



Ingredion Inc. (INGR)

Updated February 5th, 2025, by Derek English

Key Metrics

Current price:	\$126	5-Year CAGR Estimate:	10.2%	Market Cap:	\$8.2 B
Fair Value Price:	\$161	5-Year Growth Estimate:	3.0%	Ex-Dividend Date:	03/28/2025 ¹
% Fair Value:	78%	5-Year Valuation Multiple Estimate:	5.0%	Dividend Payment Date:	04/23/2025
Dividend Yield:	2.5%	5-Year Price Target	\$187	Years Of Dividend Growth:	14
Dividend Risk Score:	B	Retirement Suitability Score:	B	Rating:	Buy

Overview & Current Events

Ingredion Inc (INGR) is a multinational ingredient solutions company headquartered in Westchester, Illinois. Founded in 1906, INGR was incorporated as a Delaware corporation in 1997, operates in over 44 countries, and employs more than 11,000 people. The company is principally engaged in producing and selling starches and sweeteners for various industries. Essentially, Ingredion turns grains, fruits, vegetables, and other plant-based materials into value-added ingredient solutions for the food, beverage, animal nutrition, brewing, and industrial markets. Ingredion operates in three business segments: Texture & Healthful Solutions, Food & Industrial Ingredients-LATAM and Food & Industrial Ingredients - U.S./Canada.

Ingredion released its Q4 2024 results on February 4th, 2025, reporting a 6% year-over-year decline in quarterly sales to \$1.8 billion. The decrease was primarily driven by lower pricing due to the pass-through of reduced corn costs and the impact of the South Korea business divestiture. Texture & Healthful Solutions continued to be the strongest performer, posting a 24% increase in operating income, fueled by strong demand and improved volumes. Adjusted operating income for the quarter rose 22% to \$248 million, benefiting from lower input costs. Adjusted EPS grew 34% year-over-year to \$2.63, compared to \$1.97 in Q4 2023. For the full year, net sales declined 9% to \$7.43 billion, reflecting lower pricing, the South Korea divestiture, and foreign exchange headwinds. Adjusted operating income increased 5% to \$1.02 billion, supported by lower raw material costs and strong performance across key segments. Full-year adjusted EPS rose 13% to \$10.65, compared to \$9.42 in 2023. Cash from operations reached \$1.44 billion, helped by a \$400 million improvement in working capital as corn costs declined.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$5.51	\$6.55	\$7.06	\$6.17	\$6.13	\$5.15	\$6.67	\$7.34	\$9.60	\$9.71	\$10.75	\$12.46
DPS	\$1.71	\$1.85	\$2.10	\$2.43	\$2.51	\$2.53	\$2.57	\$2.66	\$2.91	\$3.14	\$3.20	\$4.08
Shares	71.6	72.3	72.0	70.9	66.9	67.2	67.1	66.7	66.7	66.7	65.7	65.7

Ingredion's earnings-per-share have grown at a CAGR of 5.6% since 2015. While the company saw a slight decline in 2019 and 2020 due to lower sweetener demand, commodity margin pressures, and higher production and supply chain costs, its cost-smart initiative enabled it to save ~\$170 million.

The company has forecasted its forward-looking guidance with an adjusted EPS between \$10.75 and \$11.50, which includes the gain on the sale of South Korean operations. Given management's strong performance over the last couple of years and volume likely to increase in 2025 with solid demand and breakthrough product innovation in the specialties segment, we have no reason to doubt expectations. However, we project EPS at the low end of the guidance due to the effects of the peso and current volume, which, at \$10.75, represents ~10% growth year-over-year. In August 2024, the company announced a 2.56% dividend increase. This was the company's 14th consecutive annual dividend increase. Despite a lower than expected dividend raise, our dividend growth rate estimate remains at 5%, which is the average raise over the last 5 years and we predict the dividend will be \$4.08 by 2030.

¹ Ex dividend and Dividend payment are Estimated based on past dates

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.4	19.1	19.8	14.8	15.2	15.3	14.6	13.3	11.3	12.7	11.8	15.0
Avg. Yld.	1.8%	1.5%	1.5%	2.7%	2.7%	3.2%	2.6%	2.7%	2.7%	2.6%	2.5%	2.2%

Ingredion expects single-digit sales growth in 2025 as the global market share in clean and simple ingredients, global alternative protein ingredients, and reduced sugar ingredients will increase to over \$70 billion within the next four years. The company has positioned itself to capitalise on this growth by expanding its speciality ingredient portfolio in 2019. This will enable rapid, efficient customer co-creation to develop new food and beverages. The company is starting to see the benefits of this expansion as Sioux City has doubled its production of pea protein isolate, helping to increase sales by three figures worldwide. Ingredion is trading at a price-to-earnings ratio of 11.9, which is just below its average P/E ratio since 2015. The stock is trading at 78% of our fair value estimate of \$161, and we currently have a five-year price target of \$187.

Safety, Quality, Competitive Advantage, & Recession Resiliency

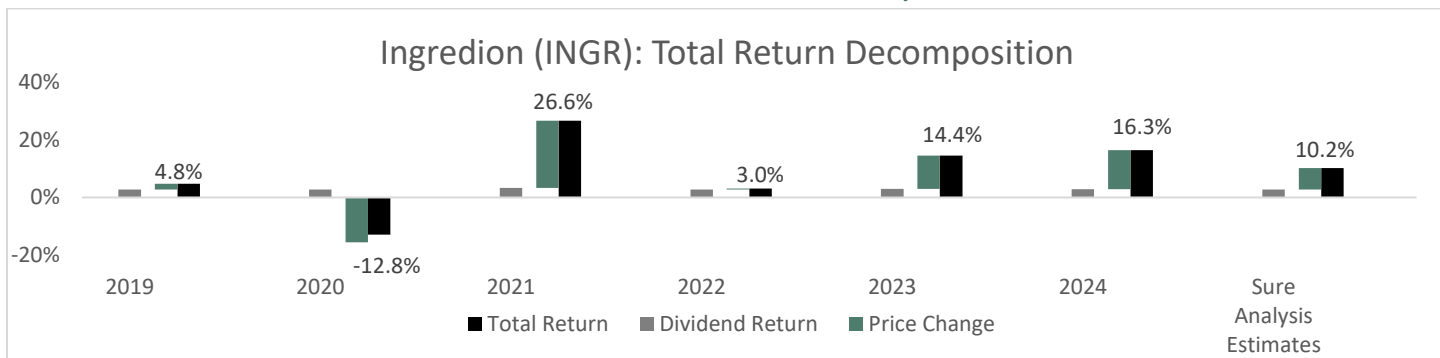
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	31%	28%	30%	39%	41%	49%	39%	36%	30%	32%	30%	33%

Ingredion is a leading provider of ingredients to industries that show growth potential, including the food and beverage industry. The company has a simple business model and nicely positioned itself in the global food supply chain. During the Great Recession, the company performed relatively better than the broader market, with a slight drop in sales and earnings in 2009 before quickly returning to growth in 2010. We have seen a similar trend during the COVID pandemic, with the company quickly returning to growth last year. However, as we have seen, supply chain issues and a higher inflationary environment can impact on the company's bottom line. The starch and sweetener industry is highly competitive, particularly in North America. Many companies' products are considered essential ingredients that compete with virtually identical products manufactured by other companies in the industry, such as Archer-Daniels-Midland (ADM). The company tries to gain a competitive advantage by investing heavily in R&D with a team of over 500 scientists who work on plant science, food formulations, and the development of non-food applications such as starch-based biopolymers.

Final Thoughts & Recommendations

INGR is a solid and straightforward business that will likely grow its dividend in future years. However, some risks should be considered, such as regulation, competition, and the price of raw materials, especially corn. Volumes have also softened, though management expects growth to continue this year. Despite these challenges, we are confident the company can meet its expectations. With a 5-year CAGR estimate of 10.2%, Ingredion receives a buy recommendation from Sure Dividend.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	5958	6082	6244	6289	6209	5987	6894	7946	8160
Gross Profit	1242	1401	1472	1368	1312	1272	1331	1494	1749
Gross Margin	20.8%	23.0%	23.6%	21.8%	21.1%	21.2%	19.3%	18.8%	21.4%
SG&A Exp.	---	---	---	---	---	---	---	---	---
D&A Exp.	194	196	209	247	220	213	220	215	219
Operating Profit	685	825	865	767	721	675	697	766	968
Operating Margin	11.5%	13.6%	13.9%	12.2%	11.6%	11.3%	10.1%	9.6%	11.9%
Net Profit	402	485	519	443	413	348	117	492	643
Net Margin	6.7%	8.0%	8.3%	7.0%	6.7%	5.8%	1.7%	6.2%	7.9%
Free Cash Flow	406	487	455	353	352	489	92	(148)	741
Income Tax	187	246	237	167	158	152	123	166	188

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	5074	5782	6080	5728	6040	6858	6999	7561	7642
Cash & Equivalents	434	512	595	327	264	665	328	236	401
Accounts Receivable	775	923	961	951	977	1011	1130	1411	1279
Inventories	715	789	823	824	861	917	1172	1597	1450
Goodwill & Int. Ass.	1011	1286	1296	1251	1238	1346	1348	1301	1303
Total Liabilities	2894	3187	3163	3320	3268	3856	3774	4299	3992
Accounts Payable	423	440	493	452	504	599	774	873	778
Long-Term Debt	1831	1953	1863	2101	1847	2186	2046	2483	2188
Shareholder's Equity	2144	2565	2891	2388	2751	2981	3136	3195	3593
LTD/E Ratio	0.85	0.76	0.64	0.88	0.67	0.73	0.65	0.78	0.61

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	7.9%	8.9%	8.8%	7.5%	7.0%	5.4%	1.7%	6.8%	8.5%
Return on Equity	18.6%	20.6%	19.0%	16.8%	16.1%	12.1%	3.8%	15.5%	18.6%
ROIC	10.0%	11.3%	11.1%	9.5%	9.0%	7.1%	2.2%	8.9%	11.1%
Shares Out.	73	74.1	73.5	71.8	67.4	67.6	67.8	67.0	67.0
Revenue/Share	81.62	82.08	84.95	87.59	92.12	88.57	101.68	118.60	121.79
FCF/Share	5.56	6.57	6.19	4.92	5.22	7.23	1.36	(2.21)	11.06

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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