

# Mondelēz International Reports Q4 and FY 2020 Results

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## Full Year Highlights

- Net revenues increased 2.8% primarily driven by Organic Net Revenue<sup>1</sup> growth of 3.7%
- Diluted EPS was \$2.47, down 8.2%; Adjusted EPS<sup>1</sup> was \$2.59, up 6.5% on a constant-currency basis
- Cash provided by operating activities was \$4.0 billion, flat versus prior year; Free Cash Flow<sup>1</sup> was \$3.1 billion, an increase of \$0.1 billion versus prior year
- Return of capital to shareholders was \$3.1 billion

## Fourth Quarter Highlights

- Net revenues increased 5.6% primarily driven by Organic Net Revenue growth of 3.2%
- Diluted EPS was \$0.80, up 60.0%; Adjusted EPS was \$0.67, up 8.2% on a constant-currency basis
- Resumed share repurchase program in November and returned \$1.1 billion of capital to shareholders including \$0.7 billion in repurchases

CHICAGO, Jan. 28, 2021 (GLOBE NEWSWIRE) – Mondelēz International, Inc. (NASDAQ: MDLZ) today reported its fourth quarter 2020 results.

"2020 was a successful year for Mondelēz International and I am proud of our performance, including record share gains, in a challenging operating environment. Our categories were resilient, with the exception of gum which represented 5% of our revenue in 2020. The strength of our brands was evident, as was the dedication of colleagues around the world who executed with excellence in difficult circumstances. We made meaningful progress with our strategic agenda in 2020, continuing to increase investment in brands and capabilities, simplifying our portfolio, expanding into adjacent categories and making acquisitions in high growth areas of snacking. We moved quickly to mitigate incremental COVID-related costs and delivered on our commitment to generate strong cash flow.

"We enter 2021 in a strong position financially and in the marketplace which gives us confidence that we can deliver on our long-term growth targets in 2021 and beyond," said Dirk Van de Put, Chairman and Chief Executive Officer.

## Net Revenue

\$ in millions	Reported Net Revenues		Organic Net Revenue Growth		
	Q4 2020	% Chg vs PY	Q4 2020	Vol/Mix	Pricing
<b>Quarter 4</b>					
Latin America	\$ 630	(15.4) %	1.2%	(5.2) pp	6.4 pp
Asia, Middle East & Africa	1,531	5.0	3.0	(0.8)	3.8
Europe	2,959	5.8	3.0	3.6	(0.6)
North America	2,178	13.9	4.5	2.4	2.1
<b>Mondelēz International</b>	<b>\$ 7,298</b>	<b>5.6 %</b>	<b>3.2%</b>	<b>1.3 pp</b>	<b>1.9 pp</b>
Emerging Markets	\$ 2,474	(2.5) %	4.1%	0.3 pp	3.8 pp
Developed Markets	\$ 4,824	10.3 %	2.8%	2.1 pp	0.7 pp
<b>Full Year 2020</b>					
	<b>FY 2020</b>		<b>FY 2020</b>		
Latin America	\$ 2,477	(17.9) %	0.2%	(7.5) pp	7.7 pp
Asia, Middle East & Africa	5,740	(0.5)	1.7	(0.6)	2.3
Europe	10,207	2.4	2.5	2.8	(0.3)
North America	8,157	14.8	8.6	6.3	2.3
<b>Mondelēz International</b>	<b>\$ 26,581</b>	<b>2.8 %</b>	<b>3.7%</b>	<b>1.8 pp</b>	<b>1.9 pp</b>
Emerging Markets	\$ 9,097	(0.6) %	2.3%	(1.3) pp	3.6 pp
Developed Markets	\$ 17,484	8.0 %	4.5%	3.6 pp	0.9 pp

## Operating Income and Diluted EPS

\$ in millions, except per share data

	Reported		Adjusted		
	Q4 2020	vs PY (Rpt Fx)	Q4 2020	vs PY (Rpt Fx)	vs PY (Cst Fx)
<b>Quarter 4</b>					
Gross Profit	\$ 2,872	4.1 %	\$ 2,859	3.4 %	2.6 %
Gross Profit Margin	39.4%	(0.5) pp	39.2%	(0.8) pp	
Operating Income	\$ 1,149	26.8 %	\$ 1,188	7.9 %	5.4 %
Operating Income Margin	15.7%	2.6 pp	16.3%	0.4 pp	
Net Earnings <sup>2</sup>	\$ 1,156	57.7 %	\$ 970	10.2 %	7.6 %

Diluted EPS	\$	0.80	60.0 %	\$	0.67	9.8 %	8.2 %
<b>Full Year 2020</b>							
		<b>FY 2020</b>		<b>FY 2020</b>			
Gross Profit	\$	10,446	1.1 %	\$	10,521	1.8 %	3.6 %
Gross Profit Margin		39.3%	(0.7) pp		39.6%	(0.4) pp	
Operating Income	\$	3,853	0.3 %	\$	4,401	3.2 %	4.6 %
Operating Income Margin		14.5%	(0.4) pp		16.6%	0.1 pp	
Net Earnings <sup>2</sup>	\$	3,555	(9.5) %	\$	3,726	3.7 %	5.1 %
Diluted EPS	\$	2.47	(8.2) %	\$	2.59	5.3 %	6.5 %

#### Full Year Commentary

- **Net revenues** increased 2.8 percent primarily driven by Organic Net Revenue growth of 3.7 percent and incremental sales from the company's acquisitions of Perfect Snacks in July 2019 and Give & Go, which was completed in April 2020, partially offset by unfavorable currency impacts. Volume and pricing drove Organic Net Revenue growth, partially offset by unfavorable mix. Organic Net Revenue grew in all four regions.
- **Gross profit** increased \$109 million, while gross profit margin decreased 70 basis points to 39.3 percent. Gross profit increase was driven by higher Adjusted Gross Profit<sup>1</sup>, partially offset by unfavorable currency impacts and lower mark-to-market gains from currency and commodity derivatives. Adjusted Gross Profit increased \$367 million at constant currency while Adjusted Gross Profit margin decreased 40 basis points to 39.6 percent due to higher raw material costs and unfavorable mix, partially offset by pricing, volume leverage and manufacturing productivity net of incremental COVID-19 costs.
- **Operating income** increased \$10 million and operating income margin was 14.5 percent, down 40 basis points primarily due to lower year-over-year mark-to-market gains from currency and commodity derivatives, higher intangible asset impairments, costs associated with the JDE Peet's transaction, lapping the prior-year gain on a divestiture and lapping the benefit from prior-year pension participation changes, partially offset by the favorable change from the resolution of tax matters (a benefit in 2020 as compared to an expense in 2019) and lower restructuring costs. Adjusted Operating Income<sup>1</sup> increased \$196 million at constant currency, and Adjusted Operating Income margin increased 10 basis points to 16.6 percent driven by SG&A leverage, partially offset by the Adjusted Gross Profit margin decline.
- **Diluted EPS** was \$2.47, down 8.2 percent, primarily due to lapping a prior-year benefit from Swiss tax reform, costs associated with the JDE Peet's transaction, losses on debt extinguishment and higher intangible asset impairment charges, partially offset by a net gain on equity method transactions.
- **Adjusted EPS** was \$2.59, up 6.5 percent on a constant-currency basis, primarily driven by operating gains and fewer shares outstanding.
- **Capital Return:** The company returned \$3.1 billion to shareholders in cash dividends and share repurchases.

#### Fourth Quarter Commentary

- **Net revenues** increased 5.6 percent primarily driven by Organic Net Revenue growth of 3.2 percent and incremental sales from the company's acquisition of Give & Go. Volume and pricing drove Organic Net Revenue growth, partially offset by unfavorable mix. Organic Net Revenue grew in all four regions.
- **Gross profit** increased \$113 million, while gross profit margin decreased 50 basis points to 39.4 percent. Gross profit increase was driven by higher Adjusted Gross Profit and higher mark-to-market gains from currency and commodity derivatives. Adjusted Gross Profit increased \$73 million at constant currency while Adjusted Gross Profit margin decreased 80 basis points to 39.2 percent due to higher raw material costs, partially offset by pricing and manufacturing productivity net of incremental COVID-19 related costs.
- **Operating income** increased \$243 million and operating income margin was 15.7 percent, up 260 basis points primarily due to favorable change from the resolution of tax matters (a benefit in 2020 as compared to an expense in 2019), higher Adjusted Operating Income, favorable year-over-year mark-to-market gains from currency and commodity derivatives and lower restructuring expenses. Adjusted Operating Income increased \$60 million at constant currency, and Adjusted Operating Income margin increased 40 basis points to 16.3 percent driven by SG&A leverage, partially offset by the Adjusted Gross Profit margin decline.
- **Diluted EPS** was \$0.80, up 60.0 percent, primarily due to a net gain on equity method transactions.
- **Adjusted EPS** was \$0.67, up 8.2 percent on a constant-currency basis, primarily driven by operating gains, favorable income taxes and higher equity investment net earnings.
- **Capital Return:** The company returned \$1.1 billion to shareholders in cash dividends and share repurchases. The company resumed its share repurchase program in November after suspending it in March to provide flexibility while managing the COVID-19 situation and response.

#### **2021 Outlook**

Mondelēz International provides guidance on a non-GAAP basis, as the company cannot predict some elements that are included in reported GAAP results, including the impact of foreign exchange. Refer to the Outlook section in the discussion of non-GAAP financial measures below for more details.

For 2021, the company expects performance in line with its long-term growth algorithm of 3+ percent Organic Net Revenue growth, high single-digit percent Adjusted EPS growth on a constant currency basis and Free Cash Flow of \$3+ billion. The company estimates currency translation would increase 2021 net revenue growth by approximately 3 percent<sup>3</sup> with a positive \$0.10 impact to Adjusted EPS<sup>3</sup>.

Guidance is provided in the context of greater than usual volatility as a result of COVID-19. The company strategy and long-term algorithm remain unchanged.

#### **Conference Call**

Mondelēz International will host a conference call for investors with accompanying slides to review its results at 5 p.m. ET today. A listen-only webcast will be provided at [www.mondelezinternational.com](http://www.mondelezinternational.com). An archive of the webcast will be available on the company's web site. The company will be live tweeting the event at [www.twitter.com/MDLZ](https://www.twitter.com/MDLZ).