

# Dear Valued Shareholders:

In 2018, the Ingredion team delivered \$5.8B in net sales, up slightly from the previous year despite a challenging environment for the packaged-food sector and macroeconomic conditions that impacted our business. We saw specialty volume growth up 1 percent for the full year, and reported and adjusted earnings per share of \$6.17 and \$6.92, respectively. Ingredion's global specialty portfolio grew to 29 percent of total revenue. We continued to invest in our business and capitalized on trends to address the continued demand for ingredients from our on-trend specialty growth platforms, including clean and simple ingredients, sugar reduction and specialty sweeteners, and starch-based texturizers.

When I became president and CEO of Ingredion at the beginning of 2018, I was filled with a great sense of pride to carry forward Ingredion's legacy as a leading global ingredient solutions provider along with our 11,000 employees worldwide. In 2018, we worked quickly to address the disruption and opportunities we are experiencing in our industry to position the company for long-term success.

As always, customers were our priority throughout the year. In response to shifting consumer trends, we made great strides to sharply align our specialties strategy toward future growth opportunities, underpinned by significant investments and supported by a core purpose and performance-driven culture. In response to macroeconomic headwinds that significantly impacted our business, we focused on improving our cost base to become a more streamlined and agile organization.

With a determined focus on commercial excellence, our team has embraced a "Be Preferred" mindset toward customers and consumers. We are focused on being easy to do business with and

co-creating consumer preferred winning products with customers. We are aligning Ingredion's unique value proposition with the food and beverage trends shaping our industry and impacting our customers. We are building a stronger foundation to capitalize on our global reach with a local touch reinforcing our reputation every day as an innovation partner.

## Driving Growth

We remain connected to our diverse customer base through our global footprint and continue to expand our portfolio and R&D capabilities to help our customers meet evolving demands with more of what today's consumers are looking for in food and beverages.

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*"Our innovation capabilities continue to take ideas to solutions and help our customers develop new products that meet increased consumer demand."*

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I am pleased that our team is finding attractive investment opportunities to further broaden our specialty ingredient portfolio. In 2018, we accelerated this momentum, taking several actions to deploy cash and grow our portfolio of on-trend specialty ingredients, including:

- Announcing \$60 million of incremental planned specialty capital investments in Thailand and China to grow our specialty food ingredients by expanding our modified and clean-label starch capabilities in tapioca, waxy corn and rice.
- Enhancing our sugar reduction formulating capabilities by building a new facility in Mexico to produce the rare sugar Allulose, which will enable food and beverage manufacturers to reduce calories from sucrose and other caloric sweeteners in a wide range of products.
- Investing \$140 million in our specialty growth platforms by diversifying our portfolio into plant-based proteins to offer customers an expanded, broad range of solutions to support increased global demand.

## Achieving Operational Excellence

With cost as a strategic priority for Ingredion, we established Cost Smart, a savings program with a \$125 million target by year-end 2021, \$75 million of which will come from the cost of goods sold and \$50 million from SG&A expenses. By the fourth quarter, we actioned \$11 million of run rate savings, exceeding our \$5 million target for the

year. We also reduced our U.S. high fructose corn syrup manufacturing footprint with the cessation of operations at our Stockton, Calif., plant to focus future resources and investments toward our specialty growth initiatives.

We remain on track to achieve our sustainability goals and continue to move forward with customers and stakeholders, which we will discuss in further detail in our annual Sustainability Update. Our safety programs continue to facilitate safe performance and work environments, and in 2018 we exceeded our internal safety goals for employees and registered our second-best performance ever.

In acknowledgment of our efforts, in 2018 Ingredion was awarded our 10th consecutive year on Fortune’s list of the World’s Most Admired Companies, our sixth consecutive year on Ethisphere’s list of the World’s Most Ethical Companies, and our second consecutive year on Bloomberg’s Gender-Equality Index.

**Excited About Our Future**

We are committed to driving operational improvements throughout our business and structurally lowering costs. Equally, we are energized by our commercial excellence initiative to grow, co-create and win with our customers. We are excited by the prospects for our recent growth platform investments, which will provide new ingredients and formulating capabilities to deliver more consumer-preferred innovation to our customers. We have an outstanding leadership team and a relentless focus on the latest market trends that are driving growth across all channels of the food industry.

**Shareholder Value Creation**

We continued our legacy of maintaining a prudent focus on financial discipline to benefit shareholders. Our 2018 capital expenditures of \$349 million were focused primarily on growth initiatives and cost savings. As we enter 2019, we are a more streamlined organization intent on delivering superior shareholder value. We will continue to use our size and scale to reach more customers with an expanded portfolio of high-quality ingredients. As we continue to build momentum and improve our business performance, we will leverage the strength of our balance sheet. We remain committed to returning capital to shareholders, as we demonstrated throughout 2018 with the repurchase of 5.8 million shares and our fourth consecutive annual dividend increase during the third quarter.

We are confident that we are well positioned to continue to grow our business and deliver long-term shareholder value. We are on target to grow specialties to more than \$2 billion in annual sales

**2022 Profit Growth Outlook\***

We are rapidly progressing our strategy to build upon our position as a global specialty ingredients leader. This is the value we aim to deliver to our shareholders: strong and sustainable growth in total and specialty ingredient sales, margin expansion, return on capital and positive earnings. We are on track to achieve our objectives:



\* The company’s long-term objectives are based on non-GAAP financial measures  
 \*\* Specialty sales as a percent of total sales  
 \*\*\* Represents real margin absolute dollar growth; actual margins vary due to pass-through of changes in raw material costs and FX

by 2022, comprising 33 to 36 percent of net revenue. Consistent with past performance, we strive for margin expansion of 1 percentage point through 2022, annual EPS growth in the high single digits through 2022 and more than 10 percent return on capital employed.

Finally, I want to thank all Ingredion employees for their tremendous efforts and commitment to our future success. In addition, I would like to express my appreciation to our Board of Directors for its continued guidance and support. While there is still much work ahead, I am confident that by working together, we will fulfill our purpose of *bringing together the potential of people, nature and technology to create ingredient solutions that make life better.*

Sincerely,

James P. Zallie  
 President and CEO

April 2, 2019