



Ingredion

Second Quarter 2018 Earnings Call

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AUGUST 2, 2018

Forward-Looking Statements



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

Forward-looking statements include, among other things, any statements regarding the Company's prospects or future financial condition, earnings, revenues, tax rates, capital expenditures, expenses or other financial items, any statements concerning the Company's prospects or future operations, including management's plans or strategies and objectives therefor and any assumptions, expectations or beliefs underlying the foregoing.

These statements can sometimes be identified by the use of forward looking words such as "may," "will," "should," "anticipate," "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 the effects of global economic conditions, including, particularly, economic, currency and political conditions in South America and economic conditions in Europe, and their impact on our sales volumes and pricing of our products, our ability to collect our receivables from customers and our ability to raise funds at reasonable rates; fluctuations in worldwide markets for corn and other commodities, and the associated risks of hedging against such fluctuations; fluctuations in the markets and prices for our co-products, particularly corn oil; fluctuations in aggregate industry supply and market demand; the behavior of financial markets, including foreign currency fluctuations and fluctuations in interest and exchange rates; volatility and turmoil in the capital markets; the commercial and consumer credit environment; general political, economic, business, market and weather conditions in the various geographic regions and countries in which we buy our raw materials or manufacture or sell our products; future financial performance of major industries which we serve, including, without limitation, the food, beverage, paper and corrugated, and brewing industries; energy costs and availability, freight and shipping costs, and changes in regulatory controls regarding quotas; tariffs, duties, taxes and income tax rates; particularly recently enacted United States tax reform; operating difficulties; availability of raw materials, including potato starch, tapioca, gum arabic and the specific varieties of corn upon which some of our products are based; our ability to develop or acquire new products and services at rates or of qualities sufficient to meet expectations; 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 cost savings under our Cost Smart program; our ability to complete planned maintenance and investment projects successfully and on budget; labor disputes; genetic and biotechnology issues; changing consumption preferences including those relating to high fructose corn syrup; increased competitive and/or customer pressure in the corn-refining industry; and the outbreak or continuation of serious communicable disease or hostilities including acts of terrorism. Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement as a result of new information or future events or developments. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of these and other risks, see "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent reports on Forms 10-Q and 8-K.

Perspective on second quarter 2018

- Overall volumes up +3% driven by core and specialty ingredients
- Reported and adjusted EPS down versus a year ago
 - North America operating income down
 - South America operating income growth
 - Asia-Pacific operating income down
 - EMEA operating income flat
- Announced \$125 million Cost Smart savings program
- Continued to deploy cash for shareholder value creation
 - Higher-value specialty production expansions
 - 1.25 million shares repurchased for \$141 million



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Cost Smart summary

- \$125 million cost savings program by 2021
 - \$75 million cost of sales target, inclusive of freight
 - \$50 million SG&A target
- Anticipated cumulative savings per program year*
 - \$ 2 million - \$ 4 million in 2018
 - \$22 million - \$34 million in 2019
 - Building to \$125 million by 2021
- Savings impacting all regions and functions
- Restructuring costs expected for Cost Smart SG&A to be 0.6x-0.8x of targeted savings

*Savings are before inflationary effects

North America: second quarter highlights

- North America operating income down 17% to \$150 million
- Overall volumes up 1%; Higher Mexico and specialty volumes, partially offset by lower non-specialty volumes in the U.S. /Canada
- Margin headwinds
 - Higher freight costs
 - Higher production costs
 - Lower U.S. /Canada sweetener and industrial starch volumes
- Network optimization at Stockton (\$6 million-\$9 million in anticipated run-rate savings) announced in July

South America: second quarter highlights

- \$20 million of operating income, up \$16 million from prior year
 - 2017 Argentina manufacturing optimization project
- Overall sales volumes up 8%; price/mix up driven by pass through of higher input costs and effects of foreign exchange devaluations
- Brazil and Argentina network optimization and restructurings delivering as expected

Asia Pacific: second quarter highlights

- \$27 million of operating income, down 10% compared to prior year
- Overall volumes up 1%
- Tapioca cost increases; pricing pass through underway
- Specialty capacity expansion investments progressing as planned

Europe/Middle East/Africa (EMEA): second quarter highlights

- EMEA operating income flat at \$29 million
- Overall volume up 9%
- Higher volumes were offset by Pakistan unfavorable foreign exchange and higher raw material costs in Pakistan

Second quarter 2018

Income statement highlights

\$ in millions, unless noted	2Q 2017	2Q 2018	Change
Net Sales	\$ 1,457	\$ 1,496	\$ 39
Gross Profit	\$ ** 373	\$ 360	\$ (13)
<i>Gross Profit Margin</i>	<i>25.6%</i>	<i>24.0%</i>	<i>(160) bps.</i>
Reported Operating Income	\$ ** 210	\$ 193	\$ (17)
Adjusted Operating Income*	\$ ** 220	\$ 201	\$ (19)
Reported Diluted EPS	\$ 1.78/share	\$ 1.57/share	\$ (0.21)/share
Adjusted Diluted EPS*	\$ 1.89/share	\$ 1.66/share	\$ (0.23)/share

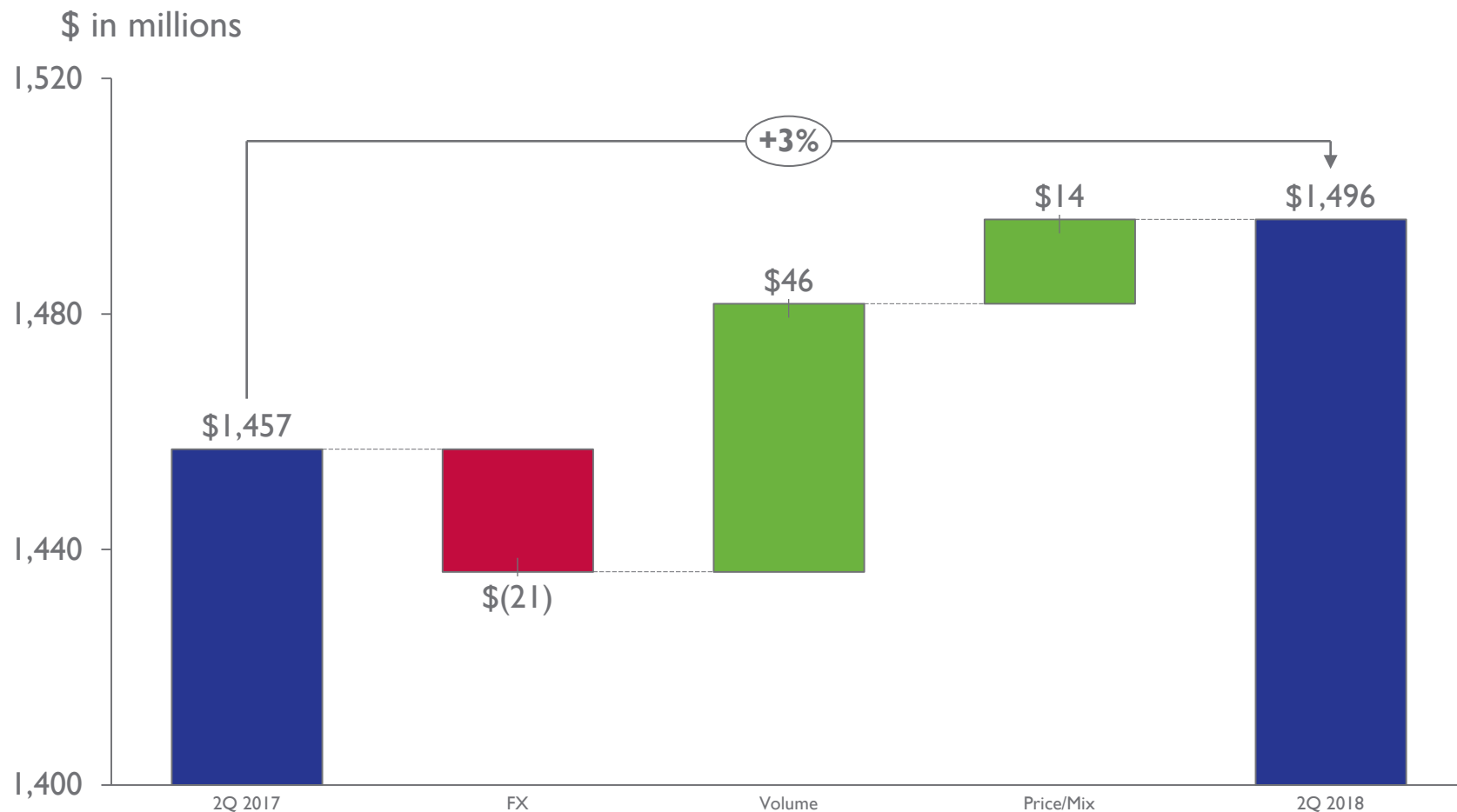
Totals may not foot due to rounding

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

**2017 Gross profit, as well as reported and adjusted operating income restated for pension benefit reclassification due to new accounting standard

Second quarter 2018

Net sales bridge



Totals may not foot due to rounding

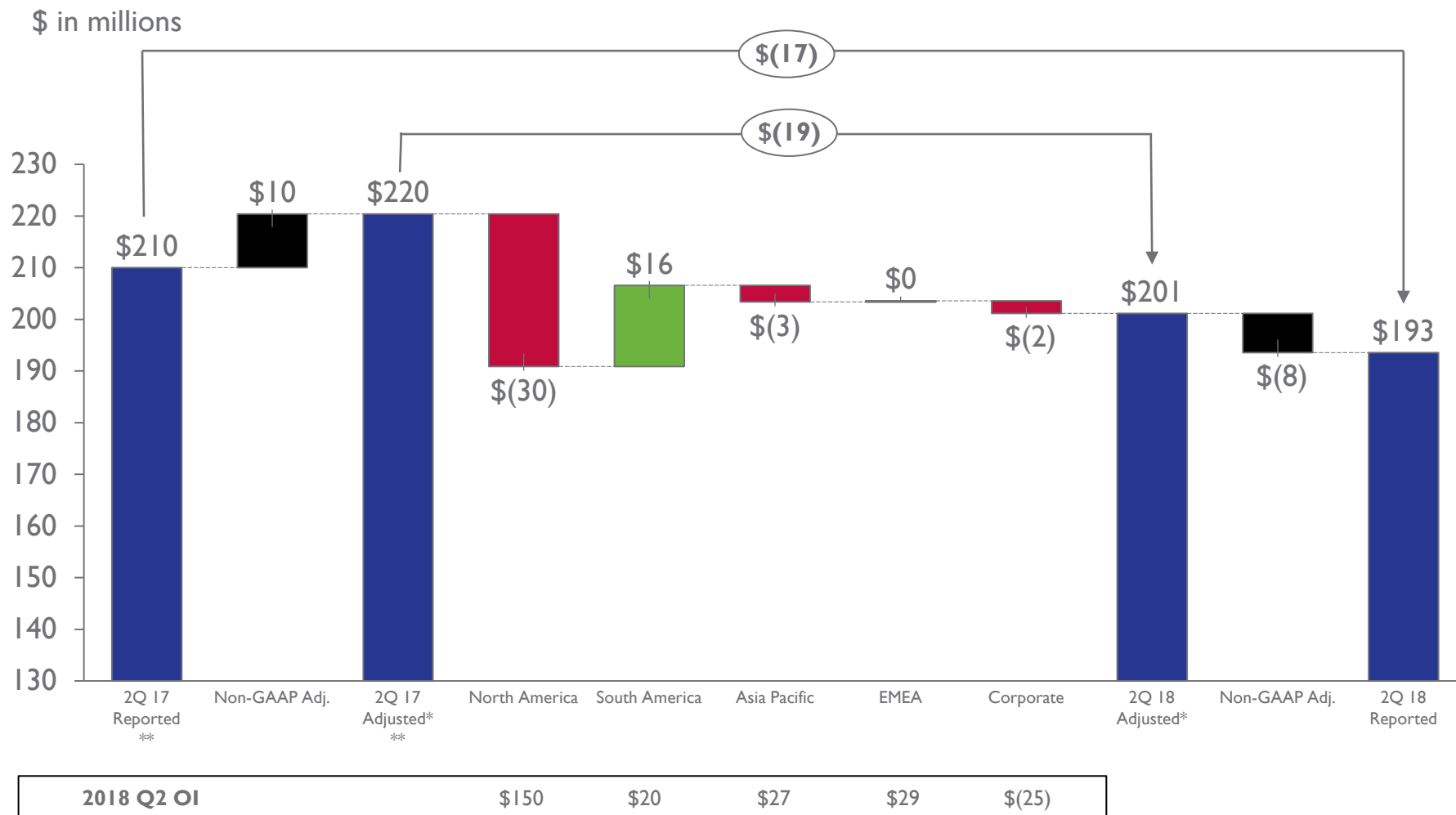
Second quarter 2018

Net sales variance by region

	Foreign Exchange	Volume	Price/mix	Net Sales Change
North America	1%	1%	-1%	1%
South America	-14%	8%	8%	2%
Asia Pacific	4%	1%	2%	7%
EMEA	-1%	9%	-1%	7%
Ingredion	-1%	3%	1%	3%

Totals may not foot due to rounding

Second quarter 2018 Operating income bridge



Totals may not foot due to rounding

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

**2017 Reported and adjusted operating income restated for pension benefit reclassification due to new accounting standard

Second quarter 2018 EPS bridge

Amounts are dollars/share

Q2 2017 Reported Diluted EPS	\$ 1.78
<i>Acquisition/Integration Costs</i>	<i>0.04</i>
<i>Impairment/Restructuring Costs</i>	<i>0.07</i>
Q2 2017 Adjusted Diluted EPS*	\$ 1.89
Q2 2018 Adjusted Diluted EPS*	\$ 1.66
<i>Impairment/Restructuring Costs</i>	<i>(0.07)</i>
<i>U.S./Canada Tax Settlement</i>	<i>(0.02)</i>
Q2 2018 Reported Diluted EPS	\$ 1.57

Margin	\$ (0.32)
Volume	0.13
Foreign Exchange Rates	(0.01)
Other Income	0.01
Changes from Operations	\$ (0.19)

Other Non-Operating Income	\$ -
Financing Costs	(0.05)
Non-controlling Interests	0.01
Tax Rate	(0.01)
Shares Outstanding	0.01
Non-Operational Changes	\$ (0.04)

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 2018

Income statement highlights

\$ in millions, unless noted	1H 2017	1H 2018	Change
Net Sales	\$ 2,910	\$ 2,965	\$ 55
Gross Profit	\$ ** 724	\$ 714	\$ (10)
<i>Gross Profit Margin</i>	<i>24.9%</i>	<i>24.1%</i>	<i>(80) bps.</i>
Reported Operating Income	\$ ** 403	\$ 390	\$ (13)
Adjusted Operating Income*	\$ ** 430	\$ 401	\$ (29)
Reported Diluted EPS	\$ 3.46/share	\$ 3.47/share	\$ 0.01/share
Adjusted Diluted EPS*	\$ 3.77/share	\$ 3.60/share	\$ (0.17)/share

Totals may not foot due to rounding

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

**2017 Gross profit, as well as reported and adjusted operating income restated for pension benefit reclassification due to new accounting standard

First half 2018 Net sales bridge



Totals may not foot due to rounding

First half 2018

Net sales variance by region

	Foreign Exchange	Volume	Price/mix	Net Sales Change
North America	0%	1%	-1%	0%
South America	-11%	7%	4%	0%
Asia Pacific	6%	1%	1%	8%
EMEA	3%	6%	0%	9%
Ingredion	0%	2%	0%	2%

Totals may not foot due to rounding

First half 2018 Operating income bridge

\$ in millions



Totals may not foot due to rounding

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

**2017 Reported and adjusted operating income restated for pension benefit reclassification due to new accounting standard

First half 2018 EPS bridge

Amounts are dollars/share	
1H 2017 Reported Diluted EPS	\$ 3.46
<i>Acquisition/Integration Costs</i>	<i>0.09</i>
<i>Impairment/Restructuring Costs</i>	<i>0.22</i>
1H 2017 Adjusted Diluted EPS*	\$ 3.77
1H 2018 Adjusted Diluted EPS*	\$ 3.60
<i>Impairment/Restructuring Costs/Other</i>	<i>(0.11)</i>
<i>U.S./Canada Tax Settlement</i>	<i>(0.02)</i>
1H 2018 Reported Diluted EPS	\$ 3.47

Margin	\$ (0.49)
Volume	0.19
Foreign Exchange Rates	-
Other Income	0.01
Changes from Operations	\$ (0.29)

Other Non-Operating Income	\$ (0.01)
Financing Costs	-
Non-controlling Interests	0.01
Tax Rate	0.11
Shares Outstanding	0.01
Non-Operational Changes	\$ 0.12

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 2018 cash provided by operations and cash deployment

Amounts are in millions

Net Income	\$ 259
Depreciation and Amortization	\$ 107
Working Capital	\$ (103)
Other	\$ 89
Cash Provided by Operations	\$ 352

Cash Deployment

<i>Capital Expenditures, net*</i>	\$ (160)
<i>Payments for Acquisitions and Investments**</i>	\$ 3
<i>Dividend Payments***</i>	\$ (92)
<i>Share Repurchase, net</i>	\$ (141)

Totals may not foot due to rounding

* Net of proceeds on disposals

** Net of cash acquired

*** Including to non-controlling interest

2018 Income Statement guidance

Anticipated 2018 adjusted EPS* \$7.50 - \$7.80 per share; excluding acquisition-related, integration, and restructuring costs, as well as any potential impairment costs

- Net sales expected to be up versus last year
- Volumes expected to be up versus last year
- Anticipated slightly negative to neutral currency outside the U.S.
- Corporate expenses expected to be higher with investments in global process optimization
- 2018 Financing costs expected to be in the range of \$75 million-\$78 million
- Effective adjusted annual tax rate estimated to be approximately 26.5-28.0%
- Diluted shares outstanding expected to be in range of 72.7 million-73.2 million

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

Regional outlook 2018 vs. 2017

North America

- Net sales expected to be flat
 - Volumes expected to be flat
- Operating income expected to be down

South America

- Net sales expected to be up; anticipated volume recovery and favorable price/mix expected to offset currency headwinds
- Operating income expected to be up

Regional outlook 2018 vs. 2017

Asia Pacific

- Net sales expected to be up
- Operating income expected to be flat to down
- Anticipate improvement in tapioca costs in Q4

EMEA

- Net sales expected to be up driven by anticipated volume growth and improved price/mix
- Operating income expected to be up; anticipated specialty and core volume growth is expected to continue

2018 Cash flow guidance

- Expect strong generation of adjusted cash flow from operations in the range of \$800 million-\$850 million
 - Assumes minimal impact from margin accounts
 - Excludes one-time cash receipts benefits from tax
- Anticipated capital expenditures of approximately \$330-\$360 million
- Strong balance sheet offers opportunities



Ingredion

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, 2018		Three Months Ended June 30, 2017		Six Months Ended June 30, 2018		Six Months Ended June 30, 2017	
	(in millions)	EPS	(in millions)	EPS	(in millions)	EPS	(in millions)	EPS
Net income attributable to Ingredion	\$114	\$1.57	\$130	\$1.78	\$254	\$3.47	\$254	\$3.46
Add back:								
Acquisition/integration costs, net of income tax benefit of \$1 million for the six months ended June 30, 2017 (i)	-	-	-	-	-	-	1	0.01
Restructuring charge, net of income tax benefit of \$3 million and \$3 million for the three and six months ended June 30, 2018, respectively, and \$1 million and \$ - million for the three and six months ended June 30, 2017, respectively (ii)	5	0.07	5	0.07	8	0.11	16	0.22
Charge for fair value mark-up of acquired inventory, net of income tax benefit of \$1 million and \$3 million for the three and six months ended June 30, 2017, respectively (iii)	-	-	3	0.04	-	-	6	0.08
Income tax settlement (iv)	2	0.02	-	-	2	0.02	-	-
Non-GAAP adjusted net income	<u>\$121</u>	<u>\$1.66</u>	<u>\$138</u>	<u>\$1.89</u>	<u>\$264</u>	<u>\$3.60</u>	<u>\$277</u>	<u>\$3.77</u>

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

Notes

(i) The 2017 period includes costs related to the acquisition and integration of Penford Corporation, Kerr Concentrates, Inc., TIC Gums Incorporated, Shandong Huanong Specialty Corn Development Co., Ltd, and/or Sun Flour Industry Co, Ltd.

(ii) During the three and six months ended June 30, 2018, the Company recorded a \$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 costs associated with its Cost Smart program and \$2 million of costs associated with the Company's Finance Transformation initiative. During the six months ended June 30, 2018, the \$11 million net restructuring charges consisted of \$6 million of costs associated with its Cost Smart program, \$4 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 our leaf extraction process in Brazil.

During the three and six months ended June 30, 2017, the Company recorded a \$6 million and \$16 million pre-tax restructuring charge, respectively. During the second quarter of 2017, the Company recorded \$6 million of employee-related severance and other costs associated with the restructuring in Argentina and \$1 million in other restructuring costs related to the Finance Transformation initiative, offset by a \$1 million reduction due to refinement of employee-related severance charges related to prior year restructuring activities. During the six months ended June 30, 2017, the \$16 million net restructuring charges consisted of \$17 million of employee-related severance and other costs associated with the restructuring in Argentina and \$1 million in other restructuring costs related to the Finance Transformation initiative, offset by a \$2 million reduction in employee-related severance costs related to refinement of estimates for prior year restructuring activities.

(iii) The 2017 period includes the flow-through of costs associated with the sale of TIC Gums Incorporated inventory that was adjusted to fair value at the acquisition date in accordance with business combination accounting rules.

(iv) 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 through tax expense.

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,	
	2018	2017	2018	2017
Operating income	\$193	\$210	\$390	\$403
Add back:				
Acquisition/integration costs (i)	-	-	-	2
Restructuring charge (ii)	8	6	11	16
Charge for fair value mark-up of acquired inventory (iii)	-	4	-	9
Non-GAAP adjusted operating income	<u>\$201</u>	<u>\$220</u>	<u>\$401</u>	<u>\$430</u>

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

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

(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 charge (ii)	8	3		11	3	
Income tax settlement (iv)	-	(2)		-	(2)	
Adjusted Non-GAAP	<u>\$ 177</u>	<u>\$ 54</u>	30.5%	<u>\$ 362</u>	<u>\$ 93</u>	25.7%

(in millions)	Three Months Ended June 30, 2017			Six Months Ended June 30, 2017		
	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	\$ 191	\$ 58	30.4%	\$ 365	\$ 105	28.8%
Add back:						
Acquisition/integration costs (i)	-	-		2	1	
Restructuring charge (ii)	6	1		16	-	
Change in fair value mark-up of acquired inventory (iii)	4	1		9	3	
Adjusted Non-GAAP	<u>\$ 201</u>	<u>\$ 60</u>	29.9%	<u>\$ 392</u>	<u>\$ 109</u>	27.8%

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

Reconciliation of GAAP diluted EPS to non-GAAP expected adjusted diluted EPS

	Expected EPS Range for Full Year 2018	
	Low End	High End
GAAP EPS (a)	\$6.61	\$6.94
Add:		
Restructuring charges (b)	0.89	0.86
Expected Adjusted EPS	<u>\$7.50</u>	<u>\$7.80</u>

Above is a reconciliation of our expected full year 2018 diluted EPS to our expected full year 2018 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.

(a) For the reasons stated above, we are more confident in our ability to predict adjusted EPS than we are in our ability to predict GAAP EPS.

(b) Primarily reflects expected 2018 restructuring charges related to the Cost Smart program, including the restructuring charges related to Stockton, and the Finance Transformation initiative in North America previously announced during 2017.

Reconciliation of GAAP cash provided by operating activities to non-GAAP expected cash provided by operating activities

	Expected Cash Provided by Operating Activities for Full Year 2018 (in millions)	
	<u>Low End</u>	<u>High End</u>
GAAP Cash Provided by Operating Activities	\$910	\$970
Less:		
Tax Benefits (c)	110	120
Adjusted Cash Provided by Operating Activities	<u>\$800</u>	<u>\$850</u>

(c) As a result of the 2017 Tax Cuts and Jobs Act and the U.S. - Canada tax settlement announced in Q4 2016, the Company anticipates one-time tax benefits to be received during the year in the range of \$110 million to \$120 million.

New Accounting Regulations

(in millions)	Three Months Ended June 30, 2017			Six Months Ended June 30, 2017		
	Reported	Change	Restated	Reported	Change	Restated
<i>Operating income</i>						
North America	\$ 181	\$ (1)	\$ 180	\$ 341	\$ (3)	\$ 338
South America	4	-	4	18	1	19
Asia Pacific	29	1	30	59	1	60
EMEA	29	-	29	57	-	57
Corporate	(22)	(1)	(23)	(42)	(2)	(44)
Operating income by segment	\$ 221	\$ (1)	\$ 220	\$ 433	\$ (3)	\$ 430
Other non-operating income	-	1	1	-	3	3

- Accounting Standard Update 2017-07 is effective for 2018; prior periods are restated
- The standard is intended to improve the presentation of net periodic benefit cost for pension and postretirement benefit plans
- Presentation change impacts both gross profit and operating income
- No impact on net income or EPS