

Mondelez Bulls Position for Further Strength As Snacking Dominates Quarantine-Life

Date: 5/9/20

Mondelez (MDLZ) shares setting up well after pulling back to cloud support and forming a wide handle of a cup-and-handle formation under \$53.50 and YTD VPOC. MDLZ has seen a lot of bullish flows lately including 800 December \$50 calls bought last week and accumulation in the Sept. \$55 calls.



Date	Description	Volume	Open Int	Price	Delta	Impl Vol	Prob ITM	Premium Paid
5/4/2020	MDLZ 100 18 DEC 20 50 CALL	836	10	\$4.65	0.52	31.69%	42.50%	\$388,740
4/30/2020	MDLZ 100 15 JAN 21 47 PUT	1,727	2,509	\$3.47	-0.33	30.05%	43.40%	\$599,269
4/28/2020	MDLZ 100 18 SEP 20 55 CALL	1,631	2,104	\$1.93	0.36	28.68%	29.37%	\$314,783
4/21/2020	MDLZ 100 18 SEP 20 55 CALL	1,133	1,396	\$2.81	0.4	33.36%	31.72%	\$322,905
3/27/2020	MDLZ 100 15 JAN 21 50 CALL	1,326	2,225	\$4.35	0.48	31.73%	37.05%	\$629,850
3/25/2020	MDLZ 100 15 MAY 20 50 CALL	1,658	56	\$1.54	0.33	43.25%	27.00%	\$319,994
3/25/2020	MDLZ 100 15 MAY 20 52.5 CALL	1,785	0	\$1.11	0.23	39.60%	18.63%	\$198,135
3/24/2020	MDLZ 100 15 JAN 21 42 PUT	2,039	1,543	\$3.70	-0.33	37.33%	46.73%	\$754,430
3/2/2020	MDLZ 100 18 SEP 20 52.5 PUT	1,772	342	\$2.42	-0.37	21.48%	43.18%	\$437,684
2/5/2020	MDLZ 100 19 JUN 20 60 CALL	1,791	1,019	\$1.31	0.36	15.28%	32.86%	\$234,621
2/3/2020	MDLZ 100 19 JUN 20 55 PUT	2,000	947	\$1.41	-0.34	17.32%	38.04%	\$294,000
1/28/2020	MDLZ 100 19 JUN 20 52.5 PUT	1,211	777	\$1.37	-0.33	17.79%	37.14%	\$171,962

The \$73.89B company trades 18.2X earnings and 2.86X sales with a 2.22% yield. They have a Current Ratio of 0.5X and Net Debt / EBITA of 3X. They were previously looking for high-single digit EPS growth and sales in the low-single digits. MDLZ is likely one of the more resilient names to COVID-19 in Q1 given an earlier Easter with some pull forward into Q1 for brands like Cadbury. They also benefit from higher levels of snacking during the shutdown and less reliance on restaurants or on-premise sales than some peers like Pepsi (PEP). Analysts have an average target for shares of \$61. Wells Fargo positive on 4/24 noting they expect a soft Q2 but this quarter should be strong given strength chocolate in Europe and biscuits in China. Stifel upgrading to Buy on 3-30 call it a "best-in-class" consumer staples business that has experienced an acceleration in growth due to its leading brands. On 4-9, Credit Suisse positive expecting outsized growth in North America and Western Europe (about 55% of sales) offsetting declines from lock-ins in China and some other emerging markets (about 37% sales). BAML positive on 4-16 and the effect of 'pantry loading.' They like MDLZ due to its strong balance sheet, in-home consumption lift in North America, and flexible portfolio in international markets. Short interest is 0.8%. Hedge fund ownership fell 2.5% in Q4. Point72 a buyer of 1.25M shares.

