



Ingredion™

Second Quarter 2019 Earnings Call

Jim Zallie
President and CEO

James Gray
Executive Vice President and CFO



Forward-looking Statements

This presentation contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends these forward-looking statements to be covered by the safe harbor provisions for such statements.

Forward-looking statements include, among other things, any statements regarding the Company's future financial condition, earnings, revenues, tax rates, capital expenditures, cash flows, expenses or other financial items, including the Company's expectations for 2019 adjusted EPS, operating income, adjusted effective tax rate, cash from operations and capital expenditures, any statements concerning the Company's prospects or future operations, including management's plans or strategies and objectives therefor and any assumptions, expectations or beliefs underlying the foregoing.

These statements can sometimes be identified by the use of forward-looking words such as "may," "will," "should," "anticipate," "assume," "believe," "plan," "project," "estimate," "expect," "intend," "continue," "pro forma," "forecast," "outlook," "propels," "opportunities," "potential," "provisional" or other similar expressions or the negative thereof. All statements other than statements of historical facts in this release or referred to in this release are "forward-looking statements."

These statements are based on current circumstances or expectations, but are subject to certain inherent risks and uncertainties, many of which are difficult to predict and are beyond our control. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, investors are cautioned that no assurance can be given that our expectations will prove correct.

Actual results and developments may differ materially from the expectations expressed in or implied by these statements, based on various factors, including changing consumption preferences including those relating to high fructose corn syrup; the effects of global economic conditions, including, particularly, economic, currency and political conditions in South America and economic and political conditions in Europe, and their impact on our sales volumes and pricing of our products; our ability to collect our receivables from customers and our ability to raise funds at reasonable rates; future financial performance of major industries which we serve, including, without limitation, the food, beverage, paper and corrugated, and brewing industries; fluctuations in worldwide markets for corn and other commodities, and the associated risks of hedging against such fluctuations; genetic and biotechnology issues; our ability to develop or acquire new products and services at rates or of qualities sufficient to meet expectations; availability of raw materials, including corn, including the impact of recent excess precipitation in the U.S. corn-planting season, potato starch, tapioca, gum Arabic and also the specific varieties of corn upon which some of our products are based; fluctuations in the markets and prices for our co-products, particularly corn oil; fluctuations in aggregate industry supply and market demand; the behavior of financial markets, including foreign currency fluctuations and fluctuations in interest and exchange rates; volatility and turmoil in the capital markets; the commercial and consumer credit environment; general political, economic, business, market and weather conditions in the various geographic regions and countries in which we buy our raw materials or manufacture or sell our products;; energy costs and availability; freight and shipping costs; and changes in regulatory controls regarding quotas; tariffs, duties, taxes and income tax rates, particularly United States tax reform enacted in 2017; operating difficulties; energy issues in Pakistan; boiler reliability; our ability to effectively integrate and operate acquired businesses; our ability to achieve budgets and to realize expected synergies; our ability to achieve expected savings under our Cost Smart program; our ability to complete planned maintenance and investment projects successfully and on budget; labor disputes; ; increased competitive and/or customer pressure in the corn-refining industry; and the outbreak or continuation of serious communicable disease or hostilities including acts of terrorism.

Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement as a result of new information or future events or developments. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of these and other risks, see "Risk Factors" and other information included in our Annual Report on Form 10-K for the year ended December 31, 2018 and subsequent reports on Forms 10-Q and 8-K.

Agenda

- **Perspective on second quarter**
- Perspective on first half
- Profit Growth Outlook 2019 vs. 2018
- Questions and answers

Perspective on Second Quarter 2019

- Net Sales down (4%); FX unfavorable (5%)
 - Aggressive pricing actions; \$39MM captured during the quarter
- Adj. Operating Income down (11%); FX unfavorable (7%)
- **DRIVINGGROWTH** specialty investments progressing as planned:
 - *Sugar reduction and specialty sweeteners*
 - *Plant-based proteins*
 - *Starch-based texturizers*
- Increasing **Cost Smart** run-rate savings to \$30MM - \$40MM for 2019

Strategic Initiatives to Forge Growth

SPECIALTIES

COST SMART

COMMERCIAL
EXCELLENCE

PURPOSE, CULTURE,
VALUES AND TALENT

North America & South America: 2Q19 Highlights

North America

Net Sales

- Core volumes down (due in part to Stockton volume shed)
- Specialty volume increases

Operating Income

\$139MM, Down (7)%

- Higher corn costs and lower co-product values
- Timing of scheduled plant maintenance



South America

Net Sales

- Down due to foreign currency weakness, primarily in Argentina and Colombia
- Specialty sales increases

Operating Income

\$16MM, Down (20)%

- Foreign exchange impacts



Asia-Pacific & EMEA: 2Q19 Highlights

Asia-Pacific

Net Sales

- Down due to unfavorable foreign exchange impacts across the region

Operating Income

\$23MM, Down (15)%

- Tapioca margin recovery
- Foreign exchange impacts and higher input costs



EMEA

Net Sales

- Down due to currency devaluations in Pakistan and foreign exchange weakness in Europe

Operating Income

\$23MM, Down (21)%

- Foreign exchange impacts and higher corn costs
- Strong pricing actions



Q2 2019 Income Statement Highlights

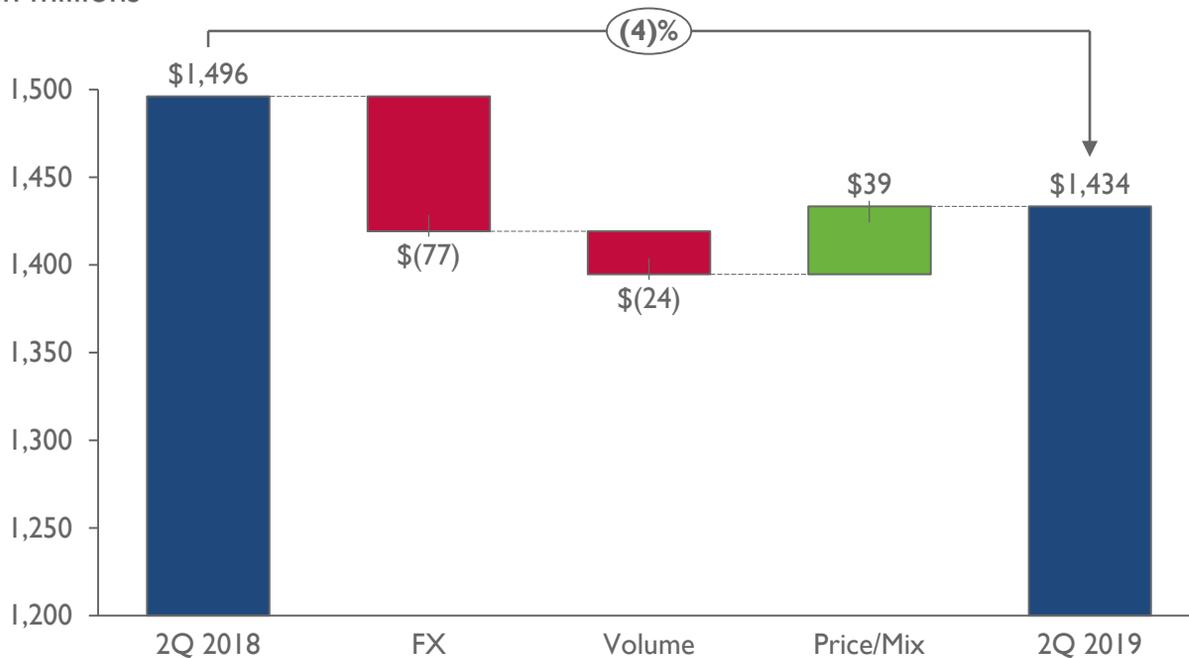
\$ in millions, unless noted	2Q 2018	2Q 2019	Change
Net Sales	\$ 1,496	\$ 1,434	\$ (62)
Gross Profit	\$ 360	\$ 329	\$ (31)
<i>Gross Profit Margin</i>	24.0%	22.9%	(110) bps.
Reported Operating Income	\$ 193	\$ 168	\$ (25)
Reported Diluted EPS	\$ 1.57/share	\$ 1.56/share	\$ (0.01)/share
Adjusted Operating Income*	\$ 201	\$ 178	\$ (23)
Adjusted Diluted EPS*	\$ 1.66/share	\$ 1.66/share	\$ 0.00/share

Totals may not foot due to rounding

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

Q2 2019 Net Sales Bridge

\$ in millions



Totals may not foot due to rounding

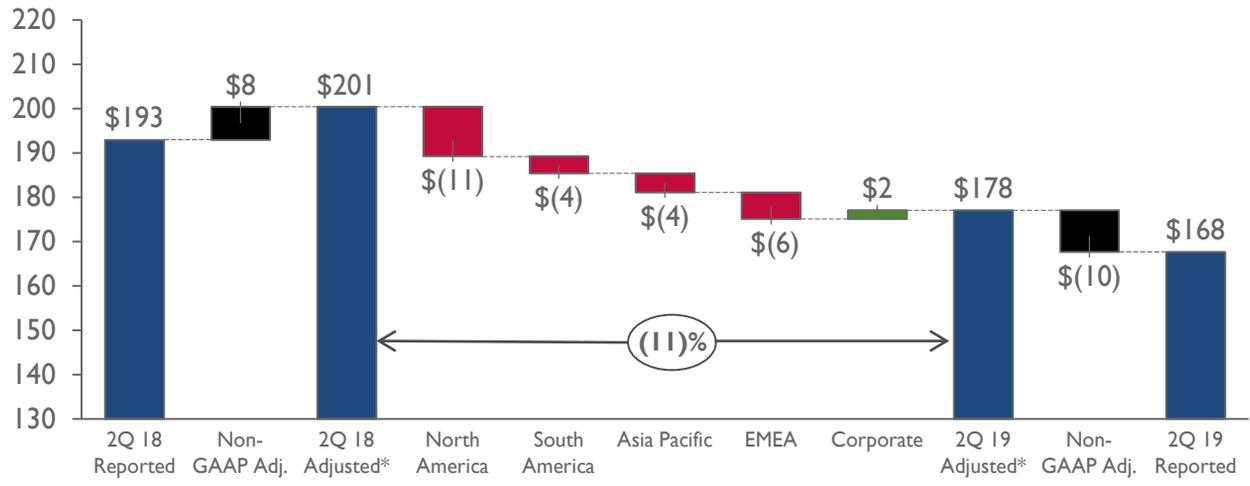
Q2 2019 Net Sales Variance by Region

	Foreign Exchange	Volume	Price/mix	Net Sales Change
North America	0%	-3%	0%	-3%
South America	-20%	1%	12%	-7%
Asia Pacific	-4%	0%	1%	-3%
EMEA	-12%	0%	7%	-5%
Ingredion	-5%	-2%	3%	-4%

Totals may not foot due to rounding

Q2 2019 Operating Income Bridge

\$ in millions



2019 Q2 OI	\$139	\$16	\$23	\$23	\$(23)
-------------------	-------	------	------	------	--------

Totals may not foot due to rounding

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



Q2 2019 EPS Bridge

Amounts are dollars/share

Q2 2018 Reported Diluted EPS	\$ 1.57
<i>Income Tax Settlement</i>	<i>0.02</i>
<i>Impairment/Restructuring Costs</i>	<i>0.07</i>
Q2 2018 Adjusted Diluted EPS*	\$ 1.66
Q2 2019 Adjusted Diluted EPS*	\$ 1.66
<i>Impairment/Restructuring Costs</i>	<i>(0.10)</i>
Q2 2019 Reported Diluted EPS	\$ 1.56

Margin	\$ (0.09)
Volume	(0.01)
Foreign Exchange Rates	(0.13)
Other Income	0.01
Changes from Operations	\$ (0.22)

Other Non-Operating Income	\$ -
Financing Costs	0.08
Non-controlling Interests	-
Tax Rate	0.02
Shares Outstanding	0.12
Non-Operational Changes	\$ 0.22

Totals may not foot due to rounding

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

Agenda

- Perspective on second quarter
- **Perspective on first half**
- Profit Growth Outlook 2019 vs. 2018
- Questions and answers

First half 2019 Income Statement Highlights

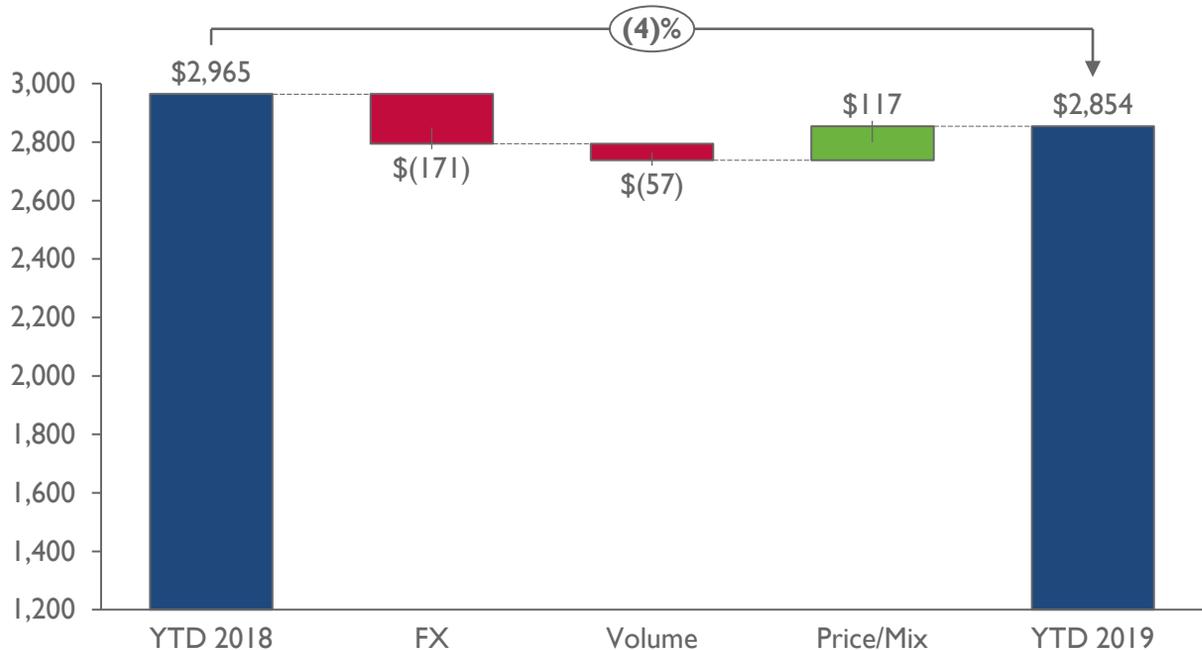
\$ in millions, unless noted	YTD 2018	YTD 2019	Change
Net Sales	\$ 2,965	\$ 2,854	\$ (111)
Gross Profit	\$ 714	\$ 645	\$ (69)
<i>Gross Profit Margin</i>	24.1%	22.6%	(150) bps.
Reported Operating Income	\$ 390	\$ 329	\$ (61)
Reported Diluted EPS	\$ 3.47/share	\$ 3.04/share	\$(0.43)/share
Adjusted Operating Income*	\$ 401	\$ 344	\$ (57)
Adjusted Diluted EPS*	\$ 3.60/share	\$ 3.20/share	\$(0.40)/share

Totals may not foot due to rounding

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

First half 2019 Net Sales Bridge

\$ in millions



Totals may not foot due to rounding

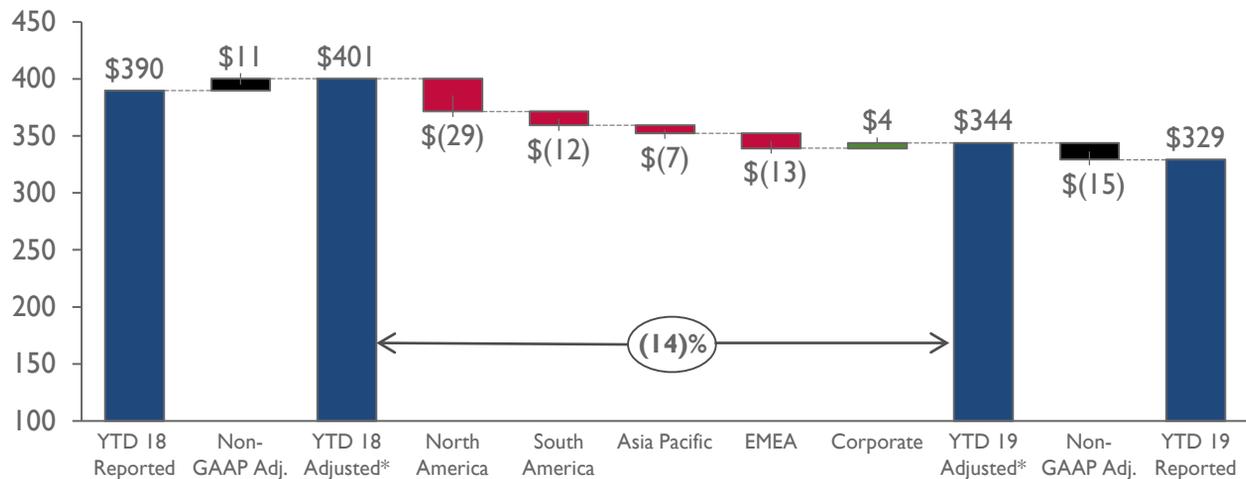
First half 2019 Net Sales Variance by Region

	Foreign Exchange	Volume	Price/mix	Net Sales Change
North America	-1%	-2%	0%	-3%
South America	-23%	-3%	16%	-10%
Asia Pacific	-4%	-2%	4%	-2%
EMEA	-12%	1%	7%	-4%
Ingredion	-6%	-2%	4%	-4%

Totals may not foot due to rounding

First half 2019 Operating Income Bridge

\$ in millions



2019 YTD OI

\$264

\$34

\$43

\$47

\$(44)

Totals may not foot due to rounding

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

First half 2019 EPS Bridge

Amounts are dollars/share	
YTD 2018 Reported Diluted EPS	\$ 3.47
<i>Income Tax Settlement</i>	<i>0.02</i>
<i>Impairment/Restructuring Costs/Other</i>	<i>0.11</i>
YTD 2018 Adjusted Diluted EPS*	\$ 3.60
YTD 2019 Adjusted Diluted EPS*	\$ 3.20
<i>Acquisition/Integration Costs</i>	<i>(0.01)</i>
<i>Impairment/Restructuring Costs/Other</i>	<i>(0.15)</i>
YTD 2019 Reported Diluted EPS	\$ 3.04

Margin	\$ (0.26)
Volume	(0.02)
Foreign Exchange Rates	(0.28)
Other Income	(0.02)
Changes from Operations	\$ (0.58)

Other Non-Operating Income	\$ (0.02)
Financing Costs	0.03
Non-controlling Interests	0.01
Tax Rate	(0.09)
Shares Outstanding	0.25
Non-Operational Changes	\$ 0.18

Totals may not foot due to rounding

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

Cash Provided by Operations and Cash Deployment

Amounts are in millions	
Net Income	\$ 209
Depreciation and Amortization	\$ 103
Working Capital	\$ (121)
Other	\$ 62
Cash Provided by Operations	\$ 253

Cash Deployment	
Capital Expenditures, net*	\$ (156)
Payments for Acquisitions Investments**	\$ (52)
Dividend Payments***	\$ (87)
Share Repurchase, net	\$ 63

Totals may not foot due to rounding

* Net of proceeds on disposals

** Net of cash acquired

*** Including to non-controlling interest

Agenda

- Perspective on second quarter
- Perspective on first half
- **Profit Growth Outlook 2019 vs. 2018**
- Questions and answers

2019 Income Statement Outlook

- Anticipated 2019 adjusted EPS* \$6.60 - \$6.90 per share; excluding acquisition-related, integration, and restructuring costs, as well as any potential impairment costs
 - Net sales expected to be flat to slightly down versus last year
 - Expecting Operating Income to be down versus last year
 - FX expected to be negative \$(0.42) to \$(0.50); 1st half heavily impacted
 - Corporate expenses expected to be higher with investments in global process optimization, digital capabilities and innovation
 - 2019 Financing costs expected to be in the range of \$80MM to \$85MM
 - Adjusted Effective Tax Rate estimated to be approximately 26.5% to 28.0%
 - Diluted weighted average shares outstanding expected to be in range of 68.0MM to 69.0MM
 - Expect to deliver \$30MM to \$40MM in 2019 year-end cumulative run-rate savings from the Cost Smart Savings program



Outlook: 2019 vs. 2018

North America

Net Sales

- Expected to be down
- Volumes expected to be down in part due to customer volume shed from Stockton

Operating Income

- Expected to be down
- Second half negatively impacted by unprecedented weather in the U.S. as well as the U.S./China trade dispute impacting corn and co-products



South America

Net Sales

- Expected to be flat
- Volumes expected to be up modestly

Operating Income

- Expected to be flat
- First half lower given anticipated FX overlap



Outlook: 2019 vs. 2018

Asia-Pacific

Net Sales

- Expected to be modestly up
- Specialty growth is expected to continue

Operating Income

- Expected to be down
- Foreign currency weakness and impact of trade disputes



EMEA

Net Sales

- Expected to be modestly up
- Continued specialty and core volume growth

Operating Income

- Expected to be down
- First half lower given anticipated FX and raw material costs
- UK customer inventory adjustments related to Brexit uncertainty



2019 Cash Flow Outlook

- Expect strong generation of cash flow from operations in the range of \$610MM to \$660MM
- Anticipated capital expenditures of approximately \$330MM to \$360MM
- Continued focus on delivering shareholder value



Purpose and Values-Driven Organization

DRIVING GROWTH



Agenda

- Perspective on first quarter
- Perspective on first half
- Profit growth outlook 2019 vs. 2018
- **Questions and answers**

Appendix

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

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

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

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

	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(in millions)	EPS	(in millions)	EPS	(in millions)	EPS	(in millions)	EPS
Net income attributable to Ingredion	\$ 105	\$ 1.56	\$ 114	\$ 1.57	\$ 205	\$ 3.04	\$ 254	\$ 3.47
Add back:								
Acquisition/integration costs, net of income tax benefit of \$1 million for the three and six months ended June 30, 2019 (i)	-	-	-	-	1	0.01	-	-
Restructuring/impairment charges, net of income tax benefit of \$2 million and \$3 million for the three and six months ended June 30, 2019, respectively, and \$3 million and \$3 million for the three and six months ended June 30, 2018 (ii)	7	0.10	5	0.07	10	0.15	8	0.11
Income tax settlement (iii)	-	-	2	0.02	-	-	2	0.02
Non-GAAP adjusted net income attributable to Ingredion	<u>\$ 112</u>	<u>\$ 1.66</u>	<u>\$ 121</u>	<u>\$ 1.66</u>	<u>\$ 216</u>	<u>\$ 3.20</u>	<u>\$ 264</u>	<u>\$ 3.60</u>

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

Notes

(i) The 2019 period includes costs related to the acquisition and integration of the business acquired from Western Polymer, LLC.

(ii) During the three and six months ended June 30, 2019, the Company recorded \$9 million and \$13 million of pre-tax restructuring charges, respectively. During the second quarter of 2019, the Company recorded \$6 million of other costs, including professional services, and employee-related severance in the North America and South America segments as part of its Cost Smart SG&A program and finance transformation initiative and \$3 million of other costs, including professional services, related to its Cost Smart cost of sales program. During the six months ended June 30, 2019, the \$13 million of restructuring charges consisted of \$9 million of costs associated with its Cost Smart SG&A program and Finance Transformation initiative and \$4 million of costs associated with its Cost Smart cost of sales program.

During the three and six months ended June 30, 2018, the Company recorded an \$8 million and \$11 million pre-tax restructuring charge, respectively. During the second quarter of 2018, the Company recorded \$6 million of employee-related severance and other costs associated with its Cost Smart program and \$2 million of costs associated with the Company's finance transformation initiative, and \$1 million of other costs related to the abandonment of certain assets related to its leaf extraction process in Brazil.

(iii) The Company had been pursuing relief from double taxation under the U.S. and Canadian tax treaty for the years 2004 through 2013. During the fourth quarter of 2016, the Company recorded a net reserve of \$24 million, including interest thereon, recorded as a \$70 million liability and a \$46 million benefit. During the third quarter of 2017, an agreement was reached between the two countries for the specific issues being contested. As a result of that final settlement, during the second quarter of 2018, the Company received a \$34 million refund from the CRA and recorded \$2 million of interest penalty through tax expense.

Totals may not foot due to rounding



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

(in millions, pre-tax)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Operating income	\$ 168	\$ 193	\$ 329	\$ 390
Add back:				
Acquisition/integration costs (i)	1	-	2	-
Restructuring/impairment charges (ii)	9	8	13	11
Non-GAAP adjusted operating income	<u>\$ 178</u>	<u>\$ 201</u>	<u>\$ 344</u>	<u>\$ 401</u>

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

Totals may not foot due to rounding



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

(in millions)	Three Months Ended June 30, 2019			Six Months Ended June 30, 2019		
	Income before Income Taxes (a)	Provision for Income Taxes (b)	Effective Income Tax Rate (b / a)	Income before Income Taxes (a)	Provision for Income Taxes (b)	Effective Income Tax Rate (b / a)
As Reported	\$ 152	\$ 45	29.6%	\$ 291	\$ 82	28.2%
Add back:						
Acquisition/integration costs (i)	1	1		2	1	
Restructuring/impairment charges (ii)	9	2		13	3	
Adjusted Non-GAAP	<u>\$ 162</u>	<u>\$ 48</u>	29.6%	<u>\$ 306</u>	<u>\$ 86</u>	28.1%

(in millions)	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	Income before Income Taxes (a)	Provision for Income Taxes (b)	Effective Income Tax Rate (b / a)	Income before Income Taxes (a)	Provision for Income Taxes (b)	Effective Income Tax Rate (b / a)
As Reported	\$ 169	\$ 53	31.4%	\$ 351	\$ 92	26.2%
Add back:						
Restructuring/impairment charges (ii)	8	3		11	3	
Income tax settlement (iii)	-	(2)		-	(2)	
Adjusted Non-GAAP	<u>\$ 177</u>	<u>\$ 54</u>	30.5%	<u>\$ 362</u>	<u>\$ 93</u>	25.7%

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

Totals may not foot due to rounding



Reconciliation of Anticipated GAAP Diluted Earnings per Share ("GAAP EPS") to Anticipated Adjusted Diluted Earnings per Share ("Adjusted EPS")

	Anticipated EPS Range for Full Year 2019	
	Low End	High End
GAAP EPS	\$ 6.24	\$ 6.66
Add:		
Acquisition/integration costs (iii)	0.03	0.02
Restructuring/impairment charges (iv)	0.33	0.22
Adjusted EPS	<u>\$ 6.60</u>	<u>\$ 6.90</u>

Above is a reconciliation of our anticipated full year 2019 diluted EPS to our anticipated full year 2019 adjusted diluted EPS. The amounts above may not reflect certain future charges, costs and/or gains that are inherently difficult to predict and estimate due to their unknown timing, effect and/or significance. These amounts include, but are not limited to, acquisition and integration costs, impairment and restructuring costs, and certain other special items. We generally exclude these items from our adjusted EPS guidance. For these reasons, we are more confident in our ability to predict adjusted EPS than we are in our ability to predict GAAP EPS.

(iii) Reflects expected costs related to the acquisition and integration of the business acquired from Western Polymer, LLC. and acquisitions to be determined.

(iv) Primarily reflects current estimates for 2019 restructuring charges related to the Cost Smart Cost of Sales & SG&A programs. As specific projects within these programs are approved, the estimates will be reviewed and may be subject to revision.

Totals may not foot due to rounding

