

And particularly in this global landscape around wellness, this global landscape around regulatory concerns, around source of authenticity, we think the Texture & Healthful Solutions segment is really well-positioned to continue to take advantage of these market opportunities.

That, that left us with two other businesses that are primarily make to order syrups businesses. So one is Food & Industrial Ingredients U.S., Canada and the other is Food & Industrial Ingredients LATAM. I'd say that the LATAM businesses have a bit more diversity in terms of the product lines coming out of the factories, but generally they're characterized – both of these segments are characterized by the fact that the majority of the volume of product that's made at a wet mill is not shipped very far to our customers.

So usually it's going by bulk truck, tanker truck and a relatively short distance, so that the transportation cost isn't onerous on top of the ingredient that we're selling. And so local market share matters. We have very strong market shares across all of our LATAM businesses. And within the U.S./CAN business we found a couple niches I think that we serve quite well.

What this does is it gives nice transparency to the type of revenue growth potential, the profit and profit margins of each of these segments as well as kind of what they run in terms of EBITDA. And from that, in our recent Investor Day, we kind of set forth kind of a three-year outlook for the financial performance of each of those segments. And kind of on a blended basis, I would say, that it still comes together for Ingredion really seeking kind of mid-single digit to high-single digit OP income growth.

We kind of complement that with a thoughtful fiscal policy, so that we can make sure that we're focused on adjusted EPS growth, continuing to deliver hopefully in the high-single digit range over the time horizon and then complement that with a dividend to get to a TSR target that's above 10%. So that's kind of the financial results from how we're positioning the company strategically and operationally relative to its growth. So that's the quick story.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Well, appreciate that background there, Jim. Maybe just zooming in on that a little bit more, again just a lot of transformation over the last several years. We talked about re-segmenting the business, but I think you've done a little bit more beyond that too. I was hoping to maybe talk about some of the general operations optimization that you've undertaken, like for example, changing the way you hedge. How has that changed over the years? And what do you view as key milestones that have positioned the company for long-term profitable growth?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yeah. So I think when we look back to maybe kind of 2018, 2019, and we had kind of maybe a first taste of global trade shifting and dare to say they called it back then global trade wars. And how that introduces potential volatility into a supply chain, and so really think about it in three dimensions, so one, customer contracts.

So how much of the risk that we maybe traditionally have incurred in the business can we now share with customers, okay? So making them visible to changes in corn, changes in the underlying raw material can we pass that through, right, and can we do it quickly, okay? Second is hedging. To the extent that we have a really viable hedge market that's inexpensive. We have significantly expanded our corn hedging program within the United States and Canada to capture not just the corn, but also the value of co-products. And so that's significantly reduced the value at risk, which allows quarter-to-quarter, year-to-year, kind of just a much more consistent profit pool to be delivered by that segment.

And then the third really area which is, we talked about this a lot maybe three years ago, but supply chain. And what's your supply chain resilience, okay? And so supply chain resilience comes from having redundant production capabilities at some plants in different parts of the globe, having a better supply chain in terms of access, whether it's dry van, bulk truck, ocean freight. But we've done a lot of work to shorten supply chain wait times, which obviously impacts favorably our inventory, but also just reduces risk, right, and it makes your availability of your product to your customers much more consistent.

And so we measure that in something called perfect order. And we have been significantly improving that across our business. So that one basis of competition for us is like when a customer calls and orders like we're going to be able to get that product 96% to 98% of the time, right? So whatever they need in that order arrives on time, full order and kind of right price, right place. And so we really worked on building much better predictability into our supply chain delivery.

So I'd say those three elements really allow us then to weather things like oh, hey, we're going to put tariffs up this year and we're going to go country specific. Well, if you already can locally manufacture and source to your local customers, we're maybe 80% – a little bit north of 80% locally made locally, locally sold to customers. So we just didn't have that risk. Now that's completely serendipitous to trade, right, and tariffs, right. We were learning lessons from five, six, seven years ago and being able to move down that path.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Great, great. Appreciate the insight there. Now you mentioned – just mentioned, we kind of talked about what your – what kind of when you look at Ingredion all in mid-single to high-single digit operating income growth through 2027, I think revenue is 2% to 4% annually with the operating EBIT in the range that you had mentioned.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yeah.

<<Pooran Sharma, Analyst, Stephens Inc.>>

With particular strength in Texture & Healthful Solutions, can you drive about or can you talk about what gives you confidence in that algorithm? And how you think about delivering that through innovation, cost discipline, and other factors?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yeah. I mean I think it's probably the biggest and maybe the – maybe most dependable driver of OP income growth is, when we look at the Texture & Healthful segment and we think about the volume that we sell there as well as the average price point per ton. That average price point per ton is 2.5 to 3x the price point that's in our F&I business. Those products also sell at higher gross margins.

And then as we continue to drive innovation and we also expand the downstream organic – through organic capital investment, the downstream capacity that we have were creating room to grow in Texture & Healthful. So every next ton we sell is going to support the texture and healthful profit growth. But it also weighted average contributes to the whole for the company.

And so that's why we can grow kind of at a lesser profit rate for U.S./CAN F&I and kind of a middling rate for LATAM. But as we really drive the Texture & Healthful growth over time, it weight averages up the entire company's profit growth, right, because it's just more tons to grow, not voluminous, but just some tons, right, and – but at a better profit per ton contribution.

So on Texture & Healthful within that segment, what you also then have is a weighting up in that as you achieve more growth in Asia-Pacific, as you achieve more growth in Middle East Africa, those actually kind of just base Europe, the price points on those products are higher than what we achieve in the U.S., so the U.S. Texture & Healthful business has kind of it bounces back and forth between kind of affordable, functional, modified starches and clean label, right?

And so at certain times, you'll see kind of more of a shift to kind of affordable functional starch. And other times, you'll say, oh my gosh, no, I need to put the innovation on shelf and I want something that's clean label or something that's perhaps complementing cocoa use or egg replacement or as some other function within a recipe.

When you go to really Europe, the Middle East and definitely now Asia and particularly Northern Asia, the demand for I'm going to say kind of waxy corn based, functional starches as well as even clean label, that demand is absolutely there, really nice volume growth demand and higher price points and they just, they need it in the types of foods and less so beverages, the types of foods that they're really manufacturing and they want on shelves.

So I got a population growth driven and rising income demand from Asia-Pacific and kind of rest of the world that is pulling higher value product into the Texture & Healthful overall revenue schema revenue algorithm. As we get that volume, it also leverages more of the fixed cost structure and Texture & Healthful because we have more downstream assets.

And so that's why you get the kick up in the OP income growth that we project for Texture & Healthful. And then that as a segment as it contributes to the total kind of weight averages up to give us a three-year algorithm. Now that said, we still have to execute and be able to run the assets and have uptime on all those assets at any point during that kind of three-year algorithm, so.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Okay. Appreciate that, that color there, and really interesting stuff on the T&H, especially with the margin that you get kind of outside the U.S. there, I think people may not appreciate that as much.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

I'd probably add, I think the disconnect that we get from questions in the U.S., in particular, when you look at branded staple companies and you think about what pressures are against them, why their volume growth is flat or down? Well, what you all see is branded CPG, right? My Texture & Healthful business has a solid portion of its business, probably 20% to 25% that goes into food service. And then we got another big chunk that goes into private label.

So whether that's definitely in Europe, probably a little bit less than half of our business is in the store brands. And so you get a resiliency on shelf in terms of consumer pull. And we're selling ingredients into, I dare I say both sides, but we are definitely selling ingredients into a very broad customer base. And so when you look at us maybe relative to a competitor, you look at us relative to a branded CPG, out of my top 10 customers in U.S./Canada for Texture & Healthful, maybe two are branded names you know, and the other eight are all going to play in different parts of the food supply chain. So that customer diversity, I think, is what maybe allows us to play a little bit more closer to pop growth in terms of demand pull for some of our ingredients.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Great. I appreciate the color there. Maybe just – since we went into detail on T&H, can we talk about just some of the key drivers? I know U.S. are expecting a little bit more moderate growth versus the LATAM business. But maybe if we could just briefly go over the key drivers of growth in each of those segments.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yes. I mean, I think within the U.S./CAN business, there's probably a lot of talk around, well, do I see the volume growth in general? I mean, maybe across consumer staples and then you can kind of ask follow on questions to help refine this. I think there's a lot of discussion around, well, is it affordability? And if you – some of the data that I've seen from some of the banks, if you really break down wage growth, wage growth for high income and middle income households in the U.S. has actually been okay, kind of north of 2%. But if you actually look at wage growth for lower income households, it's like bouncing between, it's less than 1.

So first, you say, well, out of the consumers, how able are they to afford their grocery basket? How able are they to afford any type of food service occasion, right? So we watch that. I think the employment market in the U.S. is still strong. And then on the actual cost of food and beverage, you have some very specific tariffs that I think are impacting packaging costs. And so what I can see, and again, 2025 has not played out, but I see unit volume price increases. And specifically, if it's around aluminum or if it's around tin plate, some of that packaging costs I think has to eventually get through to the consumer. And by the way, that's not just branded, that's also private label.

So consumers are going to be sensitive to the grocery basket costs. You got at least a third of the consumers who are only experiencing maybe 1% wage income increase. And so that's why if I had to focus on the affordability issue, if I could give you just a color – couple color points that I watch, because I sell ingredients, so I sell into volume, right. And so my business is tracking that volume and seeing what the lapse are. And so that's probably the one concern I have in the U.S. I think you have maybe an overlay of GLP-1, maybe of an overlay of MAHA. I think that's more category specific, right? And we're seeing some opportunities for growth. Absolutely. And then you have some generational shifts going on too, right? So when you say GLP-1s, I think that's going to impact older generations.

From the consumer research that we've seen, anybody that's a Gen-Z, they're not concerned about GLP-1s, just it's not even on the radar. So Gen-Z is like thinking more about protein and how it impacts, how they work out, maybe fitness levels and that lifestyle. So that's the trend that we see still pulling our protein fortification business. I think GLP-1 is probably definitely kind of an older generation concern when you look at consumer data. So that's U.S./CAN.

<<Pooran Sharma, Analyst, Stephens Inc.>>

U.S./CAN. Yes.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

I don't know where you want to go next.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Yes. No, I mean, that was perfect. I mean, maybe just kind of unpacking LATAM a little bit.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yes. Again, so with Brazil, pretty different culture necessarily than like maybe what I see in Mexico, Mexico. So Brazil, generally, what I see is that there's still a constraint on consumer spending. Interest rates are pretty high relative to historical trying to really combat inflation. And so dampening GDP growth, although GDP growth is still moderately okay in Brazil. But I think higher domestic interest rates really does impact how the consumer feels about going out, how they feel about expenditures. And that's maybe historically what I've seen the most.

There is some news in Brazil about the rise of online gaming, that maybe some discretionary spend in middle or lower income households is going towards online gambling and that's reducing the amount of pocket change to buy beer, for example, or other discretionary. I'm sure there's some truth to that. I'll wait till like Nielsen or Circana or somebody can really kind of map that longitudinally over time to understand that. But even if it was doing that, at some point, there's going to be government regulation that will come into play.

Switching to Mexico, that's okay. So Mexico is a little bit more interesting dynamic. Interest rates are still relatively high, but GDP growth is kind of flat. And what I think you see is how has the unorganized trade been impacted in Mexico versus maybe the organized channels. You also have the impact of deportation and kind of voluntary, if I may, deportation. And so you have a large number of folks in the U.S. I mean, north of 2 million, I think it's 2.1 million, 2.2 million thus far is the estimate that may go upwards of 3 million folks in the United States. Most of those have gone either to Mexico or other Central American countries, right? So 3 million people out of the United States, that's 1% of the pop, right?

And so clearly you're probably feeling that most in 2025. I don't know if that will have the same type of vigor in 2026 or 2027, right. So – but there's that shift and then it's not so much the population, it's actually the wages, right. So what was that group of people earning in the United States? And now there might be in Mexico or elsewhere and they're definitely a much, much less wage in the pocket, right. So that's depressive, right. And so I think you're seeing that in like beer spending. I think you're seeing that in some food and beverage, more discretionary type categories in Mexico. I think that still has to play out.

I think it's definitely impacting or I've heard impacts to Hispanic consumer food and beverage consumption trends in the United States, which can, like the math is starting to sort of make sense a little bit. It's not overwhelming. But if you said, hey, I'm worried about a food or beverage volume headwind, I don't know how much of it's a gust as opposed to a steady headwind. But right now it feels like a gust and we'll see kind of how that plays out in Mexico, right? But for me in Mexico, it's about wage. Wage and income growth will generally impact consumer demand. You just have a lot of uncertainty right now in terms of commitment by businesses to invest in Mexico, because they just don't know where USMCA is at.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Yes, okay. Appreciate the color there. I guess, while we're on LATAM, you kind of alluded to this on your last earnings call. You mentioned multiyear kind of contracting shift. And to us, it sounded like you were just citing some kind of near-term weakness, but also maybe more of a strategic move to get maybe higher margin for your grind. Can you talk about that a little bit?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yes. I mean that's – we've kind of long had a strategy in Food & Industrial Ingredients to say that if we can repurpose the grind through downstream refinery into products that have a higher price point or a higher gross margin, we always want to try and be moving that needle. In LATAM, particularly in the Q3, we had one customer where we had multiple agreements in Brazil, Andean as well as in Mexico, we kind of wanted to – they all had different expiration dates and so we wanted to line those all up. And as we were having the discussion with the customer, and this was not necessarily new, but we said, well, they necessarily kind of wanted to offer us more volume at a lower price.

And we actually wanted less volume at a higher price. Because we wanted to repurpose some of that grind into other product categories to serve other customers. And so that took some understanding. And for that to play out in Q3, it did kind of hit us, I think in a kind of maybe a volume penalty in Brazil in Q3 and kind of lesser extent in Mexico, but still some there. We've resolved that we have a new multiyear agreement and it gives us some of the headroom capacity to shift our grind in Mexico to some other product categories. What's I think nice about that is that as we go and can promise more either glucose syrup or more other products other than kind of native grits for brewing adjunct, we will get an upswing in profit over time, right. And so that's just another profit engine that can be behind the Mexico business that'll play out kind of through 2026 and 2027.

We've also done a couple little CapEx's in Mexico in our plants to debottleneck and provide a little bit more room on glucose and some dextrose will then. So it nicely fits within the strategy, just to make sure that we're maintaining and supporting our Mexico business, as we go forward.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Okay, great. Appreciate the color there. And I know we kind of talked about some of the weakness in North America. You mentioned you were flagging the lower kind of income cohort being more pressured, less wage growth there. Maybe just kind of just going back to that thinking about some of the weakness in U.S./Canada. There's been just a lot of noise broad-based softness and starches and sweeteners, Tate & Lyle recently flagged weakness in North American bakery and I think ADMs…

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Sorry, who's that?

<<Pooran Sharma, Analyst, Stephens Inc.>>

Some company.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Okay.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Some company.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Some European company.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Some European. And there's some other American company ticker ADM cited destocking and pricing pressures across their portfolio. You mentioned how you're kind of better positioned earlier on in some of your commentary. So maybe could you talk about what you're seeing just maybe revisiting some of the comments you talked about earlier. And then also just to layer in on this one, we're also trying to make our grind go into higher margin industrial uses here in the U.S./Canada business. So was hoping maybe you could talk about that as well.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yes. I think within the United States maybe the – just to remind folks at least on the Texture & Healthful side, right when we COVID hit and food service was essentially shut down kind of the back half of 2020, 2021, we had some real volume headwinds in our texture. Then it was a kind of our specialty starches business within North America. But I think that, in order to serve that that segment well in the United States, you got to be pretty close to those. The customers are the intermediaries and I think we play well there. For example, we have a very large potato starch franchise in the United States. That's part of our Texture & Healthful business.

And so I think our mix is different, our customer mix is different and the channels that necessarily your London-based competitor made sure versus us. No way to validate that. But I know our business and kind of what moves it. I think when you move to the U.S./CAN side on syrups, just remind everybody, so in our Investor Day for that business, Rob Ritchie shared that 20% of our sales come from HF.

And typically, high fructose corn syrup has kind of a lower price per ton and a tighter gross margin, right? Just the nature of it, right? So HF55 is literally the only product in our portfolio that is kind of spec – for spec, same as what ADM makes and the same as Cargill. And it goes to a few number of customers. Now they're all big names that we all know. And so what we purposely have done is tried to say, hey, how can we take our grind at some of our wet mills? And where instead of having that grind go into our high fructose refinery, can we over time have it be modified or refined in a different manner?

And so one of the big investments that we've announced is the expansion of our Cedar Rapids plant. And our Cedar Rapids plant is almost solely dedicated to making industrial starch that goes into papermaking and corrugated business. And so we'll get exposed to maybe some of the GDP ups and downs of papermaking and corrugated, but it's not a steady decline that we've witnessed in the high fructose market for the last 10 years, right? And so that's one way where we've taken one asset and we've really focused it to be very low cost and yet be a very agile supplier to a lot of the papermaking and corrugated business.

And then we'll continue to look at our other locations, our other facilities that are within U.S./CAN and say, hey, might we be able to repurpose some of the grind either into food grade, so glucose or other types of syrups, or can we even go into kind of bio feedstocks? Those are ways of just over time managing the steady decline that you see in HF into another use. So you're maximizing your asset. You might be getting a margin uplift and overall that helps us beat that algorithm that we've put out for U.S./CAN F&II.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Okay. Yeah. I appreciate that color there. Maybe we could shift gears to contracting season. I know it's still early and we didn't – we heard from you not too long ago, but I'll still ask the question. Could you maybe share how those discussions are progressing? We've been just hearing mixed signals. Some buyers pushing for lower pricing given large carryouts and easing demand, while others are calling out firmer corn basis and solid export interest. I think you mentioned how customers will be facing higher costs due to packaging. Just wondering if maybe you could provide us a small kind of update on contracting season?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yeah. Maybe I'll be short on this answer and I'll give you kind of three different levels. So first of all, a 30,000 foot level, right? The cost of corn from 2024 to 2025, 2025 to 2026 relatively speaking is in a pretty good range, right? We're not dealing with $6 or $7 a bushel of corn in the United States. So this allows our products, things like glucose syrup and food grade starches to be still relatively an affordable part of a recipe cost, right? So most procurement folks at our customers, they're going to always battle in between, but they're not dealing with titanic shifts in the underlying value of corn globally, right?

And so that's always good, right? I think second in terms of progressing through the year, you've had some government data come out in the U.S. I don't know if it really moved the corn futures market that much. And so there's generally, if that was going to be the kind of the last insight possibly in terms of there being excess carryout, maybe there's going to be a softening in the futures. I think most customers now are going to say hey, I don't know if I'm going to any type of sudden positive surprise. So they'll probably contract, finish contracting kind of normally between now and before a Christmas break. We're about 40% to 50% contracted and if we're looking at kind of what the year-over-year inflation is generally that's being and a price through.

So I'm not seeing anything. I always expect one or two bigger customers to do something here at the end, but generally I just remind everybody we have a lot of customers and we make kind of steady progress through that whole customer base as time passes and there's nothing really remarkable thus far. So let's see how we finish between now and, I don't know, right before Christmas break. But it seems to be that it's probably kind of on track. No big change in corn – everybody, no big change in energy costs and that seems to be all pricing through. So…

<<Pooran Sharma, Analyst, Stephens Inc.>>

Appreciate that update there. I know we're kind of all over the place. There's been some questions that have just kind of been answered and maybe I was just wondering if we could go back to U.S./Canada and just some of the comments that you said on the last earnings call and diving into some of the demand softness you saw in that segment during July and August, you mentioned there was a recovery in September. Could you help us understand what was driving that weakness? And as we look into 4Q and early 2026, have those September recovery levels kind of held or how should we think about that?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yeah. I think that what we did see was at least what I could see in some of the Nielsen data as we kind of tracked all the way through Q3, looking at kind of unit price change of our customers end product versus unit volume demand. And the real correlation that I could see was where the product was either like canned soda or maybe it was something in a canned product that uses tin plate. And it became evident that changes in the 232 tariffs probably sometime in April, May, there were decisions made. And therefore then during summer you were going to have kind of less price promotion.

And so that effectively comes out as a net higher price year over year and in those categories are elastic. So I think that impacted the summer demand for definitely for HF and maybe some also some glucose. But then I haven't seen October's numbers yet from the industry, so I can't comment there. But my sense is that in knowing kind of there's just not as much promotion in food and beverage. I think as you go into the Thanksgiving and the holidays, there's only certain categories that really kind of promote. So you should see kind of pretty normal demand.

And I'd go back to again, if you're seeing the price of groceries is just moderately higher, let's say even like 2%, 3%, 4% unit price, it's not going to be upper income nor maybe even middle income households that might be feeling that it's going to be lower income households. And so maybe that's the source of some of the volume pressure that we've seen that was evident a bit more in summer. So I just – I sort of watch, I watch the trends in the cost, but I also watch employment and kind of wage increases.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Yeah.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

To get a good sense of that.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Yeah. appreciate that. Do you think maybe we could revisit Argo for a moment?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yeah.

<<Pooran Sharma, Analyst, Stephens Inc.>>

On the last call I mentioned recovery took a little bit longer than anticipated. Maybe if you could help us, I know you unpacked it on the last call, but if you could refresh our memories, what kind of contributed to that slower ramp? And how do things stand currently in terms of your output, reliability and inventory rebuilding?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yeah. So again, just for everybody to recap, right at the end of June, we had a mechanical fire in one of our gluten dryers. And so this is very downstream in our manufacturing process. It's a co product. But the problem is that so much of the weight of what we grind comes through is feed, right? So upwards of 15%, 17% of all the tonnage that we're grinding is going to be feed. So when that shuts down, then we have to slow. Normally we try and slow the grind. In this case, we had to actually shut the grind down. And so you kind of turn off the whole facility.

As we started bringing that back up in July, different parts of either the – not so much the grind, but some of the parts of the refinery had to get restarted. And so that creates – it creates some downgrades of products. It can create some idle time in the manufacturing costs. Maybe doesn't use your labor and your electrical or your energy demand as efficiently as it should. And so we got through that, I think through the middle of summer and have run well with spots here and there, right? It's a really, really big plant and multiple product lines coming off of that. So I think right now, as we look to November and December, we're kind of hoping, anticipating that we're really kind of on a normal level of production there.

But nonetheless, it's still just as you wrap and you think about 2025 and Argo as the biggest plant within U.S./CAN F&II. It was kind of a bumpy – it was a bumpy year. Now generally when we look forward for like 2026, we anticipate getting all of that back, right? So some of those idle charges and some of that downgrades, we would not – we do not anticipate that repeating. And so we kind of add that right back to U.S./CAN F&II and then we build from there.

<<Pooran Sharma, Analyst, Stephens Inc.>>

And just to clarify, was it $22 million so far for that, that…

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Yes.

<<Pooran Sharma, Analyst, Stephens Inc.>>

…specific charge through 3Q?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

That's right.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Okay. Got it. Well, we are kind of nearing the end of time here and I just want to kind of keep the audience involved here. We'd love to open it up to questions from the audience if you all had any. We are kind of near the end of time. If not, maybe we could just shift to some closing comments here from Ingredion?

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Anything burning? They're all stunned. Well, so maybe I'll wrap. So I think in this world where right now we're getting some messages from it's the consumer staples or the consumer branded companies about how they look at what's shaping up particularly in the U.S. right? So messages around Snap, constant questions around GLP-1 penetration and usage, maybe funding prices for that. And I would come back always again to affordability, right, because while the other two issues are always important, but they're always attacking a very small part, a sub portion of the U.S. demand.

When you look at overall U.S. demand or in any other country, unemployment, wage growth relative to food inflation caused by shortages or surplus is always the key equation, right? So to the extent that we've seen some things like, well, maybe cocoa prices will come down, okay, well that polls chocolate confectionery, that's a good thing for our business, right? So what was a headwind can become a tailwind as we go into 2026. We've gotten through a tremendous amount of uncertainty and unknowing around tariffs around MAHA agenda. We're all a little bit more prepared and have assumptions as we go into 2026 around where those opportunities are and how to mitigate any downsides.

And so while it's been a very interesting 2025 and maybe some unexpected, I do think that Ingredion at least has a really agile team. I think we know where we're going to go press for growth and definitely we see growth outside of the U.S. is a key focus for our company. So we'll continue to put organic capital to work where we think that that has a really good return for shareholders. And we're still going to pull the lever on our fiscal policy through share repurchase and feel really confident about where we think the future value of the company lies. And we'll execute that through share repurchase and/or kind of M&A as we go forward.

So thank you for your time.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Okay. Cool.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Thanks, Pooran.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Yeah. Jim, thank you.

<<James D. Gray, Executive Vice President and Chief Financial Officer>>

Thank you everybody.

<<Pooran Sharma, Analyst, Stephens Inc.>>

Thank you for joining.