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Mondelēz International Reports Q2 Results

- Net revenues increased 2.1%; Organic Net Revenue¹ grew 3.5%
- Operating income margin was 7.9%, down 270 basis points; Adjusted Operating Income¹ margin was 16.7%, up 130 basis points
- Diluted EPS was \$0.22, down 31%; Adjusted EPS¹ was \$0.56, up 15% on a constant-currency basis
- Announcing 18% increase to quarterly cash dividend

DEERFIELD, Ill. – July 25, 2018 – Mondelēz International, Inc. (NASDAQ: MDLZ) today reported its second quarter 2018 results.

“We delivered a strong second quarter, in both developed and emerging markets, building on the momentum created in the beginning of the year,” said Dirk Van de Put, Chairman and CEO. “We posted solid top-line results with good performance across all regions. We remain focused on executing against our plans and will share the results of our strategic review with investors in September.”

Net Revenue

\$ in millions	Reported Net Revenues		Organic Net Revenue Growth		
	Q2 2018	% Chg vs PY	Q2 2018	Vol/Mix	Pricing
Quarter 2					
Latin America	\$ 774	(8.7)%	3.8 %	(2.3)pp	6.1 pp
Asia, Middle East & Africa	1,360	(2.4)	1.7	(1.0)	2.7
Europe	2,303	6.1	2.8	3.5	(0.7)
North America	1,675	6.5	5.7	5.1	0.6
Mondelēz International	\$ 6,112	2.1 %	3.5 %	2.1 pp	1.4 pp
Emerging Markets	\$ 2,309	0.2 %	4.7 %		
Developed Markets	3,803	3.3	2.6		
Power Brands	\$ 4,548	5.2 %	4.7 %		
June Year-to-Date	June YTD		June YTD		
Latin America	\$ 1,665	(5.3)%	3.0 %	(3.1)pp	6.1 pp
Asia, Middle East & Africa	2,902	0.6	2.7	0.8	1.9
Europe	5,009	10.4	3.8	4.6	(0.8)
North America	3,301	2.5	1.9	1.9	-
Mondelēz International	\$ 12,877	3.8 %	2.9 %	1.9 pp	1.0 pp
Emerging Markets	\$ 4,893	4.0 %	5.1 %		
Developed Markets	7,984	3.8	1.5		
Power Brands	\$ 9,685	6.8 %	3.7 %		

Operating Income and Diluted EPS

\$ in millions	Reported		Adjusted		
	Q2 2018	vs PY	Q2 2018	vs PY	vs PY
		(Rpt Fx)		(Rpt Fx)	(Cst Fx)
Quarter 2					
Gross Profit	\$ 2,540	9.8 %	\$ 2,472	5.6 %	4.7 %
Gross Profit Margin	41.6 %	2.9 pp	40.4 %	0.6 pp	
Operating Income	\$ 481	(24.4)%	\$ 1,018	12.4 %	11.3 %
Operating Income Margin	7.9 %	(2.7)pp	16.7 %	1.3 pp	
Net Earnings ²	\$ 323	(35.1)%	\$ 826	12.2 %	10.6 %
Diluted EPS	\$ 0.22	(31.3)%	\$ 0.56	16.7 %	14.6 %
June Year-to-Date					
	June YTD		June YTD		
Gross Profit	\$ 5,389	11.5 %	\$ 5,138	5.2 %	2.0 %
Gross Profit Margin	41.8 %	2.8 pp	39.9 %	(0.3)pp	
Operating Income	\$ 1,705	16.7 %	\$ 2,151	10.9 %	6.9 %
Operating Income Margin	13.2 %	1.4 pp	16.7 %	0.7 pp	
Net Earnings	\$ 1,261	11.8 %	\$ 1,754	13.9 %	8.4 %
Diluted EPS	\$ 0.84	15.1 %	\$ 1.17	17.0 %	12.0 %

Second Quarter Commentary

- **Net revenues** increased 2.1 percent, including the impact of prior year divestitures. Organic Net Revenue increased 3.5 percent, which included the benefit of lapping the prior year's malware incident, and the negative impact of Easter shipment timing and the Brazil trucking strike.
- **Gross profit margin** was 41.6 percent, an increase of 290 basis points driven primarily by a favorable impact from currency and commodity hedging activities. Adjusted Gross Profit margin was 40.4 percent, an increase of 60 basis points, driven by productivity savings and improved volume leverage.
- **Operating income margin** was 7.9 percent, down 270 basis points, driven primarily by the impact from pension participation changes in North America, partially offset by a favorable impact from currency and commodity hedging activities. Adjusted Operating Income margin increased 130 basis points to 16.7 percent due to productivity savings and lower selling, general & administrative costs.
- **Diluted EPS** was \$0.22, down 31 percent, driven by the impact from pension participation changes in North America and loss on debt extinguishment & related expenses partially offset by a favorable impact from currency and commodity hedging activities.
- **Adjusted EPS** was \$0.56 and grew 15 percent on a constant-currency basis, driven primarily by operating gains.
- **Capital Return:** The company repurchased approximately \$650 million of its common stock and paid approximately \$300 million in cash dividends. Year to date, the company has returned approximately \$1.8 billion. Today, the company's Board of Directors also declared a quarterly cash dividend of \$0.26 per share of Class A common stock, an increase of 18 percent. This dividend is payable on October 12, 2018, to shareholders of record as of September 28, 2018.

2018 Outlook

Mondelēz International provides guidance 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 raised its full year 2018 outlook for Organic Net Revenue growth to the high end of the previous range of 1 to 2 percent. The company maintained its outlook for Adjusted Operating Income margin of approximately 17 percent and double-digit Adjusted EPS growth on a constant-currency basis. The company estimates currency translation would decrease net revenue growth by approximately 1 percent³ with no impact to Adjusted EPS³. In addition, the company continues to expect Free Cash Flow¹ of approximately \$2.8 billion.

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. The company will be live tweeting the event at www.twitter.com/MDLZ.

About Mondelēz International

Mondelēz International, Inc. (NASDAQ: MDLZ) is building the best snacking company in the world, with 2017 net revenues of approximately \$26 billion. Creating more moments of joy in approximately 160 countries, Mondelēz International is a world leader in biscuits, chocolate, gum, candy and powdered beverages, featuring global Power Brands such as *Oreo* and *beVita* biscuits; *Cadbury Dairy Milk* and *Milka* chocolate; 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 Operating Income (and Adjusted Operating Income margin), Adjusted EPS, Adjusted Gross Profit (and Adjusted Gross Profit margin), 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. Net earnings attributable to Mondelēz International.
3. Currency estimate is based on published rates from XE.com on July 20, 2018.

Additional Definitions

Power Brands include some of the company's largest global and regional brands, such as *Oreo*, *Chips Ahoy!*, *Ritz*, *TUC/Club Social* and *belVita* biscuits; *Cadbury Dairy Milk*, *Milka* and *Lacta* chocolate; *Trident* gum; *Halls* candy; and *Tang* powdered beverages.

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, Turkey, Kazakhstan, Belarus, 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.

Forward-Looking Statements

This press release contains a number of forward-looking statements. Words, and variations of words, such as "will," "expect," "may," "would," "could," "estimate," "anticipate," "guidance," "outlook" and similar expressions are intended to identify the company's forward-looking statements, including, but not limited to, statements about: the company's future performance, including its future revenue growth, earnings per share, margins and cash flow; currency and the effect of foreign exchange translation on the company's results of operations; the company's accounting for and the impact of U.S. tax reform; the company's liability related to partial withdrawal from the Bakery and Confectionery Union and Industry International Pension Fund and timing of receipt of the assessment from the Fund; the impacts of the malware incident; the company's strategic review; and the company's outlook, including 2018 Organic Net Revenue growth, Adjusted Operating Income margin, Adjusted EPS and Free Cash Flow. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the company's control, which could cause the company's actual results to differ materially from those indicated in the company's forward-looking statements. Such factors include, but are not limited to, risks from operating globally including in emerging markets; changes in currency exchange rates, controls and restrictions; continued volatility of commodity and other input costs; weakness in economic conditions; weakness in consumer spending; pricing actions; tax matters including changes in tax rates and laws, disagreements with taxing authorities and imposition of new taxes; use of information technology and third party service providers; unanticipated disruptions to the company's business, such as the malware incident, cyberattacks or other security breaches; competition; the restructuring program and the company's other transformation initiatives not yielding the anticipated benefits; and changes in the assumptions on which the restructuring program is based. Please also see the company's risk factors, as they may be amended from time to time, set forth in its filings with the SEC, including the company's most recently filed Annual Report on Form 10-K. Mondelez International disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release, except as required by applicable law or regulation.



Mondelēz International, Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings
(in millions of U.S. dollars and shares, except per share data)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Net revenues	\$ 6,112	\$ 5,986	\$ 12,877	\$ 12,400
Cost of sales	3,572	3,672	7,488	7,568
Gross profit	2,540	2,314	5,389	4,832
Gross profit margin	41.6%	38.7%	41.8%	39.0%
Selling, general and administrative expenses	1,904	1,455	3,431	2,938
Asset impairment and exit costs	111	176	165	342
(Gain)/loss on divestitures	-	3	-	3
Amortization of intangibles	44	44	88	88
Operating income	481	636	1,705	1,461
Operating income margin	7.9%	10.6%	13.2%	11.8%
Benefit plan non-service income	(15)	(5)	(28)	(20)
Interest and other expense, net	248	124	328	243
Earnings before income taxes	248	517	1,405	1,238
Provision for income taxes	(14)	(84)	(321)	(238)
Effective tax rate	5.6%	16.2%	22.8%	19.2%
Equity method investment net earnings	91	67	185	133
Net earnings	325	500	1,269	1,133
Noncontrolling interest earnings	(2)	(2)	(8)	(5)
Net earnings attributable to Mondelēz International	<u>\$ 323</u>	<u>\$ 498</u>	<u>\$ 1,261</u>	<u>\$ 1,128</u>
Per share data:				
Basic earnings per share attributable to Mondelēz International	<u>\$ 0.22</u>	<u>\$ 0.33</u>	<u>\$ 0.85</u>	<u>\$ 0.74</u>
Diluted earnings per share attributable to Mondelēz International	<u>\$ 0.22</u>	<u>\$ 0.32</u>	<u>\$ 0.84</u>	<u>\$ 0.73</u>
Average shares outstanding:				
Basic	1,475	1,519	1,482	1,524
Diluted	1,488	1,539	1,496	1,544

Mondelēz International, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in millions of U.S. dollars)
(Unaudited)

	June 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	\$ 1,246	\$ 761
Trade receivables	2,416	2,691
Other receivables	818	835
Inventories, net	2,683	2,557
Other current assets	1,039	676
Total current assets	<u>8,202</u>	<u>7,520</u>
Property, plant and equipment, net	8,384	8,677
Goodwill	21,002	21,085
Intangible assets, net	18,362	18,639
Prepaid pension assets	169	158
Deferred income taxes	259	319
Equity method investments	6,223	6,345
Other assets	373	366
TOTAL ASSETS	<u>\$ 62,974</u>	<u>\$ 63,109</u>
LIABILITIES		
Short-term borrowings	\$ 4,074	\$ 3,517
Current portion of long-term debt	780	1,163
Accounts payable	5,248	5,705
Accrued marketing	1,587	1,728
Accrued employment costs	614	721
Other current liabilities	2,529	2,959
Total current liabilities	<u>14,832</u>	<u>15,793</u>
Long-term debt	14,857	12,972
Deferred income taxes	3,395	3,376
Accrued pension costs	1,389	1,669
Accrued postretirement health care costs	395	419
Other liabilities	2,819	2,689
TOTAL LIABILITIES	<u>37,687</u>	<u>36,918</u>
EQUITY		
Common Stock	-	-
Additional paid-in capital	31,913	31,915
Retained earnings	23,305	22,749
Accumulated other comprehensive losses	(10,526)	(9,998)
Treasury stock	(19,489)	(18,555)
Total Mondelēz International Shareholders' Equity	<u>25,203</u>	<u>26,111</u>
Noncontrolling interest	84	80
TOTAL EQUITY	<u>25,287</u>	<u>26,191</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 62,974</u>	<u>\$ 63,109</u>

	June 30, 2018	December 31, 2017	Incr/(Decr)
Short-term borrowings	\$ 4,074	\$ 3,517	\$ 557
Current portion of long-term debt	780	1,163	(383)
Long-term debt	14,857	12,972	1,885
Total Debt	<u>19,711</u>	<u>17,652</u>	<u>2,059</u>
Cash and cash equivalents	1,246	761	485
Net Debt ⁽¹⁾	<u>\$ 18,465</u>	<u>\$ 16,891</u>	<u>\$ 1,574</u>

⁽¹⁾ Net debt is defined as total debt, which includes short-term borrowings, current portion of long-term debt and long-term debt, less cash and cash equivalents.

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

	For the Six Months Ended	
	June 30,	
	2018	2017
CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Net earnings	\$ 1,269	\$ 1,133
Adjustments to reconcile net earnings to operating cash flows:		
Depreciation and amortization	407	395
Stock-based compensation expense	67	77
U.S. tax reform transition tax	86	-
Deferred income tax provision	(46)	-
Asset impairments and accelerated depreciation	43	168
Loss on early extinguishment of debt	140	11
(Gain)/loss on divestitures	-	3
Equity method investment net earnings	(185)	(133)
Distributions from equity method investments	151	132
Other non-cash items, net	366	(29)
Change in assets and liabilities, net of acquisitions and divestitures:		
Receivables, net	112	153
Inventories, net	(240)	(181)
Accounts payable	(325)	(430)
Other current assets	(41)	(88)
Other current liabilities	(481)	(646)
Change in pension and postretirement assets and liabilities, net	(141)	(303)
Net cash provided by/(used in) operating activities	<u>1,182</u>	<u>262</u>
CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		
Capital expenditures	(532)	(488)
Acquisition, net of cash received	(528)	-
Proceeds from divestiture, net of disbursements	-	169
Proceeds from sale of property, plant and equipment and other assets	19	33
Net cash provided by/(used in) investing activities	<u>(1,041)</u>	<u>(286)</u>
CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		
Issuances of commercial paper, maturities greater than 90 days	1,315	1,150
Repayments of commercial paper, maturities greater than 90 days	(1,020)	(1,141)
Net issuances of other short-term borrowings	298	2,230
Long-term debt proceeds	2,948	350
Long-term debt repaid	(1,442)	(1,469)
Repurchase of Common Stock	(1,177)	(1,069)
Dividends paid	(657)	(581)
Other	124	154
Net cash provided by/(used in) financing activities	<u>389</u>	<u>(376)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(45)</u>	<u>56</u>
Cash and cash equivalents:		
Increase/(decrease)	485	(344)
Balance at beginning of period	761	1,741
Balance at end of period	<u>\$ 1,246</u>	<u>\$ 1,397</u>

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Financial Measures
(Unaudited)

The company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”). However, management believes that also presenting certain non-GAAP financial measures provides additional information to facilitate comparison of the company’s historical operating results and trends in its underlying operating results, and provides additional transparency on how the company evaluates its business. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the company’s performance. The company also believes that presenting these measures allows investors to view its performance using the same measures that the company uses in evaluating its financial and business performance and trends.

The company considers quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of its ongoing financial and business performance and trends. The adjustments generally fall within the following categories: acquisition & divestiture activities, gains and losses on intangible asset sales and non-cash impairments, major program restructuring activities, constant currency and related adjustments, major program financing and hedging activities and other major items affecting comparability of operating results. See below for a description of adjustments to the company’s U.S. GAAP financial measures included herein.

Non-GAAP information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, the company’s non-GAAP financial measures may not be the same as or comparable to similar non-GAAP measures presented by other companies.

Because GAAP financial measures on a forward-looking basis are not accessible and reconciling information is not available without unreasonable effort, the company has not provided that information with regard to the non-GAAP financial measures in the company’s outlook. Refer to the Outlook section below for more details.

DEFINITIONS OF THE COMPANY’S NON-GAAP FINANCIAL MEASURES

The company’s non-GAAP financial measures and corresponding metrics reflect how the company evaluates its operating results currently and provide improved comparability of operating results. As new events or circumstances arise, these definitions could change. When these definitions change, the company provides the updated definitions and presents the related non-GAAP historical results on a comparable basis. When items no longer impact the company’s current or future presentation of non-GAAP operating results, the company removes these items from its non-GAAP definitions. During the second quarter of 2018, the company added to the non-GAAP definitions the exclusion of the impact from pension participation changes.

- **“Organic Net Revenue”** is defined as net revenues excluding the impacts of acquisitions; divestitures; and currency rate fluctuations. The company also evaluates Organic Net Revenue growth from emerging markets and its Power Brands.
- **“Adjusted Gross Profit”** is defined as gross profit excluding the 2014-2018 Restructuring Program; acquisition integration costs; the operating results of divestitures; mark-to-market impacts from commodity and forecasted currency transaction derivative contracts; and incremental expenses related to the 2017 malware incident. The company also presents “Adjusted Gross Profit margin,” which is subject to the same adjustments as Adjusted Gross Profit. The company also evaluates growth in the company’s Adjusted Gross Profit on a constant currency basis.
- **“Adjusted Operating Income”** and **“Adjusted Segment Operating Income”** are defined as operating income (or segment operating income) excluding the impacts of the items listed in the Adjusted Gross Profit definition as well as gains or losses (including non-cash impairment charges) on goodwill and intangible assets; divestiture or acquisition gains or losses and related divestiture, acquisition and integration costs; impacts from resolution of tax matters; CEO transition remuneration; and impact from pension participation changes. The company also presents “Adjusted Operating Income margin” and “Adjusted Segment Operating Income margin”, which are subject to the same adjustments as Adjusted Operating Income and Adjusted Segment Operating Income. The company also evaluates growth in the company’s Adjusted Operating Income and Adjusted Segment Operating Income on a constant currency basis.
- **“Adjusted EPS”** is defined as diluted EPS attributable to Mondelēz International from continuing operations excluding the impacts of the items listed in the Adjusted Operating Income definition as well as losses on debt extinguishment and related expenses; gain on equity method investment transactions; net earnings from divestitures; gains or losses on interest rate swaps no longer designated as accounting cash flow hedges due to changed financing and hedging plans; and U.S. tax reform discrete impacts. Similarly, within

Adjusted EPS, the company's equity method investment net earnings exclude its proportionate share of its investees' unusual or infrequent items. The tax impact of each of the items excluded from the company's GAAP results was computed based on the facts and tax assumptions associated with each item and such impacts have also been excluded from Adjusted EPS. The company also evaluates growth in the company's Adjusted EPS on a constant currency basis.

- **"Free Cash Flow"** is defined as net cash provided by operating activities less capital expenditures. Free Cash Flow is the company's primary measure used to monitor its cash flow performance.

See the attached schedules for supplemental financial data and corresponding reconciliations of the non-GAAP financial measures referred to above to the most comparable GAAP financial measures for the three months and six months ended June 30, 2018. See Items Impacting Comparability of Operating Results below for more information about the items referenced in these definitions.

SEGMENT OPERATING INCOME

The company uses segment operating income to evaluate segment performance and allocate resources. The company believes it is appropriate to disclose this measure to help investors analyze segment performance and trends. Segment operating income excludes unrealized gains and losses on hedging activities (which are a component of cost of sales), general corporate expenses (which are a component of selling, general and administrative expenses), amortization of intangibles, gains and losses on divestitures and acquisition-related costs (which are a component of selling, general and administrative expenses), in all periods presented. The company excludes these items from segment operating income in order to provide better transparency of its segment operating results. Furthermore, the company centrally manages benefit plan non-service income and interest and other expense, net. Accordingly, the company does not present these items by segment because they are excluded from the segment profitability measure that management reviews.

ITEMS IMPACTING COMPARABILITY OF OPERATING RESULTS

The following information is provided to give qualitative and quantitative information related to items impacting comparability of operating results. The company identifies these based on how management views the company's business; makes financial, operating and planning decisions; and evaluates the company's ongoing performance. In addition, the company discloses the impact of changes in currency exchange rates on the company's financial results in order to reflect results on a constant currency basis.

Divestitures, Divestiture-related costs and Gains/(losses) on divestitures

Divestitures include completed sales of businesses and exits of major product lines upon completion of a sale or licensing agreement. Divestitures that occurred in 2017 included the following:

- On December 28, 2017, the company completed the sale of a confectionery business in Japan. The company recorded a pre-tax loss of \$1 million.
- On October 2, 2017, the company completed the sale of one of its equity method investments and recorded a gain of \$40 million within the gain on equity method investment transactions and \$15 million of tax expense.
- In connection with the 2012 spin-off of Kraft Foods Group, Inc. (now a part of Kraft Heinz Company ("KHC")), Kraft Foods Group and the company each granted the other various licenses to use certain trademarks in connection with particular product categories in specified jurisdictions. On August 17, 2017, the company entered into two agreements with KHC to terminate the licenses of certain KHC-owned brands used in the company's grocery business within its Europe region and to transfer to KHC inventory and certain other assets. On August 17, 2017, the first transaction closed, and on October 23, 2017, the second transaction closed.
- On July 4, 2017, the company completed the sale of most of its grocery business in Australia and New Zealand to Bega Cheese Limited. The company recorded a pre-tax gain of \$247 million Australian dollars (\$187 million as of July 4, 2017) on the sale. The company also recorded divestiture-related costs of \$2 million and a foreign currency hedge loss of \$3 million during 2017. In the fourth quarter of 2017, the company recorded a \$3 million inventory-related working capital adjustment, increasing the pre-tax gain to \$190 million in 2017.
- On April 28, 2017, the company completed the sale of several manufacturing facilities in France and the sale or license of several local confectionery brands. During the three months ended March 31, 2018, the company reversed \$3 million of accrued expenses no longer required. The company incurred divestiture-related costs of \$3 million in the three months and \$21 million in the six months ended June 30, 2017. The company recorded a \$3 million loss on the sale during the three months ended June 30, 2017. Divestiture-related costs were recorded within cost of sales and selling, general and administrative expenses.

Acquisitions and Acquisition-related costs

On June 7, 2018, the company acquired a U.S. premium biscuit company, Tate's Bake Shop, within its North America segment and extended its premium biscuit offerings. On a constant currency basis, the purchase added incremental net revenues of \$7 million in the three months and six months ended June 30, 2018. In addition, the company incurred acquisition-related costs of \$13 million in the three months and six months ended June 30, 2018.

Acquisition integration costs

Within the company's AMEA segment, in connection with the acquisition of a biscuit operation in Vietnam in 2015, the company recorded integration costs of \$2 million in the three months and \$3 million in the six months ended June 30, 2018 and \$1 million in the six months ended June 30, 2017.

2014-2018 Restructuring Program

The primary objective of the 2014-2018 Restructuring Program is to reduce the company's operating cost structure in both its supply chain and overhead costs. The program is intended primarily to cover severance as well as asset disposals and other manufacturing-related one-time costs.

Restructuring costs

The company recorded restructuring charges of \$112 million in the three months and \$164 million in the six months ended June 30, 2018 and \$148 million in the three months and \$305 million in the six months ended June 30, 2017 within asset impairment and exit costs or benefit plan non-service income. These charges were for non-cash asset write-downs (including accelerated depreciation and asset impairments), severance and other related costs.

Implementation costs

Implementation costs primarily relate to reorganizing the company's operations and facilities in connection with its supply chain reinvention program and other identified productivity and cost saving initiatives. The costs include incremental expenses related to the closure of facilities, costs to terminate certain contracts and the simplification of the company's information systems. The company recorded implementation costs of \$70 million in the three months and \$132 million in the six months ended June 30, 2018 and \$63 million in the three months and \$117 million in the six months ended June 30, 2017.

Equity method investee adjustments

Within Adjusted EPS, the company's equity method investment net earnings exclude its proportionate share of its investees' unusual or infrequent items, such as acquisition and divestiture-related costs and restructuring program costs.

Mark-to-market impacts from commodity and currency derivative contracts

The company excludes unrealized gains and losses (mark-to-market impacts) from outstanding commodity and forecasted currency transaction derivatives from its non-GAAP earnings measures until such time that the related exposures impact its operating results. The company recorded net unrealized gains on commodity and forecasted currency transaction derivatives of \$88 million in the three months and \$294 million in the six months ended June 30, 2018 and net unrealized losses of \$46 million in the three months and \$97 million in the six months ended June 30, 2017.

Intangible assets gains and losses

Impairment charges

During the second quarter of 2017, the company recorded a \$38 million intangible asset impairment charge resulting from a category decline and lower than expected product growth related to a gum trademark in its North America segment.

Incremental expenses related to the malware incident

On June 27, 2017, a global malware incident impacted the company's business. The malware affected a significant portion of the company's global sales, distribution and financial networks. In the last four days of the second quarter and during the third quarter of 2017, the company executed business continuity and contingency plans to contain the impact, minimize damages and restore its systems environment. To date, the company has not found, nor does the company expect to find, any instances of Company or personal data released externally. The company has also restored its main operating systems and processes and enhanced its system security.

For the second quarter of 2017, the company estimated that the malware incident had a negative impact of 2.3% on its net revenue growth and 2.4% on its Organic Net Revenue growth. The company also incurred incremental expenses of \$7 million as a result of the incident. The company recognized the majority of delayed second quarter shipments in its third quarter 2017 results, although the company permanently lost some revenue. On a 2017 full-

year basis, the company estimated the loss of revenue had a negative impact of 0.4% on its net revenue and Organic Net Revenue growth. The company also incurred total incremental expenses of \$84 million predominantly during the second half of 2017 as part of the recovery effort. The recovery from the incident was largely resolved by December 31, 2017 and the company continued efforts to strengthen its security measures and further mitigate cybersecurity risks.

Gain related to interest rate swaps

The company recognized a pre-tax loss of \$5 million in the three months and a pre-tax gain of \$9 million in the six months ended June 30, 2018, within interest and other expense, net related to certain forward-starting interest rate swaps for which the planned timing of the related forecasted debt was changed.

Loss on debt extinguishment

On April 17, 2018, the company completed a cash tender offer and retired \$570 million of the long-term U.S. dollar debt. The company recorded a loss on debt extinguishment of \$140 million within interest and other expense, net related to the amount the company paid to retire the debt in excess of its carrying value and from recognizing unamortized discounts, deferred financing and other cash costs in earnings at the time of the debt extinguishment.

On April 12, 2017, the company discharged \$488 million of its 6.500% U.S. dollar-denominated debt. The company paid \$504 million, representing principal as well as past and future interest accruals from February 2017 through the August 2017 maturity date. The company recorded an \$11 million loss on debt extinguishment within interest expense.

Impact from resolution of tax matters

A tax indemnification matter related to our 2007 acquisition of the *LU* biscuit business was closed during the quarter ended June 30, 2018. The closure had no impact on net earnings, however, it did result in a \$15 million tax benefit that was fully offset by an \$11 million expense in selling, general and administrative expenses and a \$4 million expense in interest and other expense, net.

During the first quarter of 2017, the Spanish Supreme Court decided, in the company's favor, an ongoing transfer pricing case with the Spanish tax authorities related to businesses Cadbury divested prior to the company's acquisition of Cadbury. As a result of the final ruling, during the first quarter of 2017, the company recorded a favorable earnings impact of \$46 million in selling, general and administrative expenses and \$12 million in interest and other expense, net, for a total pre-tax impact of \$58 million due to the non-cash reversal of Cadbury-related accrued liabilities related to this matter.

CEO transition remuneration

On November 20, 2017, Dirk Van de Put succeeded Irene Rosenfeld as CEO of Mondelēz International. In order to incent Mr. Van de Put to join the company, the company provided him compensation to make him whole for incentive awards he forfeited or grants that were not made to him when he left his former employer. In connection with Irene Rosenfeld's retirement, the company made her outstanding grants of performance share units for the 2016-2018 and 2017-2019 performance cycles eligible for continued vesting and paid \$0.5 million salary for her service as Chairman from January through March 2018. The company refers to these elements of Mr. Van de Put's and Ms. Rosenfeld's compensation arrangements together as "CEO transition remuneration."

The company is excluding amounts it expenses as CEO transition remuneration from its non-GAAP results because those amounts are not part of the company's regular compensation program and are incremental to amounts the company would have incurred as ongoing CEO compensation. The company incurred CEO transition remuneration of \$10 million in the three months and \$14 million in the six months ended June 30, 2018.

U.S. tax reform discrete impacts

On December 22, 2017, the United States enacted tax reform legislation that included a broad range of business tax provisions, including but not limited to a reduction in the U.S. federal tax rate from 35% to 21% as well as provisions that limit or eliminate various deductions or credits. The legislation also causes U.S. allocated expenses (e.g. interest and general administrative expense) to be taxed and imposes a new tax on U.S. cross-border payments. Furthermore, the legislation includes a one-time transition tax on accumulated foreign earnings and profits.

Certain impacts of the new legislation would have generally required accounting to be completed in the period of enactment, however in response to the complexities of this new legislation, the SEC issued guidance to provide companies with relief. The SEC provided up to a one-year window for companies to finalize the accounting for the impacts of this new legislation and the company anticipates finalizing its accounting during 2018. While the

company's accounting for the enactment of the new U.S. tax legislation is not complete, it has recorded an additional \$2 million discrete net tax benefit, consisting of an \$8 million decrease in its transition tax liability that was partially offset by \$6 million of costs from other provisional tax reform updates. During the six months ended June 30, 2018, the company recorded \$87 million in discrete net tax costs primarily comprised of an increase to its transition tax liability of \$86 million as a result of additional guidance issued by the Internal Revenue Service and various state taxing authorities, new state legislation enacted during the period and further refinement of various components of the underlying calculations.

Impact from pension participation changes

The impact from pension participation changes represent the charges incurred when employee groups are withdrawn from multiemployer pension plans and other changes in employee group pension plan participation. The company excludes these charges from its non-GAAP results because those amounts do not reflect the company's ongoing pension obligations.

During the second quarter of 2018, the company implemented two aspects of its second revised last, best and final offer made to the Bakery, Confectionery, Tobacco and Grain Millers Union with respect to 7 of 8 expired collective bargaining agreements. Implementation resulted in the company withdrawing from the Bakery and Confectionery Union and Industry International Pension Fund (the "Fund") with respect to those employees covered by the 7 collective bargaining agreements. In connection with that action, the company estimated a partial withdrawal liability of \$567 million and within its North America segment, the company recorded a discounted liability and charge of \$408 million, \$305 million net of tax, which represents its best estimate of the partial withdrawal liability absent an assessment from the Fund. The company may receive an assessment in 2018 or later, and the ultimate withdrawal liability may change from the currently estimated amount.

Constant currency

Management evaluates the operating performance of the company and its international subsidiaries on a constant currency basis. The company determines its constant currency operating results by dividing or multiplying, as appropriate, the current period local currency operating results by the currency exchange rates used to translate the company's financial statements in the comparable prior-year period to determine what the current period U.S. dollar operating results would have been if the currency exchange rate had not changed from the comparable prior-year period.

OUTLOOK

The company's outlook for 2018 Organic Net Revenue growth, Adjusted Operating Income margin, Adjusted EPS growth on a constant currency basis and Free Cash Flow are non-GAAP financial measures that exclude or otherwise adjust for items impacting comparability of financial results such as the impact of changes in foreign currency exchange rates, restructuring activities, acquisitions and divestitures. The company is not able to reconcile its full year 2018 projected Organic Net Revenue growth to its full year 2018 projected reported net revenue growth because the company is unable to predict the impact of foreign exchange due to the unpredictability of future changes in foreign exchange rates, which could be material as a significant portion of the company's operations are outside the U.S. The company is not able to reconcile its full year 2018 projected Adjusted Operating Income margin and Adjusted EPS growth on a constant currency basis to its full year 2018 projected reported operating income margin and reported diluted EPS growth because the company is unable to predict the timing of its Restructuring Program costs, mark-to-market impacts from commodity and forecasted currency transaction derivative contracts and impacts from potential acquisitions or divestitures well as the impact of foreign exchange due to the unpredictability of future changes in foreign exchange rates, which could be material as a significant portion of the company's operations are outside the U.S. The company is not able to reconcile its full year 2018 projected Free Cash Flow to its full year 2018 projected net cash from operating activities because the company is unable to predict the timing and amount of capital expenditures impacting cash flow. Therefore, because of the uncertainty and variability of the nature and amount of future adjustments, which could be significant, the company is unable to provide a reconciliation of these measures without unreasonable effort.

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Net Revenues
(in millions of U.S. dollars)
(Unaudited)

	<u>Latin America</u>	<u>AMEA</u>	<u>Europe</u>	<u>North America</u>	<u>Mondelēz International</u>
For the Three Months Ended June 30, 2018					
Reported (GAAP)	\$ 774	\$ 1,360	\$ 2,303	\$ 1,675	\$ 6,112
Acquisition	-	-	-	(7)	(7)
Currency	106	(10)	(116)	(6)	(26)
Organic (Non-GAAP)	<u>\$ 880</u>	<u>\$ 1,350</u>	<u>\$ 2,187</u>	<u>\$ 1,662</u>	<u>\$ 6,079</u>
For the Three Months Ended June 30, 2017					
Reported (GAAP)	\$ 848	\$ 1,394	\$ 2,171	\$ 1,573	\$ 5,986
Divestitures	-	(66)	(44)	-	(110)
Organic (Non-GAAP)	<u>\$ 848</u>	<u>\$ 1,328</u>	<u>\$ 2,127</u>	<u>\$ 1,573</u>	<u>\$ 5,876</u>
% Change					
Reported (GAAP)	(8.7)%	(2.4)%	6.1 %	6.5 %	2.1 %
Divestitures	- pp	4.8 pp	2.2 pp	- pp	1.9 pp
Acquisition	-	-	-	(0.4)	(0.1)
Currency	12.5	(0.7)	(5.5)	(0.4)	(0.4)
Organic (Non-GAAP)	<u>3.8 %</u>	<u>1.7 %</u>	<u>2.8 %</u>	<u>5.7 %</u>	<u>3.5 %</u>
Vol/Mix	(2.3)pp	(1.0)pp	3.5 pp	5.1 pp	2.1 pp
Pricing	6.1	2.7	(0.7)	0.6	1.4

	<u>Latin America</u>	<u>AMEA</u>	<u>Europe</u>	<u>North America</u>	<u>Mondelēz International</u>
For the Six Months Ended June 30, 2018					
Reported (GAAP)	\$ 1,665	\$ 2,902	\$ 5,009	\$ 3,301	\$ 12,877
Acquisition	-	-	-	(7)	(7)
Currency	145	(68)	(427)	(13)	(363)
Organic (Non-GAAP)	<u>\$ 1,810</u>	<u>\$ 2,834</u>	<u>\$ 4,582</u>	<u>\$ 3,281</u>	<u>\$ 12,507</u>
For the Six Months Ended June 30, 2017					
Reported (GAAP)	\$ 1,758	\$ 2,885	\$ 4,536	\$ 3,221	\$ 12,400
Divestitures	-	(125)	(121)	-	(246)
Organic (Non-GAAP)	<u>\$ 1,758</u>	<u>\$ 2,760</u>	<u>\$ 4,415</u>	<u>\$ 3,221</u>	<u>\$ 12,154</u>
% Change					
Reported (GAAP)	(5.3)%	0.6 %	10.4 %	2.5 %	3.8 %
Divestitures	- pp	4.5 pp	3.1 pp	- pp	2.1 pp
Acquisition	-	-	-	(0.2)	(0.1)
Currency	8.3	(2.4)	(9.7)	(0.4)	(2.9)
Organic (Non-GAAP)	<u>3.0 %</u>	<u>2.7 %</u>	<u>3.8 %</u>	<u>1.9 %</u>	<u>2.9 %</u>
Vol/Mix	(3.1)pp	0.8 pp	4.6 pp	1.9 pp	1.9 pp
Pricing	6.1	1.9	(0.8)	-	1.0

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Net Revenues - Brands and Markets
(in millions of U.S. dollars)
(Unaudited)

	Power Brands	Non-Power Brands	Mondelēz International	Emerging Markets	Developed Markets	Mondelēz International
For the Three Months Ended June 30, 2018						
Reported (GAAP)	\$ 4,548	\$ 1,564	\$ 6,112	\$ 2,309	\$ 3,803	\$ 6,112
Acquisition	-	(7)	(7)	-	(7)	(7)
Currency	(22)	(4)	(26)	104	(130)	(26)
Organic (Non-GAAP)	\$ 4,526	\$ 1,553	\$ 6,079	\$ 2,413	\$ 3,666	\$ 6,079
For the Three Months Ended June 30, 2017						
Reported (GAAP)	\$ 4,323	\$ 1,663	\$ 5,986	\$ 2,304	\$ 3,682	\$ 5,986
Divestitures	-	(110)	(110)	-	(110)	(110)
Organic (Non-GAAP)	\$ 4,323	\$ 1,553	\$ 5,876	\$ 2,304	\$ 3,572	\$ 5,876
% Change						
Reported (GAAP)	5.2 %	(6.0)%	2.1 %	0.2 %	3.3 %	2.1 %
Divestitures	- pp	6.7 pp	1.9 pp	- pp	3.2 pp	1.9 pp
Acquisition	-	(0.5)	(0.1)	-	(0.2)	(0.1)
Currency	(0.5)	(0.2)	(0.4)	4.5	(3.7)	(0.4)
Organic (Non-GAAP)	4.7 %	0.0 %	3.5 %	4.7 %	2.6 %	3.5 %

	Power Brands	Non-Power Brands	Mondelēz International	Emerging Markets	Developed Markets	Mondelēz International
For the Six Months Ended June 30, 2018						
Reported (GAAP)	\$ 9,685	\$ 3,192	\$ 12,877	\$ 4,893	\$ 7,984	\$ 12,877
Acquisition	-	(7)	(7)	-	(7)	(7)
Currency	(278)	(85)	(363)	55	(418)	(363)
Organic (Non-GAAP)	\$ 9,407	\$ 3,100	\$ 12,507	\$ 4,948	\$ 7,559	\$ 12,507
For the Six Months Ended June 30, 2017						
Reported (GAAP)	\$ 9,070	\$ 3,330	\$ 12,400	\$ 4,706	\$ 7,694	\$ 12,400
Divestitures	-	(246)	(246)	-	(246)	(246)
Organic (Non-GAAP)	\$ 9,070	\$ 3,084	\$ 12,154	\$ 4,706	\$ 7,448	\$ 12,154
% Change						
Reported (GAAP)	6.8 %	(4.1)%	3.8 %	4.0 %	3.8 %	3.8 %
Divestitures	- pp	7.6 pp	2.1 pp	- pp	3.4 pp	2.1 pp
Acquisition	-	(0.2)	(0.1)	-	(0.1)	(0.1)
Currency	(3.1)	(2.8)	(2.9)	1.1	(5.6)	(2.9)
Organic (Non-GAAP)	3.7 %	0.5 %	2.9 %	5.1 %	1.5 %	2.9 %

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Gross Profit / Operating Income
(in millions of U.S. dollars)
(Unaudited)

For the Three Months Ended June 30, 2018

	Net Revenues	Gross Profit	Gross Profit Margin	Operating Income	Operating Income Margin
Reported (GAAP)	\$ 6,112	\$ 2,540	41.6 %	\$ 481	7.9 %
2014-2018 Restructuring Program costs	-	20		179	
Mark-to-market (gains)/losses from derivatives	-	(88)		(88)	
Acquisition integration costs	-	-		2	
Acquisition-related costs	-	-		13	
Impact of pension participation changes	-	-		408	
Impacts from resolution of tax matters	-	-		11	
CEO transition remuneration	-	-		10	
Rounding	-	-		2	
Adjusted (Non-GAAP)	<u>\$ 6,112</u>	<u>\$ 2,472</u>	40.4 %	<u>\$ 1,018</u>	16.7 %
Currency		(21)		(10)	
Adjusted @ Constant FX (Non-GAAP)		<u>\$ 2,451</u>		<u>\$ 1,008</u>	

For the Three Months Ended June 30, 2017

	Net Revenues	Gross Profit	Gross Profit Margin	Operating Income	Operating Income Margin
Reported (GAAP)	\$ 5,986	\$ 2,314	38.7 %	\$ 636	10.6 %
2014-2018 Restructuring Program costs	-	12		199	
Intangible asset impairment charges	-	-		38	
Mark-to-market (gains)/losses from derivatives	-	46		46	
Malware incident incremental expenses	-	4		7	
Divestiture-related costs	-	1		4	
Operating income from divestitures	(110)	(37)		(28)	
(Gain)/loss on divestitures	-	-		3	
Rounding	-	-		1	
Adjusted (Non-GAAP)	<u>\$ 5,876</u>	<u>\$ 2,340</u>	39.8 %	<u>\$ 906</u>	15.4 %

	Gross Profit	Operating Income
% Change - Reported (GAAP)	9.8 %	(24.4)%
% Change - Adjusted (Non-GAAP)	5.6 %	12.4 %
% Change - Adjusted @ Constant FX (Non-GAAP)	4.7 %	11.3 %

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Gross Profit / Operating Income
(in millions of U.S. dollars)
(Unaudited)

For the Six Months Ended June 30, 2018

	Net Revenues	Gross Profit	Gross Profit Margin	Operating Income	Operating Income Margin
Reported (GAAP)	\$ 12,877	\$ 5,389	41.8 %	\$ 1,705	13.2 %
2014-2018 Restructuring Program costs	-	43		293	
Mark-to-market (gains)/losses from derivatives	-	(294)		(294)	
Acquisition integration costs	-	-		3	
Acquisition-related costs	-	-		13	
Divestiture-related costs	-	-		(3)	
Impact of pension participation changes	-	-		408	
Impacts from resolution of tax matters	-	-		11	
CEO transition remuneration	-	-		14	
Rounding	-	-		1	
Adjusted (Non-GAAP)	<u>\$ 12,877</u>	<u>\$ 5,138</u>	39.9 %	<u>\$ 2,151</u>	16.7 %
Currency		(154)		(79)	
Adjusted @ Constant FX (Non-GAAP)		<u>\$ 4,984</u>		<u>\$ 2,072</u>	

For the Six Months Ended June 30, 2017

	Net Revenues	Gross Profit	Gross Profit Margin	Operating Income	Operating Income Margin
Reported (GAAP)	\$ 12,400	\$ 4,832	39.0 %	\$ 1,461	11.8 %
2014-2018 Restructuring Program costs	-	21		410	
Intangible asset impairment charges	-	-		38	
Mark-to-market (gains)/losses from derivatives	-	97		97	
Malware incident incremental expenses	-	4		7	
Acquisition integration costs	-	-		1	
Divestiture-related costs	-	3		23	
Operating income from divestitures	(246)	(72)		(55)	
(Gain)/loss on divestitures	-	-		3	
Impacts from resolution of tax matters	-	-		(46)	
Adjusted (Non-GAAP)	<u>\$ 12,154</u>	<u>\$ 4,885</u>	40.2 %	<u>\$ 1,939</u>	16.0 %

	Gross Profit	Operating Income
% Change - Reported (GAAP)	11.5 %	16.7 %
% Change - Adjusted (Non-GAAP)	5.2 %	10.9 %
% Change - Adjusted @ Constant FX (Non-GAAP)	2.0 %	6.9 %

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Net Earnings and Tax Rate
(In millions of U.S. dollars and shares, except per share data)
(Unaudited)

For the Three Months Ended June 30, 2018

	Operating Income	Benefit plan non- service expense / (income)	Interest and other expense, net	Earnings before income taxes	Income taxes ⁽¹⁾	Effective tax rate	Equity Method Investment Net Losses / (Earnings)	Non- controlling interest	Net Earnings attributable to Mondelēz International	Diluted EPS attributable to Mondelēz International
Reported (GAAP)	\$ 481	\$ (15)	\$ 248	\$ 248	\$ 14	5.6 %	\$ (91)	\$ 2	\$ 323	\$ 0.22
2014-2018 Restructuring Program costs	179	(3)	-	182	47	-	-	-	135	0.09
Mark-to-market (gains)/losses from derivatives	(88)	-	-	(88)	(14)	-	-	-	(74)	(0.05)
Acquisition integration costs	2	-	-	2	-	-	-	-	2	-
Acquisition-related costs	13	-	-	13	3	-	-	-	10	0.01
Impact of pension participation changes	408	-	-	408	103	-	-	-	305	0.20
Impacts from resolution of tax matters	11	-	(4)	15	15	-	-	-	-	-
CEO transition remuneration	10	-	-	10	2	-	-	-	8	0.01
(Gain)/loss related to interest rate swaps	-	-	(5)	5	1	-	-	-	4	-
Loss on debt extinguishment and related expenses	-	-	(140)	140	35	-	-	-	105	0.07
U.S. tax reform discrete net tax (benefit)/expense	-	-	-	-	2	-	-	-	(2)	-
Equity method investee acquisition-related and other adjustments	-	-	-	-	1	-	(9)	-	8	0.01
Rounding	2	-	-	2	-	-	-	-	2	-
Adjusted (Non-GAAP)	\$ 1,018	\$ (18)	\$ 99	\$ 937	\$ 209	22.3 %	\$ (100)	\$ 2	\$ 826	\$ 0.56
Currency	-	-	-	-	-	-	-	-	(12)	(0.01)
Adjusted @ Constant FX (Non-GAAP)									\$ 814	\$ 0.55

Diluted Average Shares Outstanding

1,488

For the Three Months Ended June 30, 2017

	Operating Income	Benefit plan non- service expense / (income)	Interest and other expense, net	Earnings before income taxes	Income taxes ⁽¹⁾	Effective tax rate	Equity Method Investment Net Losses / (Earnings)	Non- controlling interest	Net Earnings attributable to Mondelēz International	Diluted EPS attributable to Mondelēz International
Reported (GAAP)	\$ 636	\$ (5)	\$ 124	\$ 517	\$ 84	16.2 %	\$ (67)	\$ 2	\$ 498	\$ 0.32
2014-2018 Restructuring Program costs	199	(12)	-	211	58	-	-	-	153	0.10
Intangible asset impairment charges	38	-	-	38	14	-	-	-	24	0.02
Mark-to-market (gains)/losses from derivatives	46	-	-	46	-	-	-	-	46	0.03
Malware incident incremental expenses	7	-	-	7	2	-	-	-	5	-
Divestiture-related costs	4	-	(5)	9	2	-	-	-	7	-
Net earnings from divestitures	(28)	-	-	(28)	(8)	-	2	-	(22)	(0.01)
(Gain)/loss on divestitures	3	-	-	3	(4)	-	-	-	7	-
Loss on debt extinguishment and related expenses	-	-	(11)	11	4	-	-	-	7	0.01
Equity method investee acquisition-related and other adjustments	-	-	-	-	2	-	(12)	-	10	0.01
Rounding	1	-	-	1	-	-	-	-	1	-
Adjusted (Non-GAAP)	\$ 906	\$ (17)	\$ 108	\$ 815	\$ 154	18.9 %	\$ (77)	\$ 2	\$ 736	\$ 0.48

Diluted Average Shares Outstanding

1,539

⁽¹⁾ Taxes were computed for each of the items excluded from the company's GAAP results based on the facts and tax assumptions associated with each item.

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Net Earnings and Tax Rate
(In millions of U.S. dollars and shares, except per share data)
(Unaudited)

For the Six Months Ended June 30, 2018

	Operating Income	Benefit plan non- service expense / (income)	Interest and other expense, net	Earnings before income taxes	Income taxes ⁽¹⁾	Effective tax rate	Equity Method Investment Net Losses / (Earnings)	Non- controlling interest	Net Earnings attributable to Mondelēz International	Diluted EPS attributable to Mondelēz International
Reported (GAAP)	\$ 1,705	\$ (28)	\$ 328	\$ 1,405	\$ 321	22.8 %	\$ (185)	\$ 8	\$ 1,261	\$ 0.84
2014-2018 Restructuring Program costs	293	(3)	-	296	77	-	-	-	219	0.15
Mark-to-market (gains)/losses from derivatives	(294)	-	-	(294)	(39)	-	-	-	(255)	(0.17)
Acquisition integration costs	3	-	-	3	-	-	-	-	3	-
Acquisition-related costs	13	-	-	13	3	-	-	-	10	0.01
Divestiture-related costs	(3)	-	-	(3)	(2)	-	-	-	(1)	-
Impact of pension participation changes	408	-	-	408	103	-	-	-	305	0.20
Impacts from resolution of tax matters	11	-	(4)	15	15	-	-	-	-	-
CEO transition remuneration	14	-	-	14	3	-	-	-	11	0.01
(Gain)/loss related to interest rate swaps	-	-	9	(9)	(2)	-	-	-	(7)	(0.01)
Loss on debt extinguishment and related expenses	-	-	(140)	140	35	-	-	-	105	0.07
U.S. tax reform discrete net tax (benefit)/expense	-	-	-	-	(87)	-	-	-	87	0.06
Equity method investee acquisition-related and other adjustments	-	-	-	-	3	-	(18)	-	15	0.01
Rounding	1	-	-	1	-	-	-	-	1	-
Adjusted (Non-GAAP)	\$ 2,151	\$ (31)	\$ 193	\$ 1,989	\$ 430	21.6 %	\$ (203)	\$ 8	\$ 1,754	\$ 1.17
Currency	-	-	-	-	-	-	-	-	(84)	(0.05)
Adjusted @ Constant FX (Non-GAAP)									\$ 1,670	\$ 1.12
Diluted Average Shares Outstanding										1,496

For the Six Months Ended June 30, 2017

	Operating Income	Benefit plan non- service expense / (income)	Interest and other expense, net	Earnings before income taxes	Income taxes ⁽¹⁾	Effective tax rate	Equity Method Investment Net Losses / (Earnings)	Non- controlling interest	Net Earnings attributable to Mondelēz International	Diluted EPS attributable to Mondelēz International
Reported (GAAP)	\$ 1,461	\$ (20)	\$ 243	\$ 1,238	\$ 238	19.2 %	\$ (133)	\$ 5	\$ 1,128	\$ 0.73
2014-2018 Restructuring Program costs	410	(12)	-	422	106	-	-	-	316	0.21
Intangible asset impairment charges	38	-	-	38	14	-	-	-	24	0.02
Mark-to-market (gains)/losses from derivatives	97	-	-	97	3	-	-	-	94	0.06
Malware incident incremental expenses	7	-	-	7	2	-	-	-	5	-
Acquisition integration costs	1	-	-	1	-	-	-	-	1	-
Divestiture-related costs	23	-	(5)	28	5	-	-	-	23	0.01
Net earnings from divestitures	(55)	-	-	(55)	(15)	-	4	-	(44)	(0.03)
(Gain)/loss on divestitures	3	-	-	3	(4)	-	-	-	7	-
Impacts from resolution of tax matters	(46)	-	12	(58)	-	-	-	-	(58)	(0.04)
Loss on debt extinguishment and related expenses	-	-	(11)	11	4	-	-	-	7	0.01
Equity method investee acquisition-related and other adjustments	-	-	-	-	6	-	(43)	-	37	0.03
Adjusted (Non-GAAP)	\$ 1,939	\$ (32)	\$ 239	\$ 1,732	\$ 359	20.7 %	\$ (172)	\$ 5	\$ 1,540	\$ 1.00
Diluted Average Shares Outstanding										1,544

⁽¹⁾ Taxes were computed for each of the items excluded from the company's GAAP results based on the facts and tax assumptions associated with each item.

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Diluted EPS
(Unaudited)

	For the Three Months Ended June 30,		\$ Change	% Change
	2018	2017		
Diluted EPS attributable to Mondelēz International (GAAP)	\$ 0.22	\$ 0.32	\$ (0.10)	(31.3)%
2014-2018 Restructuring Program costs	0.09	0.10	(0.01)	
Intangible asset impairment charges	-	0.02	(0.02)	
Mark-to-market (gains)/losses from derivatives	(0.05)	0.03	(0.08)	
Acquisition-related costs	0.01	-	0.01	
Net earnings from divestitures	-	(0.01)	0.01	
Impact of pension participation changes	0.20	-	0.20	
CEO transition remuneration	0.01	-	0.01	
Loss on debt extinguishment and related expenses	0.07	0.01	0.06	
Equity method investee acquisition-related and other adjustments	0.01	0.01	-	
Adjusted EPS (Non-GAAP)	\$ 0.56	\$ 0.48	\$ 0.08	16.7 %
Impact of favorable currency	(0.01)	-	(0.01)	
Adjusted EPS @ Constant FX (Non-GAAP)	\$ 0.55	\$ 0.48	\$ 0.07	14.6 %

Adjusted EPS @ Constant FX - Key Drivers

Increase in operations	\$ 0.06
PY Property insurance recovery	(0.01)
Increase in equity method investment net earnings	0.01
Change in interest and other expense, net	-
Change in income taxes	(0.01)
Change in shares outstanding	0.02
	\$ 0.07

	For the Six Months Ended June 30,		\$ Change	% Change
	2018	2017		
Diluted EPS attributable to Mondelēz International (GAAP)	\$ 0.84	\$ 0.73	\$ 0.11	15.1 %
2014-2018 Restructuring Program costs	0.15	0.21	(0.06)	
Intangible asset impairment charges	-	0.02	(0.02)	
Mark-to-market (gains)/losses from derivatives	(0.17)	0.06	(0.23)	
Acquisition-related costs	0.01	-	0.01	
Divestiture-related costs	-	0.01	(0.01)	
Net earnings from divestitures	-	(0.03)	0.03	
Impact of pension participation changes	0.20	-	0.20	
Impacts from resolution of tax matters	-	(0.04)	0.04	
CEO transition remuneration	0.01	-	0.01	
(Gain)/loss related to interest rate swaps	(0.01)	-	(0.01)	
Loss on debt extinguishment and related expenses	0.07	0.01	0.06	
U.S. tax reform discrete net tax (benefit)/expense	0.06	-	0.06	
Equity method investee acquisition-related and other adjustments	0.01	0.03	(0.02)	
Adjusted EPS (Non-GAAP)	\$ 1.17	\$ 1.00	\$ 0.17	17.0 %
Impact of favorable currency	(0.05)	-	(0.05)	
Adjusted EPS @ Constant FX (Non-GAAP)	\$ 1.12	\$ 1.00	\$ 0.12	12.0 %

Adjusted EPS @ Constant FX - Key Drivers

Increase in operations	\$ 0.06
VAT-related settlements in 2018	0.01
PY Property insurance recovery	(0.01)
Increase in equity method investment net earnings	0.02
Change in interest and other expense, net	0.02
Change in income taxes	(0.01)
Change in shares outstanding	0.03
	\$ 0.12

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Segment Data
(in millions of U.S. dollars)
(Unaudited)

For the Three Months Ended June 30, 2018

	Latin America	AMEA	Europe	North America	Unrealized G/(L) on Hedging Activities	General Corporate Expenses	Amortization of Intangibles	Other Items	Mondelēz International
Net Revenue									
Reported (GAAP)	\$ 774	\$ 1,360	\$ 2,303	\$ 1,675	\$ -	\$ -	\$ -	\$ -	\$ 6,112
Divestitures	-	-	-	-	-	-	-	-	-
Adjusted (Non-GAAP)	\$ 774	\$ 1,360	\$ 2,303	\$ 1,675	\$ -	\$ -	\$ -	\$ -	\$ 6,112
Operating Income									
Reported (GAAP)	\$ 92	\$ 177	\$ 367	\$ (95)	\$ 88	\$ (91)	\$ (44)	\$ (13)	\$ 481
2014-2018 Restructuring Program costs	27	25	76	35	-	16	-	-	179
Mark-to-market (gains)/losses from derivatives	-	-	-	-	(88)	-	-	-	(88)
Acquisition integration costs	-	2	-	-	-	-	-	-	2
Acquisition-related costs	-	-	-	-	-	-	-	13	13
Impact of pension participation changes	-	-	-	408	-	-	-	-	408
Impacts from resolution of tax matters	-	-	-	-	-	11	-	-	11
CEO transition remuneration	-	-	-	-	-	10	-	-	10
Rounding	-	-	-	-	-	2	-	-	2
Adjusted (Non-GAAP)	\$ 119	\$ 204	\$ 443	\$ 348	\$ -	\$ (52)	\$ (44)	\$ -	\$ 1,018
Currency	12	(5)	(22)	-	-	4	1	-	(10)
Adjusted @ Constant FX (Non-GAAP)	\$ 131	\$ 199	\$ 421	\$ 348	\$ -	\$ (48)	\$ (43)	\$ -	\$ 1,008
% Change - Reported (GAAP)	(9.8)%	9.9%	14.3%	(142.2)%	n/m	(13.8)%	0.0%	n/m	(24.4)%
% Change - Adjusted (Non-GAAP)	(0.8)%	0.0%	15.4%	13.7%	n/m	18.8%	0.0%	n/m	12.4%
% Change - Adjusted @ Constant FX (Non-GAAP)	9.2%	(2.5)%	9.6%	13.7%	n/m	25.0%	2.3%	n/m	11.3%
Operating Income Margin									
Reported %	11.9%	13.0%	15.9%	(5.7)%					7.9%
Reported pp change	(0.1)pp	1.5 pp	1.1 pp	(20.0)pp					(2.7)pp
Adjusted %	15.4%	15.0%	19.2%	20.8%					16.7%
Adjusted pp change	1.2 pp	(0.4)pp	1.1 pp	1.3 pp					1.3 pp

For the Three Months Ended June 30, 2017

	Latin America	AMEA	Europe	North America	Unrealized G/(L) on Hedging Activities	General Corporate Expenses	Amortization of Intangibles	Other Items	Mondelēz International
Net Revenue									
Reported (GAAP)	\$ 848	\$ 1,394	\$ 2,171	\$ 1,573	\$ -	\$ -	\$ -	\$ -	\$ 5,986
Divestitures	-	(66)	(44)	-	-	-	-	-	(110)
Adjusted (Non-GAAP)	\$ 848	\$ 1,328	\$ 2,127	\$ 1,573	\$ -	\$ -	\$ -	\$ -	\$ 5,876
Operating Income									
Reported (GAAP)	\$ 102	\$ 161	\$ 321	\$ 225	\$ (46)	\$ (80)	\$ (44)	\$ (3)	\$ 636
2014-2018 Restructuring Program costs	18	58	69	39	-	15	-	-	199
Intangible asset impairment charges	-	-	-	38	-	-	-	-	38
Mark-to-market (gains)/losses from derivatives	-	-	-	-	46	-	-	-	46
Malware incident incremental expenses	-	-	2	4	-	1	-	-	7
Divestiture-related costs	-	1	3	-	-	-	-	-	4
Operating income from divestitures	-	(16)	(12)	-	-	-	-	-	(28)
(Gain)/loss on divestitures	-	-	-	-	-	-	-	3	3
(Income)/costs associated with the JDE coffee business transactions	-	-	1	-	-	(1)	-	-	-
Rounding	-	-	-	-	-	1	-	-	1
Adjusted (Non-GAAP)	\$ 120	\$ 204	\$ 384	\$ 306	\$ -	\$ (64)	\$ (44)	\$ -	\$ 906
Operating Income Margin									
Reported %	12.0%	11.5%	14.8%	14.3%					10.6%
Adjusted %	14.2%	15.4%	18.1%	19.5%					15.4%

Mondelēz International, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Measures
Segment Data
(in millions of U.S. dollars)
(Unaudited)

For the Six Months Ended June 30, 2018

	Latin America	AMEA	Europe	North America	Unrealized G/(L) on Hedging Activities	General Corporate Expenses	Amortization of Intangibles	Other Items	Mondelēz International
Net Revenue									
Reported (GAAP)	\$ 1,665	\$ 2,902	\$ 5,009	\$ 3,301	\$ -	\$ -	\$ -	\$ -	\$ 12,877
Divestitures	-	-	-	-	-	-	-	-	-
Adjusted (Non-GAAP)	<u>\$ 1,665</u>	<u>\$ 2,902</u>	<u>\$ 5,009</u>	<u>\$ 3,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,877</u>
Operating Income									
Reported (GAAP)	\$ 218	\$ 405	\$ 864	\$ 180	\$ 294	\$ (155)	\$ (88)	\$ (13)	\$ 1,705
2014-2018 Restructuring Program costs	66	43	99	64	-	21	-	-	293
Mark-to-market (gains)/losses from derivatives	-	-	-	-	(294)	-	-	-	(294)
Acquisition integration costs	-	3	-	-	-	-	-	-	3
Acquisition-related costs	-	-	-	-	-	-	-	13	13
Divestiture-related costs	-	-	-	-	-	(3)	-	-	(3)
Impact of pension participation changes	-	-	-	408	-	-	-	-	408
Impacts from resolution of tax matters	-	-	-	-	-	11	-	-	11
CEO transition remuneration	-	-	-	-	-	14	-	-	14
Rounding	-	-	-	-	-	1	-	-	1
Adjusted (Non-GAAP)	<u>\$ 284</u>	<u>\$ 451</u>	<u>\$ 963</u>	<u>\$ 652</u>	<u>\$ -</u>	<u>\$ (111)</u>	<u>\$ (88)</u>	<u>\$ -</u>	<u>\$ 2,151</u>
Currency	18	(15)	(89)	-	-	4	3	-	(79)
Adjusted @ Constant FX (Non-GAAP)	<u>\$ 302</u>	<u>\$ 436</u>	<u>\$ 874</u>	<u>\$ 652</u>	<u>\$ -</u>	<u>\$ (107)</u>	<u>\$ (85)</u>	<u>\$ -</u>	<u>\$ 2,072</u>
% Change - Reported (GAAP)	2.3 %	18.4 %	21.0 %	(65.2)%	n/m	(13.1)%	0.0 %	n/m	16.7 %
% Change - Adjusted (Non-GAAP)	7.6 %	9.5 %	18.6 %	0.5 %	n/m	(0.9)%	0.0 %	n/m	10.9 %
% Change - Adjusted @ Constant FX (Non-GAAP)	14.4 %	5.8 %	7.6 %	0.5 %	n/m	2.7 %	3.4 %	n/m	6.9 %
Operating Income Margin									
Reported %	13.1 %	14.0 %	17.2 %	5.5 %					13.2 %
Reported pp change	1.0 pp	2.1 pp	1.5 pp	(10.6)pp					1.4 pp
Adjusted %	17.1 %	15.5 %	19.2 %	19.8 %					16.7 %
Adjusted pp change	2.1 pp	0.6 pp	0.8 pp	(0.3)pp					0.7 pp

For the Six Months Ended June 30, 2017

	Latin America	AMEA	Europe	North America	Unrealized G/(L) on Hedging Activities	General Corporate Expenses	Amortization of Intangibles	Other Items	Mondelēz International
Net Revenue									
Reported (GAAP)	\$ 1,758	\$ 2,885	\$ 4,536	\$ 3,221	\$ -	\$ -	\$ -	\$ -	\$ 12,400
Divestitures	-	(125)	(121)	-	-	-	-	-	(246)
Adjusted (Non-GAAP)	<u>\$ 1,758</u>	<u>\$ 2,760</u>	<u>\$ 4,415</u>	<u>\$ 3,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,154</u>
Operating Income									
Reported (GAAP)	\$ 213	\$ 342	\$ 714	\$ 517	\$ (97)	\$ (137)	\$ (88)	\$ (3)	\$ 1,461
2014-2018 Restructuring Program costs	51	93	150	90	-	26	-	-	410
Intangible asset impairment charges	-	-	-	38	-	-	-	-	38
Mark-to-market (gains)/losses from derivatives	-	-	-	-	97	-	-	-	97
Malware incident incremental expenses	-	-	2	4	-	1	-	-	7
Acquisition integration costs	-	1	-	-	-	-	-	-	1
Divestiture-related costs	-	2	21	-	-	-	-	-	23
Operating income from divestitures	-	(26)	(29)	-	-	-	-	-	(55)
(Gain)/loss on divestitures	-	-	-	-	-	-	-	3	3
Impacts from resolution of tax matters	-	-	(46)	-	-	-	-	-	(46)
Adjusted (Non-GAAP)	<u>\$ 264</u>	<u>\$ 412</u>	<u>\$ 812</u>	<u>\$ 649</u>	<u>\$ -</u>	<u>\$ (110)</u>	<u>\$ (88)</u>	<u>\$ -</u>	<u>\$ 1,939</u>
Operating Income Margin									
Reported %	12.1 %	11.9 %	15.7 %	16.1 %					11.8 %
Adjusted %	15.0 %	14.9 %	18.4 %	20.1 %					16.0 %