



FEATURED OPTIONS RADAR REPORT



Mondelez Bull Sees Upside into Earnings as Snacks Category Remains Strong

Ticker/Price: MDLZ (\$59.50)

Analysis:

Mondelez (MDLZ) with 6,000 May \$60 calls bought for \$1.25 to open today with staples showing relative strength recently and earnings on 4-27. MDLZ has been quiet lately but does still have 3,850 January 2023 \$52.50 calls in OI from late February as well as bullish OI in the Sept. \$55 calls, and June \$57.50 calls. Shares are working higher this week with staples showing some outperformance and near a flag breakout that measures to new 1-year highs. MDLZ is consolidating under a big level that stretches back to early 2020, a broad cup and handle pattern forming all year, and significant upside on a break above \$60. The \$83B company trades 19.2X earnings, 3X sales, and 23X cash with mid-single digit growth forecast. MDLZ outlined a plan in February to accelerate topline growth and market share through expansion into new geographies, new product verticals, and price points. The company continues to make some ambitious portfolio shifts buying Gourmet Food, a category leader in Australia, Grenade, a UK-leader in protein bars, and Hu in January, a maker of 'simple, paleo focused snacks' in the US. MDLZ has earnings on 4-27 and higher in seven of the last ten and should continue to post strong results with their leading share in biscuits and chocolate, two areas that have seen sustained spending in recent SKU checks. Analysts have an average target for shares of \$64 with a Street High \$68. Goldman positive in February as the analyst thinks their long-term plan appears more holistic and nuanced than in the past and lends more credibility to its growth ambitions. Jefferies positive as well noting that the COVID tailwind felt in 2020 isn't expected to be a one-off benefit and consumers surveyed suggest that the away-from-home dining recovery should be gradual even with a vaccine. Short interest is 1.13%. Hedge fund ownership fell 1.5% in Q4 and Trian remains a top holder with 12.2M shares. Insiders last bought stock at \$58.40 in December.

Hawk Vision:



Hawk's Perspective: MDLZ is a quality name with a nice technical setup under that \$60 level and a positive earnings history, although tends not to be a big mover.

Confidence Ranking: \$\$