Ingredion

Third Quarter 2017 Earnings Call

Ilene Gordon, Chairman, President, and CEO
James Gray, Executive Vice President and CFO

NOVEMBER 1, 2017

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," "opportunity," "potential" 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, stockholders are cautioned that no assurance can be given that our expectations will prove correct. Actual results and developments may differ materially from the expectations expressed in or implied by these statements, based on various factors, including the effects of global economic conditions, including, particularly, continuation or worsening of the current economic, currency and political 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 and beverage, paper, 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 United States tax reform; operating difficulties; availability of raw materials, including potato starch, tapioca, gum arabic and the specific varieties of corn upon which our products are based; our ability to develop new products and services at a rate or of a quality 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 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. Factors relating to the acquisition of TIC Gums that could cause actual results and developments to differ from expectations include: the anticipated benefits of the acquisition, including synergies, may not be realized; and the integration of TIC Gum's operations with those of Ingredion which may be materially delayed or may be more costly or difficult than expected. 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, 2016 and subsequent reports on Forms 10-Q and 8-K.

Perspective on third quarter 2017

Business model and strategy are working

- Solid operating income, EPS, adjusted operating income and adjusted EPS growth
- Overall volumes up +2%; acquisition-related volume added +2 pts
- Specialty sales continue to grow
- TIC Gums, Shandong Huanong, Sun Flour integrations continue
- Announced 20% dividend increase in September

North America Q3 highlights

- North America operating income up 9% to $179 million
- Overall volumes up +1%; acquisition-related volume added +4 pts
  - Specialty performance in line with expectations
  - Supply chain interruptions caused by natural disasters and Mexico customer shifts in brewery drove core volume decline
  - Margin expansion driven by operational efficiencies
- TIC Gums integration underway

South America Q3 highlights

- South America operating income $26 million
- Brazil and Argentina network optimization and restructuring in line with expectations
- Overall sales volumes up 3%, but net sales were down driven by the pass through in lower raw material cost in Brazil
- Continued focus on cost discipline

Asia Pacific Q3 highlights

- $29 million of operating income, flat compared to prior year
- Overall volume up +8%; acquisition-related volume added +2 pts
- Strong specialty sales in China and Southeast Asia
- Shandong Huanong and Sun Flour business integration underway
- Unfavorable price/mix in Korea driven by a decision to diversify core customer mix

Europe/Middle East/Africa (EMEA) Q3 highlights

- EMEA operating income up 4% to $26 million
- Overall volume up 1% partially due to Ramadan timing lap
- Favorable volume and price/mix were partially offset by higher costs

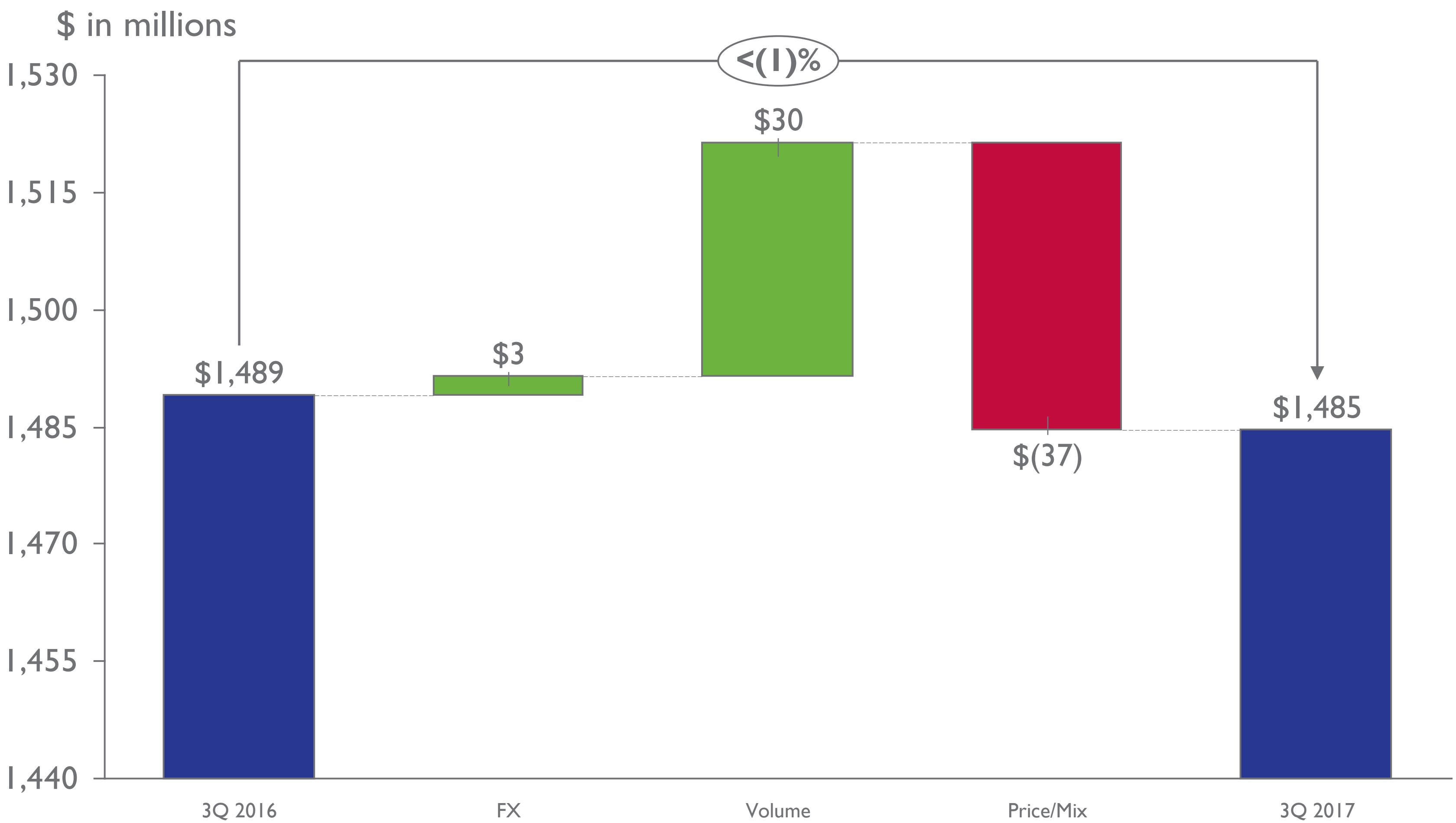
Third quarter 2017
Income statement highlights

$ in millions, unless noted	3Q 2016	3Q 2017	Change
Net Sales	$ 1,489	$ 1,485	$ (4)
Gross Profit	$ 369	$ 388	$ 19
Gross Profit Margin	*24.8%*	*26.2%*	*140 bps.*
Reported Operating Income	$ 221	$ 233	$ 12
Adjusted Operating Income*	$ 223	$ 241	$ 18
Reported Diluted EPS	$ 1.93/share	$ 2.26/share	$ 0.33/share
Adjusted Diluted EPS*	$ 1.96/share	$ 2.21/share	$ 0.25/share

Totals may not foot due to rounding

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

Third quarter 2017
Net sales bridge



Totals may not foot due to rounding

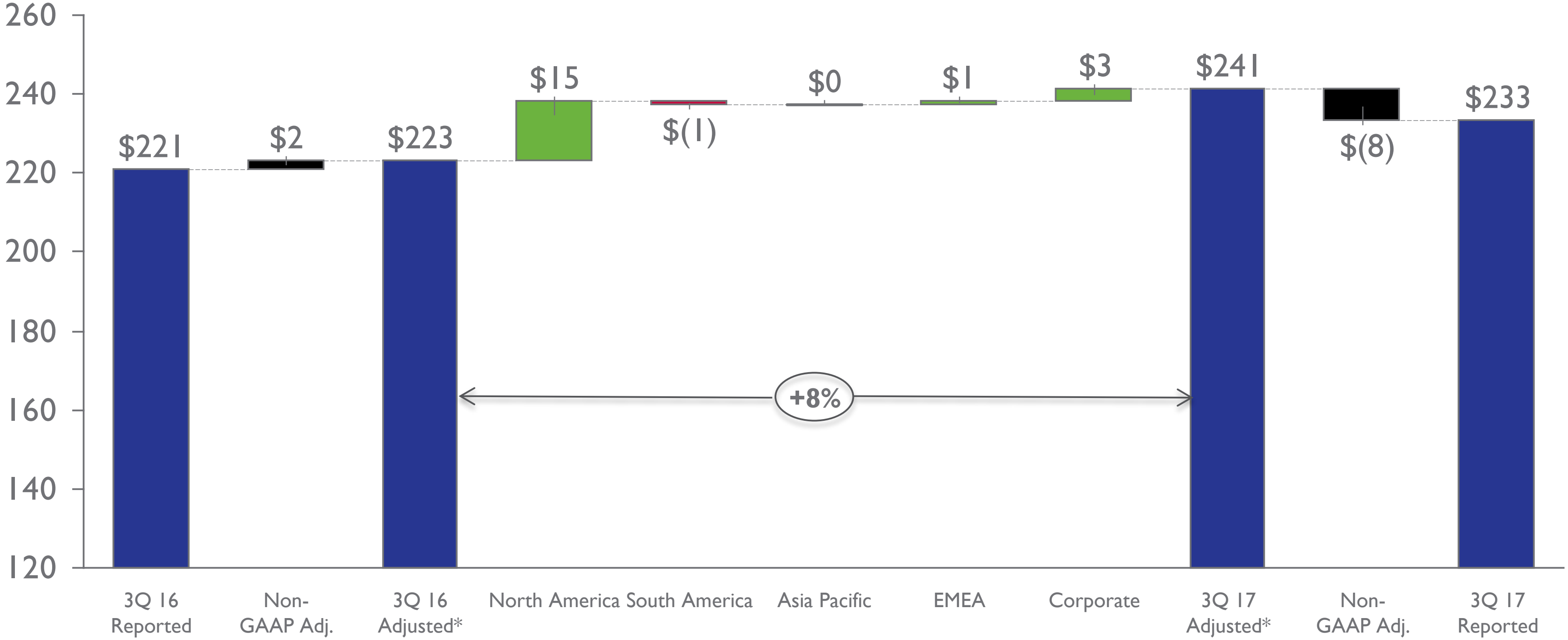
Third quarter 2017
Net sales variance by region

	Foreign Exchange	Volume	Price/mix	Net Sales Change
North America	0%	1%	-1%	**0%**
South America	-2%	3%	-8%	**-7%**
Asia Pacific	0%	8%	-6%	**2%**
EMEA	2%	1%	2%	**5%**
Ingredion	**0%**	**2%**	**-2%**	**0%**

Totals may not foot due to rounding

Third quarter 2017
Operating income bridge

$ in millions



	North America	South America	Asia Pacific	EMEA	Corporate
2017 Q3 OI	$179	$26	$29	$26	$(19)

Totals may not foot due to rounding

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

Third quarter 2017 EPS bridge

Amounts are dollars/share	
Q3 2016 Reported Diluted EPS	**$1.93**
Impairment/Restructuring Costs	*0.02*
Q3 2016 Adjusted Diluted EPS*	**$1.96**
Q3 2017 Adjusted Diluted EPS*	**$2.21**
Acquisition/Integration Costs	*(0.01)*
Impairment/Restructuring Costs	*(0.07)*
U.S./Canada Tax Settlement	*0.14*
Q3 2017 Reported Diluted EPS	**$2.26**

Margin	$ 0.06
Volume	0.08
Foreign Exchange Rates	0.02
Other Income	-
Changes from Operations	$ 0.16

Financing Costs	$ (0.01)
Non-controlling Interests	(0.01)
Tax Rate	0.08
Shares Outstanding	0.03
Non-Operational Changes	$ 0.09

Totals may not foot due to rounding

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

First nine months 2017
Income statement highlights

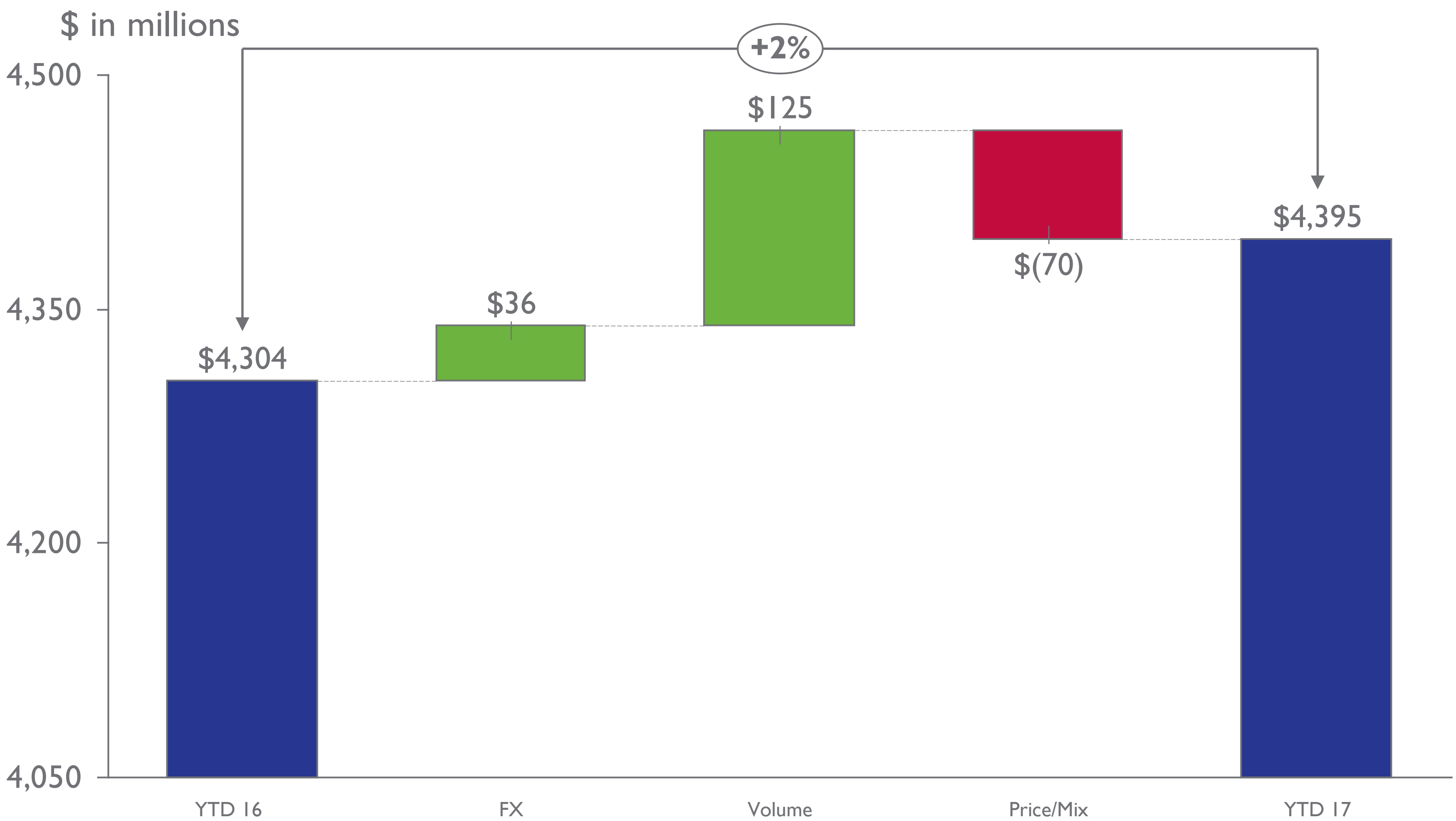
Ingredion

$ in millions, unless noted	YTD 2016	YTD 2017	Change
Net Sales	$ 4,304	$ 4,395	$ 91
Gross Profit	$ 1,063	$ 1,113	$ 50
Gross Profit Margin	*24.7%*	*25.3%*	*60 bps.*
Reported Operating Income	$ 619	$ 639	$ 20
Adjusted Operating Income*	$ 636	$ 674	$ 38
Reported Diluted EPS	$ 5.29/share	$ 5.72/share	$ 0.43/share
Adjusted Diluted EPS*	$ 5.46/share	$ 5.98/share	$ 0.52/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 nine months 2017
Net sales bridge



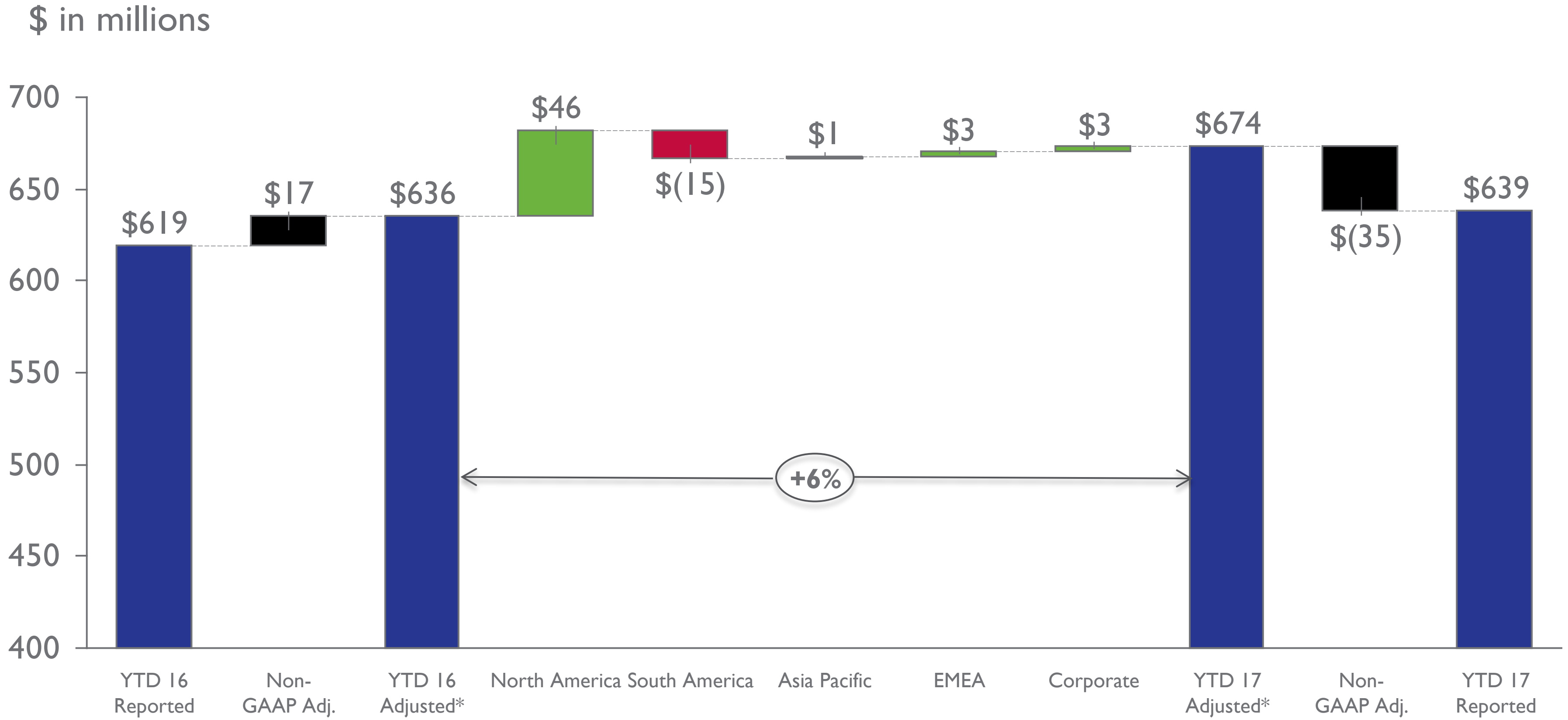
Totals may not foot due to rounding

First nine months 2017
Net sales variance by region

	Foreign Exchange	Volume	Price/mix	Net Sales Change
North America	0%	3%	-1%	**2%**
South America	5%	-1%	-3%	**1%**
Asia Pacific	1%	9%	-6%	**4%**
EMEA	-1%	1%	1%	**1%**
Ingredion	**1%**	**3%**	**-2%**	**2%**

Totals may not foot due to rounding

First nine months 2017
Operating income bridge



	North America	South America	Asia Pacific	EMEA	Corporate
2017 OI	$520	$44	$88	$83	$(61)

Totals may not foot due to rounding

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

First nine months 2017 EPS bridge

Amounts are dollars/share	
YTD 2016 Reported Diluted EPS	**$5.29**
Acquisition/Integration Costs	*0.01*
Impairment/Restructuring Costs	*0.16*
YTD 2016 Adjusted Diluted EPS*	**$5.46**
YTD 2017 Adjusted Diluted EPS*	**$5.98**
Acquisition/Integration Costs	*(0.11)*
Impairment/Restructuring Costs	*(0.29)*
U.S./Canada Tax Settlement	*0.14*
YTD 2017 Reported Diluted EPS	**$5.72**

Margin	$ (0.10)
Volume	0.36
Foreign Exchange Rates	0.08
Other Income	0.02
Changes from Operations	$ 0.36

Financing Costs	$ (0.08)
Non-controlling Interests	(0.01)
Tax Rate	0.20
Shares Outstanding	0.05
Non-Operational Changes	$ 0.16

Totals may not foot due to rounding

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

First nine months 2017 cash provided by operations and cash deployment

Amounts are in millions	
Net Income	$ 429
Depreciation and Amortization	$ 156
Working Capital	$(110)
Other	$ 49
Cash Provided by Operations	**$ 524**

Cash Deployment

*Capital Expenditures, net**	*$ (222)*
*Payments for Acquisitions and Investments***	*$ (22)*
*Dividend Payments****	*$ (120)*
Share Repurchase, net	*$ (120)*

Totals may not foot due to rounding

* Net of proceeds on disposals

** Net of cash acquired

*** Including to non-controlling interest

2017 Income Statement guidance

Anticipated 2017 adjusted EPS $7.65 - $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 currency favorability of $0.05 outside the U.S.
- Corporate expenses expected to be higher
- 2017 Financing costs expected to be in the range of $72-$75 million
- Effective adjusted annual tax rate estimated to be approximately 29%
    - Q4 effective adjusted annual tax rate estimated to be mid 30's
- Diluted shares outstanding expected to be in range of 73.3-73.8 million

Regional outlook 2017 vs. 2016

North America

- Net sales expected to be up
- Volumes expected to be up
- Operating income expected to be up

South America

- Net sales expected to be down
- Continued focus on cost management and optimization opportunities
- Operating income expected to be down, but Q4 up sequentially from Q3

Regional outlook 2017 vs. 2016

Asia Pacific

- Net sales expected to be up; volume growth expected to more than offset pass through of lower input costs and less favorable price/mix
- Operating income expected to be up; anticipated specialty volume growth expected to offset our core customer mix diversification

EMEA

- Net sales expected to be up as anticipated volume growth throughout the region is expected to offset anticipated FX
- Operating income anticipated to be up; anticipated specialty and core volume growth and improved price/mix are expected to more than offset anticipated FX headwinds and higher input costs in Europe

2017 Cash flow guidance

- Expect strong generation of cash from operations in the range of $750-$775 million, impacted by payment and reimbursement timing associated with the U.S.-Canada tax settlement
  - Assumes minimal impact from margin accounts
- Anticipate capital expenditures of approximately $300-$320 million
- Strong balance sheet offers opportunities

Our Strategic Blueprint

A LEADING GLOBAL SUPPLIER OF INGREDIENT SOLUTIONS

SHAREHOLDER VALUE CREATION

Organic Growth	Broadening Ingredient Portfolio	Geographic Scope

OPERATING EXCELLENCE

Ingredion

Questions and Answers

Ingredion

Save the Date - 2017 Analyst Day

Ingredion Analyst Day

November 14, 2017

Ingredion Idea Labs™ - Bridgewater, New Jersey

Ingredion
idea labs™
i2s
IDEAS TO SOLUTIONS

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

	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016		Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
	(in millions)	EPS	(in millions)	EPS	(in millions)	EPS	(in millions)	EPS
Net income attributable to Ingredion	$166	$2.26	$143	$1.93	$420	$5.72	$391	$5.29
Add back:								
Acquisition/integration costs, net of income tax benefit of $0 and $1 million for the three and nine months ended September 30, 2017, respectively, and $0 and $1 million for the three and nine months ended September 30, 2016, respectively (i)	1	0.01	-	-	2	0.03	1	0.01
Restructuring charge, net of income tax benefit of $2 million and $2 million for the three and nine months ended September 30, 2017, respectively, and $1 million and $3 million for the three and nine months ended September 30, 2016, respectively (ii)	5	0.07	2	0.02	21	0.29	12	0.16
Charge for fair value mark-up of acquired inventory, net of income tax benefit of $3 million for the nine months ended September 30, 2017 (iii)	-	-	-	-	6	0.08	-	-
Income tax settlement (iv)	(10)	(0.14)	-	-	(10)	(0.14)	-	-
Non-GAAP adjusted net income	$162	$2.21	$145	$1.96	$439	$5.98	$404	$5.46

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

Notes

(i) The 2017 and 2016 periods include costs related to the acquisition and integration of the businesses acquired from Penford and/or Kerr. Additionally, the 2017 period includes costs related to the acquisitions of TIC Gums Incorporated, Shandong Huanong Specialty Corn Development Co., Ltd, and/or Sun Flour Industry Co, Ltd.

(ii) During the three and nine months ended September 30, 2017, we recorded a $7 million and $23 million pre-tax restructuring charge, respectively. During the third quarter of 2017, we recorded $4 million of employee-related severance and other costs associated with the Finance Transformation initiative and $3 million of other pre-tax restructuring costs including employee-related severance costs in North America. During the nine months ended September 30, 2017, the $23 million of restructuring charges consisted of $17 million of employee-related severance and other costs associated with the restructuring in Argentina, $5 million of employee-related severance and other costs associated with the Finance Transformation initiative, and $1 million of other pre-tax restructuring charges including employee-related severance costs in North America and a refinement of estimates for prior year restructuring activities. During the three and nine months ended September 30, 2016, we recorded a $2 million and $15 million pre-tax restructuring charge, respectively. During the third quarter of 2016, we recorded $2 million of employee-related severance and other costs associated with the execution of IT outsourcing contracts. During the nine months ended September 30, 2016, the $15 million of restructuring charges consisted of $10 million of employee-related severance and other costs associated with the execution of IT outsourcing contracts, $3 million of employee-related severance costs associated with the our optimization initiative in South America, and $2 million of costs attributable to the Port Colborne plant sale.

(iii) The 2017 period includes the flow-through of costs primarily 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) We had been pursuing relief from double taxation under the U.S.-Canada tax treaty for the years 2004-2013. During the fourth quarter of 2016, a tentative settlement was reached between the U.S. and Canada and, consequently, last year we established a net reserve of $24 million, including interest thereon, recorded as a $70 million liability and a $46 million benefit. In the third quarter of 2017, the two countries finalized the agreement, which eliminated the double taxation, and we paid $63 million to the IRS to settle the liability. As a result of that agreement, we are entitled to deduct a foreign exchange loss of $10 million on our 2017 U.S. federal income tax return. The foreign exchange loss was not recognized in income before taxes because it arose from the terms of the agreement.

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

(in millions, pre-tax)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Operating income	$233	$221	$639	$619
Add back:				
Acquisition/integration costs (i)	1	-	3	2
Restructuring charge (ii)	7	2	23	15
Charge for fair value mark-up of acquired inventory (iii)	-	-	9	-
Non-GAAP adjusted operating income	$241	$223	$674	$636

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

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 September 30, 2017 Income before Income Taxes (a)	Three Months Ended September 30, 2017 Provision for Income Taxes (b)	Three Months Ended September 30, 2017 Effective Income Tax Rate (b/a)	Nine Months Ended September 30, 2017 Income before Income Taxes (a)	Nine Months Ended September 30, 2017 Provision for Income Taxes (b)	Nine Months Ended September 30, 2017 Effective Income Tax Rate (b/a)
As Reported	$ 217	$ 48	22.1%	$ 582	$ 153	26.3%
Add back:						
Acquisition/integration costs (i)	1	-		3	1	
Restructuring charge (ii)	7	2		23	2	
Charge for fair value mark-up of acquired inventory (iii)	-	-		9	3	
Income tax settlement (iv)	-	10		-	10	
Adjusted Non-GAAP	$ 225	$ 60	26.7%	$ 617	$ 169	27.4%

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

For notes (i) through (iii) see notes (i) through (iii) included in the Reconcilation 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 September 30, 2016 Income before Income Taxes (a)	Three Months Ended September 30, 2016 Provision for Income Taxes (b)	Three Months Ended September 30, 2016 Effective Income Tax Rate (b/a)	Nine Months Ended September 30, 2016 Income before Income Taxes (a)	Nine Months Ended September 30, 2016 Provision for Income Taxes (b)	Nine Months Ended September 30, 2016 Effective Income Tax Rate (b/a)
As Reported	$ 206	$ 60	29.2%	$ 571	$ 172	30.1%
Add back:						
Acquisition/integration costs (i)	-	-		2	1	
Restructuring charge (ii)	2	1		15	3	
Adjusted Non-GAAP	$ 209	$ 61	29.2%	$ 588	$ 176	29.8%

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

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

Reconciliation of GAAP diluted earnings per share (“EPS”) to non-GAAP expected adjusted diluted earnings per share (“adjusted EPS”)

	Expected EPS Range for Full Year 2017	
	Low End	**High End**
GAAP EPS (a)	$7.36	$7.50
Add:		
Charge for fair value markup of acquired inventory (b)	0.08	0.08
Acquisition/integration costs	0.03	0.03
Restructuring charges	0.32	0.33
Income tax settlement (c)	(0.14)	(0.14)
Expected Adjusted EPS	$7.65	$7.80

Above is a reconciliation of our expected full year 2017 diluted EPS to our expected full year 2017 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 EPS. Therefore, we do not provide guidance concerning GAAP EPS.

(b) Includes the flow-through of costs assocated with inventory that was adjusted to fair value at the acquisition date of our recent acquisitions in accordance with business combination accounting rules.

(c) We had been pursuing relief from double taxation under the U.S.-Canada tax treaty for the years 2004-2013. During the fourth quarter of 2016, a tentative settlement was reached between the U.S. and Canada and, consequently, last year we established a net reserve of $24 million, including interest thereon, recorded as a $70 million liability and a $46 million benefit. In the third quarter of 2017, the two countries finalized the agreement, which eliminated the double taxation, and we paid $63 million to the IRS to settle the liability. As a result of that agreement, we are entitled to deduct a foreign exchange loss of $10 million on our 2017 U.S. federal income tax return. The foreign exchange loss was not recognized in income before taxes because it arose from the terms of the agreement.