NFFOODS Spectrum
perspectives on food technologies & business
ASIA

MondelÄ?z reports strong Q2 revenue growth despite EPS pressure from cocoa inflation

30 July 2025 | News

Chocolate pricing powers top line; profitability weighed down by input cost inflation



Chocolate pricing powers top line; profitability weighed down by input cost inflation

MondelÄ?z International reported its financial results for the second quarter of 2025, posting a 7.7 per cent increase in net revenues, fueled by strong pricing in its chocolate portfolio, contributions from the Evirth acquisition, and favourable currency movements. Organic Net Revenue rose 5.6 per cent, reflecting higher net pricing across most markets despite pressure from unfavourable volume.

Chairman and CEO Dirk Van de Put highlighted the companyâ??s ability to deliver growth amid macroeconomic uncertainty: â??We posted accelerated top-line growth in Q2 2025 underpinned by strong pricing execution in our chocolate business and robust growth across the vast majority of our geographies. Our resilient categories, advantaged global footprint, and the strength of our brands continue to power our performance.â?•

Margin contraction from raw material costs

Gross profit increased by $140 million; however, gross margin slipped by 80 basis points to 32.7 per cent. Adjusted Gross Profit fell $381 million on a constant currency basis, with margin shrinking 680 basis points to 33.7 per cent, driven largely by higher cocoa and transportation costs and an unfavourable product mix.

Operating income increased by $318 million, with the operating margin improving by 280 basis points to 13.0 per cent, aided by favourable year-over-year changes in mark-to-market impacts and acquisition-related items. However, adjusted operating income dropped $239 million at constant currency, with the margin falling 360 basis points to 14.3 per cent, as cocoa inflation and cost pressures persisted.

Mixed EPS performance

Diluted earnings per share (EPS) came in at $0.49, up 8.9 per cent, supported by favourable derivative impacts and the lapping of prior-year tax and program-related expenses. But adjusted EPS declined 14.5 per cent to $0.73 on a constant currency basis, reflecting operating margin pressure, higher interest and other expenses, and lower income from benefit plans.

Shareholder returns and outlook

In the first half of 2025, MondelÄ?z returned $2.9 billion to shareholders through dividends and share repurchases. The Board of Directors declared a 6 per cent increase in the quarterly dividend to $0.50 per share, payable on October 14, 2025.

Looking ahead, the company maintained its guidance for approximately 5 per cent organic net revenue growth for the full year, while expecting a 10 per cent decline in adjusted EPS due to unprecedented cocoa price inflation. Free cash flow is projected to exceed $3 billion for the year.

MondelÄ?z noted that its outlook is set against a backdrop of ongoing volatility in global trade, regulation, and commodity markets. The company also stated that currency translation is not expected to impact net revenue growth or adjusted EPS for 2025.