

Mondelēz International Reports Q2 2022 Results

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Second Quarter Highlights

- Net revenues increased +9.5% driven by Organic Net Revenue¹ growth of +13.1% with underlying Volume/Mix of +5.1%
- Diluted EPS was \$0.54, down 28.9%; Adjusted EPS¹ was \$0.67, up +9.1% on a constant-currency basis
- Year-to-date cash provided by operating activities was \$2.0 billion, an increase of +\$0.2 billion versus prior year; Free Cash Flow¹ was \$1.6 billion, +\$0.2 billion
- Return of capital to shareholders was \$2.5 billion in the first half of the year
- Announced agreement to acquire Clif Bar, a leader in high growth, well-being snack bars, creating a \$1+ billion global snack bar business
- Announcing +10% increase to quarterly dividend
- Raising Organic Net Revenue growth outlook for full year to 8%+

CHICAGO, July 26, 2022 (GLOBE NEWSWIRE) -- Mondelēz International, Inc. (Nasdaq: MDLZ) today reported its second quarter 2022 results.

"Our second quarter and first half results were marked by strong top and bottom-line performance across all regions and categories, supporting the raising of our full-year revenue growth outlook," said Dirk Van de Put, Chairman and Chief Executive Officer. "Our chocolate and biscuit businesses continue to demonstrate strong volume growth and pricing resilience across both developed and emerging markets. These results combined with ongoing cost discipline, simplification and revenue growth management are delivering robust profit dollar growth and strong cash flow, enabling us to increase our dividend by 10 percent.

We also continue to execute against our strategy of accelerating our core business while reshaping our portfolio, most recently with our agreement to acquire Clif Bar, a leader in high growth, well-being snack bars, creating a \$1 billion-plus snack bar business. Clif Bar has the leading position in the U.S. protein and nutrition segments with clear opportunities to expand domestic and international distribution, velocities and profitability to create significant value for our shareholders in the years to come."

Net Revenue

\$ in millions	Reported Net Revenues		Organic Net Revenue Growth		
	Q2 2022	% Chg vs PY	Q2 2022	Vol/Mix	Pricing
Quarter 2					
Latin America	\$ 876	30.9 %	33.0 %	12.4 pp	20.6 pp
Asia, Middle East & Africa	1,535	5.7	13.2	8.7 pp	4.5
Europe	2,626	6.1	10.8	5.9 pp	4.9
North America	2,237	9.3	9.2	(1.0)pp	10.2
Mondelēz International	\$ 7,274	9.5 %	13.1 %	5.1 pp	8.0 pp
Emerging Markets	\$ 2,806	22.4 %	22.5 %	10.2 pp	12.3 pp
Developed Markets	\$ 4,468	2.7 %	8.1 %	2.4 pp	5.7 pp
June Year-to-Date					
	YTD 2022		YTD 2022		
Latin America	\$ 1,702	27.2 %	29.4 %	10.6 pp	18.8 pp
Asia, Middle East & Africa	3,402	6.4	10.9	7.5 pp	3.4
Europe	5,561	4.5	7.6	4.5 pp	3.1
North America	4,373	8.7	8.5 %	(0.4)pp	8.9
Mondelēz International	\$ 15,038	8.3 %	10.7 %	4.3 pp	6.4 pp
Emerging Markets	\$ 5,770	18.8 %	19.4 %	9.9 pp	9.5 pp
Developed Markets	\$ 9,268	2.7 %	6.0 %	1.3 pp	4.7 pp

Operating Income and Diluted EPS

\$ in millions, except per share data	Reported		Adjusted		
	Q2 2022	vs PY (Rpt Fx)	Q2 2022	vs PY (Rpt Fx)	vs PY (Cst Fx)
Quarter 2					
Gross Profit	\$ 2,641	0.4 %	\$ 2,756	4.1 %	9.7%
Gross Profit Margin	36.3 %	(3.3)pp	37.9 %	(2.1)pp	
Operating Income	\$ 927	6.3 %	\$ 1,100	2.3 %	8.5%
Operating Income Margin	12.7	(0.4)pp	15.1	(1.1)pp	

		%		%		%	
Net Earnings ²	\$	747	(30.7) %	\$	925	(0.5) %	7.3%
Diluted EPS	\$	0.54	(28.9) %	\$	0.67	1.5 %	9.1%
June Year-to-Date		<u>YTD 2022</u>		<u>YTD 2022</u>			
Gross Profit	\$	5,624	0.5 %	\$	5,766	4.6 %	9.8%
Gross Profit Margin		37.4%	(2.9)pp		38.3%	(1.5)pp	
Operating Income	\$	2,021	(6.2) %	\$	2,478	4.7 %	11.2%
Operating Income Margin		13.4%	(2.1)pp		16.5%	(0.6)pp	
Net Earnings	\$	1,602	(21.4) %	\$	2,093	1.9 %	9.6%
Diluted EPS	\$	1.15	(20.1) %	\$	1.50	3.4 %	11.7%

Second Quarter Commentary

- **Net revenues** increased 9.5 percent driven by Organic Net Revenue growth of 13.1 percent, and incremental sales from the company's acquisition of Chipita, partially offset by unfavorable currency. Pricing and volume drove Organic Net Revenue growth.
- **Gross profit** increased \$10 million, while gross profit margin decreased 330 basis points to 36.3 percent primarily driven by the decrease in Adjusted Gross Profit¹ margin and lower mark-to-market gains from derivatives. Adjusted Gross Profit increased \$257 million at constant currency, while Adjusted Gross Profit margin decreased 210 basis points to 37.9 percent due to higher raw material and transportation costs and unfavorable mix, partially offset by pricing and volume leverage.
- **Operating income** increased \$55 million and operating income margin was 12.7 percent, down 40 basis points primarily due to lower mark-to-market gains from derivatives, lower Adjusted Operating Income¹ margin and higher acquisition integration costs, partially offset by lower restructuring costs and lapping prior-year pension participation changes. Adjusted Operating Income increased \$91 million at constant currency while Adjusted Operating Income margin decreased 110 basis points to 15.1 percent, with input cost inflation and unfavorable mix, mostly offset by pricing and SG&A leverage.
- **Diluted EPS** was \$0.54, down 28.9 percent, primarily due to lapping a prior-year net gain on equity method transactions, an unfavorable year-over-year change in mark-to-market impacts from derivatives and higher acquisition integration costs, partially offset by lower restructuring costs, lower negative impacts from enacted tax law changes, lapping a prior-year intangible asset impairment charge, lapping a prior-year unfavorable impact of pension participation changes and an increase in Adjusted EPS.
- **Adjusted EPS** was \$0.67, up 9.1 percent on a constant-currency basis driven by strong operating gains, lower taxes and fewer shares outstanding, partially offset by higher interest expense and lower income from equity method investments.
- **Capital Return:** The company returned \$1.2 billion to shareholders in cash dividends and share repurchases. Today, the company's Board of Directors declared a quarterly cash dividend of \$0.385 per share of Class A common stock, an increase of 10 percent. This dividend is payable on October 14, 2022, to shareholders recorded as of September 30, 2022.

2022 Outlook

Mondelēz International provides its outlook 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.

The company is updating its fiscal 2022 outlook to reflect expectations for continued top-line growth, higher cost of goods sold inflation, the timing effect of additional pricing actions and the impact of the war in Ukraine.

For 2022, the company now expects 8+ percent Organic Net Revenue growth, which reflects the strength of its first half and higher pricing related to increased input costs. The company's expectation of mid-to-high single digit Adjusted EPS growth on a constant currency basis remains unchanged. The company's Free Cash Flow outlook remains at \$3+ billion. The company estimates currency translation would decrease 2022 net revenue growth by approximately 5 percent³ with a negative \$0.22 impact to Adjusted EPS³.

Outlook is provided in the context of greater than usual volatility as a result of COVID-19 and geopolitical uncertainty.

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. An archive of the webcast will be available on the company's web site.

About Mondelēz International

Mondelēz International, Inc. (Nasdaq: MDLZ) empowers people to snack right in over 150 countries around the world. With 2021 net revenues of approximately \$29 billion, MDLZ is leading the future of snacking with iconic global and local brands such as *Oreo*, *belVita* and *LU* biscuits; *Cadbury Dairy Milk*, *Milka* and *Toblerone* chocolate; *Sour Patch Kids* candy and *Trident* gum. Mondelēz

International is a proud member of the Standard and Poor's 500, Nasdaq 100 and Dow Jones Sustainability Index. Visit www.mondelezinternational.com or follow the company on Twitter at www.twitter.com/MDLZ.

End Notes

1. Organic Net Revenue, Adjusted Gross Profit (and Adjusted Gross Profit margin), Adjusted Operating Income (and Adjusted Operating Income margin), Adjusted EPS, Free Cash Flow and presentation of amounts in constant currency are non-GAAP financial measures. Please see discussion of non-GAAP financial measures at the end of this press release for more information.
2. Earnings attributable to Mondelēz International.
3. Currency estimate is based on published rates from XE.com on July 20, 2022.

Additional Definitions

Emerging markets consist of the Latin America region in its entirety; the Asia, Middle East and Africa region excluding Australia, New Zealand and Japan; and the following countries from the Europe region: Russia, Ukraine, Türkiye, Kazakhstan, Georgia, Poland, Czech Republic, Slovak Republic, Hungary, Bulgaria, Romania, the Baltics and the East Adriatic countries.

Developed markets include the entire North America region, the Europe region excluding the countries included in the emerging markets definition, and Australia, New Zealand and Japan from the Asia, Middle East and Africa region.