



Mondelez International (MDLZ)

Updated May 3rd, 2025 by Kay Ng

Key Metrics

Current Price:	\$68	5 Year Annual Expected Total Return:	8.7%	Market Cap:	\$87.7B
Fair Value Price:	\$64	5 Year Growth Estimate:	7.5%	Ex-Dividend Date:	06/28/25 ¹
% Fair Value:	106%	5 Year Valuation Multiple Estimate:	-1.1%	Dividend Payment Date:	07/12/25 ¹
Dividend Yield:	2.8%	5 Year Price Target	\$92	Years Of Dividend Growth:	12
Dividend Risk Score:	D	Sector:	Consumer Staples	Rating:	Hold

Overview & Current Events

Mondelez was formed in 1989 as a result of the merger between Philip Morris and General Foods Corp. The company has undergone a slew of mergers and spinoffs since that time, including its North American grocery business, which was called Kraft Foods. That unit is now part of Kraft Heinz (KHC) and the remainder of the business is what we know as Mondelez today – with a focus in its core categories of chocolate, biscuits, and baked snacks. The global food processor manufactures and distributes snacks in more than 150 countries, generating annual revenues of ~\$36 billion. Its 2024 revenues came from 37% in Europe, 30% in North America, 20% in Asia, Middle East, & Africa, and 14% in Latin America. Mondelez reported its Q1 2025 results on 4/29/2025. For the quarter, its organic net revenue growth was 3.1%, driven by higher prices: the underlying volume/mix was -3.5% and pricing was 6.6%. Net revenue rose 0.2% year-over-year (“YOY”) to \$9.3 billion. Organic net revenue growth of 8.9% in Europe was the strongest, followed by 3.9% in Latin America. In Asia, Middle East, & Africa organic net revenue growth was 1.8%, while it was negative at -3.6% in North America. The adjusted gross profit dropped 14% to \$3.1 billion, along with an adjusted gross profit margin contraction of 5.8% to 33.4%. Adjusted earnings tanked 23% to \$963 million, while the adjusted earnings per share (“EPS”) tanked 20% to \$0.74.

Mondelez maintained its guidance for 2025, as follows: Organic net revenue growth of ~5% and adjusted EPS to *decline* by ~10% on a constant currency basis due to “unprecedented cocoa cost inflation”. It also continues to anticipate to generate free cash flow of more than \$3 billion. We also maintain our 2025 EPS estimate at \$3.12.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.75	\$1.94	\$2.14	\$2.43	\$2.47	\$2.62	\$2.79	\$2.95	\$3.32	\$3.36	\$3.12	\$4.48
DPS	\$0.62	\$0.70	\$0.79	\$0.96	\$1.09	\$1.20	\$1.33	\$1.47	\$1.62	\$1.79	\$1.88	\$2.40
Shares¹	1,580	1,528	1,488	1,470	1,453	1,439	1,405	1,375	1,364	1,340	1,305	1,214

Since the Kraft Foods spinoff in 2012, Mondelez has seen steady growth until 2025 when it’s hit by high inflation in cocoa. From 2015 to 2024, it produced an annualized adjusted EPS growth rate of 7.5%. Generally, it employs buybacks which create a tailwind for long-term total returns.

In addition to that growth catalyst, Mondelez’ revenue tends to grow organically. Revenue is the primary driver of earnings growth with margins remaining steady in normal market conditions. Emerging markets generally show higher organic net revenue growth than developed markets. Long term, MDLZ should continue to innovate, invest in its brands, and expand its offerings. We estimate a five-year growth rate of 7.5% assuming that emerging markets will typically drive relatively higher growth than developed markets.

In February 2025, in light of the weak 2025 outlook, we accordingly reduced the dividend growth outlook to project a payout ratio that better aligns with its historical levels of ~50%. That should keep the payout ratio consistent and allow Mondelez to continue to buy back shares as it sees fit, supporting EPS growth and total returns in the long run.

¹ Projected dividend dates; Share count is in millions.

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	23.3	22.1	20.3	17.4	19.4	21.2	21.8	22.1	22.5	20.7	21.7	20.5
Avg. Yld.	1.5%	1.6%	1.8%	2.3%	2.3%	2.2%	2.1%	2.2%	2.3%	2.4%	2.8%	2.6%

Mondelez has become a better income stock since the Kraft spinoff. It has demonstrated its ability to grow organically from its international strategy. Its price-to-earnings ratio of 21.7 suggests a fairly-valued stock.

Safety, Quality, Competitive Advantage, & Recession Resiliency

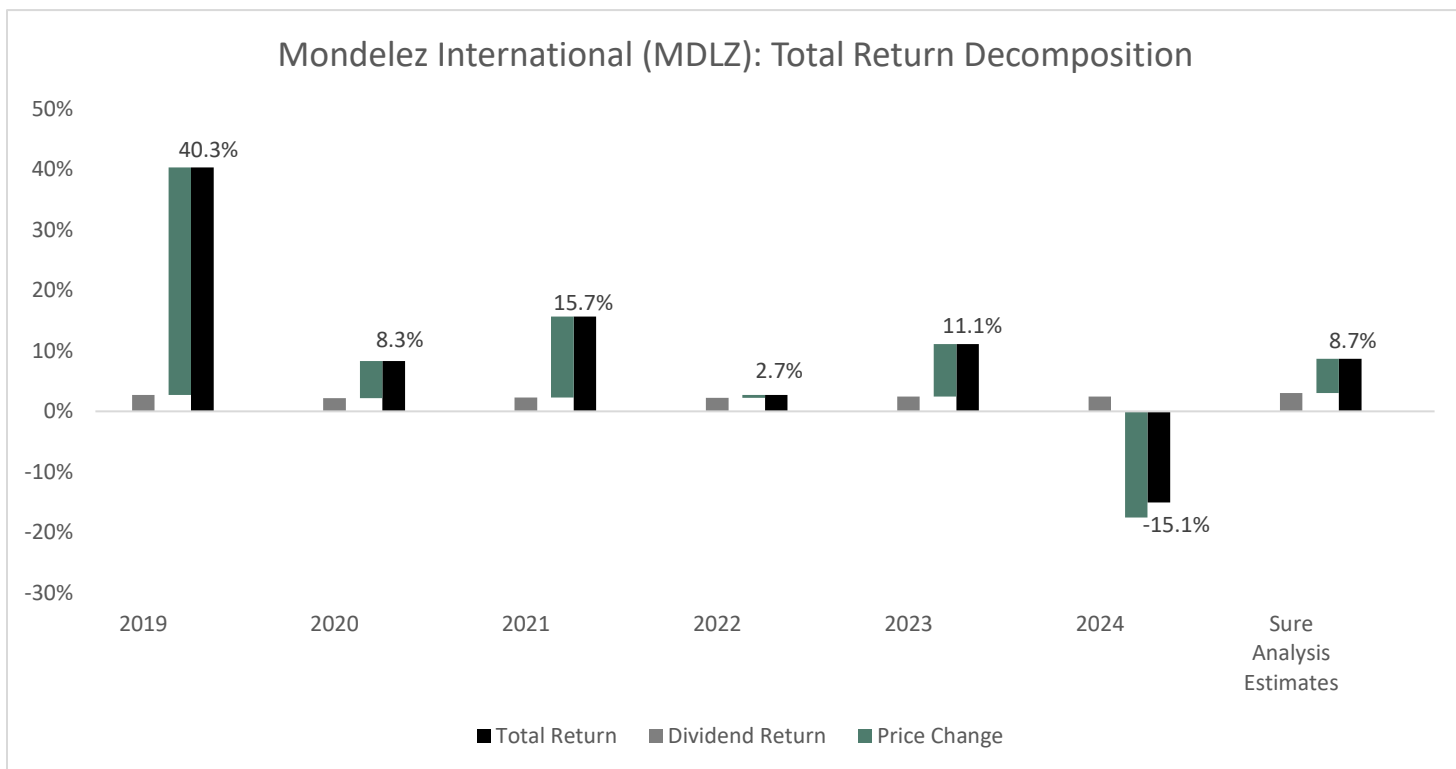
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	35%	36%	37%	40%	44%	46%	47%	50%	51%	53%	60%	54%

Mondelez' dividend payout ratio is expected to elevate to ~60% in 2025. So, we prudently estimated lower dividend growth through 2030. The payout remains sustainable, so we don't expect a dividend cut to be a material risk, even in a recession. The company was able to generate positive \$3 billion in free cash flow even during the pandemic year of 2020. Given Mondelez's solid operating history and the consumer staple products it sells, it should be resilient in recessions. Its competitive advantages include its broad assortment of consumer favorites as well as its diverse distribution base and global supply chain. Mondelez is a true market leader in processed foods worldwide.

Final Thoughts & Recommendation

Mondelez stock is within the fair valuation range. We expect total annual returns of 8.7% for the next five years, consisting of a 2.8% yield, valuation compression of 1.1%, and 7.5% earnings growth. We rate Mondelez as a "hold".

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	29636	25,923	25,896	25,938	25,868	26,581	28,720	31,500	36,020	36,441
Gross Profit	11,512	10,104	10,034	10,352	10,337	10,446	11,254	11,310	13,760	14,257
Gross Margin	38.8%	39.0%	38.7%	39.9%	40.0%	39.3%	39.2%	35.9%	38.2%	39.1%
SG&A Exp.	7,577	6,546	5,938	6,475	6,136	6,098	6,263	7,384	8,002	7,439
D&A Exp.	894	823	816	811	1,047	1,116	1,113	1,107	1,215	1,302
Operating Profit	3,754	3,382	3,918	3,701	4,027	4,154	4,857	3,796	5,611	6,665
Operating Margin	12.7%	13.0%	15.1%	14.3%	15.6%	15.6%	16.9%	12.1%	15.6%	18.3%
Net Profit	7,267	1,635	2,828	3,317	3,929	3,555	4,300	2,717	4,959	4,611
Net Margin	24.5%	6.3%	10.9%	12.8%	15.2%	13.4%	15.0%	8.6%	13.8%	12.7%
Free Cash Flow	22,14	1,614	1,579	2,853	30,40	3,101	3,176	3,002	3,602	3,539
Income Tax	593	114	666	773	2	1,224	1,190	865	1,537	1,469

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	62843	61538	62,957	62,729	64,515	67,810	67,092	71,160	71,390	68,497
Cash & Equivalents	1,870	17,41	761	1,100	1,291	3,619	3,546	1,923	1,810	1,351
Accounts Receivable	2,634	2,611	2,691	2,262	2,212	2,297	2,337	3,088	3,634	4,811
Inventories	2,609	2,469	2,557	2,592	2,546	2,647	2,708	3,381	3,615	3,827
Goodwill & Int.	39432	38377	39,724	38,727	38,805	40,377	40,269	43,160	43,730	41,865
Total Liabilities	34743	36323	36,883	37,016	37,198	40,156	38,769	44,240	43,020	41,539
Accounts Payable	4,890	5,318	5,705	5,794	5,853	6,209	6,730	7,562	8,321	9,433
Long-Term Debt	15398	17199	17,652	18,372	18,303	19,790	19,273	22,640	19,410	15,664
Shareholder's Equity	28012	25161	25,994	25,637	272,41	27,578	28,269	26,880	28,330	26,958
D/E Ratio	0.55	0.68	0.68	0.72	0.67	0.72	0.68	0.84	0.68	0.58

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	11.2%	2.6%	4.5%	5.3%	6.2%	5.4%	6.4%	3.9%	7.0%	6.6%
Return on Equity	26.1%	6.1%	11.1%	12.8%	14.9%	13.0%	15.4%	9.9%	18.0%	16.7%
ROIC	16.5%	3.8%	6.6%	7.6%	8.8%	7.6%	9.0%	5.6%	10.2%	9.8%
Shares Out.	1,580	1,528	1,488	1,470	1,453	1,439	1,405	1,385	1,370	1,341
Revenue/Share	18.10	16.48	16.91	17.45	17.74	18.45	20.33	22.74	26.29	27.17
FCF/Share	1.35	1.03	1.03	1.92	2.09	2.15	2.25	2.17	2.63	2.64

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

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