

Mondelez International, Inc.
Form 10-Q
May 03, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-16483

Mondelez International, Inc.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

Three Parkway North,

52-2284372
(I.R.S. Employer
Identification No.)

60015

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Deerfield, Illinois

(Address of principal executive offices)

(Zip Code)

(Registrant's telephone number, including area code) **(847) 943-4000**

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
(Do not check if a smaller reporting company)	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange

Act). Yes No

At April 28, 2017, there were 1,517,278,172 shares of the registrant's Class A Common Stock outstanding.

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	<i>In this report, for all periods presented, we, us, our, the Company and Mondelez International refer to Mondelez International, Inc. and subsidiaries. References to Common Stock refer to our Class A Common Stock.</i>	

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****Mondelez International, Inc. and Subsidiaries****Condensed Consolidated Statements of Earnings****(in millions of U.S. dollars, except per share data)****(Unaudited)**

	For the Three Months Ended March 31,	
	2017	2016
Net revenues	\$ 6,414	\$ 6,455
Cost of sales	3,889	3,920
Gross profit	2,525	2,535
Selling, general and administrative expenses	1,475	1,615
Asset impairment and exit costs	166	154
Amortization of intangibles	44	44
Operating income	840	722
Interest and other expense, net	119	244
Earnings before income taxes	721	478
Provision for income taxes	(154)	(49)
Gain on equity method investment exchange		43
Equity method investment net earnings	66	85
Net earnings	633	557
Noncontrolling interest earnings	(3)	(3)
Net earnings attributable to Mondelez International	\$ 630	\$ 554
Per share data:		
Basic earnings per share attributable to Mondelez International	\$ 0.41	\$ 0.35
Diluted earnings per share attributable to Mondelez International	\$ 0.41	\$ 0.35
Dividends declared	\$ 0.19	\$ 0.17

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See accompanying notes to the condensed consolidated financial statements.

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Mondelez International, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Earnings
(in millions of U.S. dollars)
(Unaudited)

	For the Three Months Ended March 31,	
	2017	2016
Net earnings	\$ 633	\$ 557
Other comprehensive earnings/(losses), net of tax:		
Currency translation adjustment	543	631
Pension and other benefit plans	1	(6)
Derivative cash flow hedges	18	(7)
Total other comprehensive earnings	562	618
Comprehensive earnings	1,195	1,175
less: Comprehensive earnings attributable to noncontrolling interests	7	16
Comprehensive earnings attributable to Mondelez International	\$ 1,188	\$ 1,159

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**Mondelez International, Inc. and Subsidiaries****Condensed Consolidated Balance Sheets****(in millions of U.S. dollars, except share data)****(Unaudited)**

	March 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	\$ 1,307	\$ 1,741
Trade receivables (net of allowances of \$48 at March 31, 2017 and \$58 at December 31, 2016)	3,035	2,611
Other receivables (net of allowances of \$96 at March 31, 2017 and \$93 at December 31, 2016)	829	859
Inventories, net	2,603	2,469
Other current assets	641	800
Total current assets	8,415	8,480
Property, plant and equipment, net	8,377	8,229
Goodwill	20,515	20,276
Intangible assets, net	18,297	18,101
Prepaid pension assets	162	159
Deferred income taxes	359	358
Equity method investments	5,594	5,585
Other assets	357	350
TOTAL ASSETS	\$ 62,076	\$ 61,538
LIABILITIES		
Short-term borrowings	\$ 4,250	\$ 2,531
Current portion of long-term debt	1,218	1,451
Accounts payable	4,897	5,318
Accrued marketing	1,679	1,745
Accrued employment costs	616	736
Other current liabilities	2,397	2,636
Total current liabilities	15,057	14,417
Long-term debt	12,906	13,217
Deferred income taxes	4,676	4,721
Accrued pension costs	1,717	2,014
Accrued postretirement health care costs	386	382
Other liabilities	1,615	1,572

TOTAL LIABILITIES	36,357	36,323
Commitments and Contingencies (Note 11)		
EQUITY		
Common Stock, no par value (5,000,000,000 shares authorized and 1,996,537,778 shares issued at March 31, 2017 and December 31, 2016)		
Additional paid-in capital	31,826	31,847
Retained earnings	21,468	21,149
Accumulated other comprehensive losses	(10,564)	(11,122)
Treasury stock, at cost (475,623,085 shares at March 31, 2017 and 468,172,237 shares at December 31, 2016)	(17,072)	(16,713)
Total Mondelez International Shareholders Equity	25,658	25,161
Noncontrolling interest	61	54
TOTAL EQUITY	25,719	25,215
TOTAL LIABILITIES AND EQUITY	\$ 62,076	\$ 61,538

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**Mondelez International, Inc. and Subsidiaries****Condensed Consolidated Statements of Equity****(in millions of U.S. dollars, except per share data)****(Unaudited)**

	Mondelez International Shareholders' Equity						
	Accumulated			Other			
	Comprehensive			Earnings			
	Additional	Retained	/	Treasur	Noncontrolling	Total	
	Common	Earnings	(Losses)	Stock	Interest*	Equity	
	Stock	Capital	Earnings	(Losses)	Stock	Interest*	Equity
Balances at January 1, 2016	\$	\$ 31,760	\$ 20,700	\$ (9,986)	\$ (14,462)	\$ 88	\$ 28,100
Comprehensive earnings/(losses):							
Net earnings			1,659			10	1,669
Other comprehensive earnings/(losses), net of income taxes				(1,136)		(17)	(1,153)
Exercise of stock options and issuance of other stock awards		87	(94)		350		343
Common Stock repurchased					(2,601)		(2,601)
Cash dividends declared (\$0.72 per share)			(1,116)				(1,116)
Dividends paid on noncontrolling interest and other activities						(27)	(27)
Balances at December 31, 2016	\$	\$ 31,847	\$ 21,149	\$ (11,122)	\$ (16,713)	\$ 54	\$ 25,215
Comprehensive earnings/(losses):							
Net earnings			630			3	633
Other comprehensive earnings/(losses), net of income taxes				558		4	562
Exercise of stock options and issuance of other stock awards		(21)	(21)		114		72
Common Stock repurchased					(473)		(473)
Cash dividends declared (\$0.19 per share)			(290)				(290)
Dividends paid on noncontrolling interest and other activities							
Balances at March 31, 2017	\$	\$ 31,826	\$ 21,468	\$ (10,564)	\$ (17,072)	\$ 61	\$ 25,719

*

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Noncontrolling interest as of March 31, 2016 was \$92 million, as compared to \$88 million as of January 1, 2016. The change of \$4 million during the three months ended March 31, 2016 was due to \$13 million of other comprehensive earnings, net of taxes, \$3 million of net earnings and \$(12) million of dividends paid.

See accompanying notes to the condensed consolidated financial statements.

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Mondelez International, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in millions of U.S. dollars)
(Unaudited)

	For the Three Months Ended March 31,	
	2017	2016
CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Net earnings	\$ 633	\$ 557
Adjustments to reconcile net earnings to operating cash flows:		
Depreciation and amortization	&n	