

PRESS RELEASE

CADBURY SCHWEPPE'S REPORTS STRONG PERFORMANCE IN 2001

13 Feb 02

Cadbury Schweppes plc reports on financial performance for the 52 weeks ended 30 December 2001.

		2001	2000	%
Sales	£m	5,519	4,575	+ 21
Underlying Operating Profit* †	£m	992	841	+ 18
Underlying Profit Before Tax*	£m	886	792	+ 12
Underlying EPS*	pence	30.0	25.8	+ 16
Dividends per share pence	pence	11.0	10.5	+ 5

* Excludes goodwill amortisation, restructuring charges and disposal gains/losses

† Includes Associates

2001 Highlights

- Earnings per share and free cashflow targets of +10% and £300 million exceeded
- Excellent performance from our beverages operations led by Mott's and Europe Beverages
- Encouraging confectionery results with strong financial and volume growth in many markets
- Acquisitions substantially strengthen businesses in North America, Europe, Australia and Latin America

John Sunderland, CEO of Cadbury Schweppes, said, "2001 was an excellent year in the sequence of results we have achieved since the introduction of Managing for Value. With underlying earnings per share growth of 16% and free cash flow of £397 million we exceeded our goals for both measures. We also substantially increased investment in both capital expenditure and marketing to drive growth. Volume growth was in line with our expectations and we remain committed to our financial targets for 2002".

Summary

Reviewing 2001, John Sunderland commented, "We have seen another excellent financial performance from our beverages operations with particularly strong results from Mott's and Europe Beverages. Despite a sluggish carbonates market in the US and the integration programme in Australia, both Dr Pepper/Seven Up and Australian beverages had a good year. Snapple Beverages Group had a sound first year, delivering financially on our acquisition case, despite a strong internal focus on integration. Dr Pepper/Seven Up Bottling Group, our associate business in the US, also performed well.

"Confectionery performance overall was encouraging. The majority of our businesses showed good financial and volume growth. Especially good results came from Australia (volume up 6%), France, China, Poland and Russia where we expect our business to be profitable this year. In the U.K. and Canada, disruption from the integration of our chocolate and sugar confectionery businesses, combined with difficult trading environments, produced weaker results. However, in both markets we have now created the country's leading confectionery company, wholly committed to brand and channel growth, and strongly positioned for the future. We are also encouraged by the fact that, in the U.K., performance strengthened through the year, with core chocolate volumes growing 2% in the final quarter.



"Acquisitions throughout the year - Mantecol, Slush Puppie, Spring Valley and Wave, La Casera, ReaLemon and ReaLime, Orangina and Mother Earth - have substantially strengthened our business in North America, Europe, Australia and Latin America. All are performing in line with or ahead of our expectations."

Mr Sunderland added, "We remain focused on beverages and confectionery and our strategy is to develop robust and sustainable positions in regional markets both organically and via acquisition."

"We have made a number of acquisitions in the wider refreshment beverages market, substantially extending our range of brands."

"In confectionery we have broadened our participation beyond chocolate and into sugar and more recently chewing gum. Our range of greenfield projects - Egypt, Poland, Russia and China - are becoming profitable contributors to the business," he concluded.

Operating Review

North America Beverages

Sales rose by 42% to £2,168 million and underlying trading profit by 34% to £541 million. Excluding the impact of exchange rate movements and acquisitions, sales and underlying trading profit rose by 4% and 12% respectively.

Dr Pepper volumes were affected by competitive product and packaging initiatives which diverted bottler execution and focus although diet Dr Pepper continued its 11 year growth trend in 2001. Volume trends improved in the second half and were up in the fourth quarter, despite softness in the fountain channel.

7 Up was impacted by competitive activity in the lemon/lime sector but offset by the strong performance of our flavour CSD brands, particularly Sunkist and A&W.

Our non-CSD business had another outstanding year in 2001 and now represents 47% of our North American sales revenue. Mott's had an excellent year with strong volume and profit growth, driven mainly by the continued growth of Hawaiian Punch and Clamato.

The Snapple Beverages Group underwent major reorganisation and integration. Volume trends in the second half were better than the first, although September 11 had a material impact on Snapple in New York City, which accounts for 15% of its sales. Snapple integration benefits were ahead of plan in 2001.

DPSU Bottling Group, our associate business, had another good year with volumes and profits up on prior year.

Excluding acquisitions, total North America beverages volumes were up 1% in the fourth quarter and 2% for the year.

Europe Beverages

Sales in the Europe Beverages region rose by 19% to £571 million and underlying trading profit by 17% to £91 million. Adjusting for the impact of exchange rates and acquisitions, sales grew by 5% and underlying trading profit by 13%.

In France we saw strong volume gains in Schweppes and Oasis, driven by innovation and increased marketing support, while in Spain, despite strong competitive activity, we were able to grow volume and find efficiency gains to deliver substantial profit growth.

Two significant acquisitions - La Casera and Orangina - were completed during the year and both are achieving results in line with or ahead of plan. These acquisitions significantly strengthen our product line up and distribution capabilities in Spain and France respectively. We are now the No. 2 company in each market.

Europe Confectionery

Sales increased by 7% to £1,532 million, up 1% excluding acquisitions and exchange rate movements. Underlying trading profit rose by 6% to £212 million, up 2% excluding acquisitions and exchange.

Cadbury Trebor Bassett had a slow start in 2001 as it focused on integration, and profits were modestly down year-on-year. Our seasonal performance was strong both at Easter and Christmas, and our flagship brand, Cadbury Dairy Milk, made volume and market share gains. We are also encouraged by the fact that performance strengthened through the year, with core chocolate volumes growing 2% in the final quarter. Importantly, the integration of Cadbury Trebor Bassett was completed on time and on budget and we expect to see the benefits of all these efforts, particularly the creation of customised sales forces, coming through in 2002.

We had particularly strong performances in our key markets of Ireland, France, Russia and Poland. In France, we introduced three new sugar free Hollywood gum products and grew market share in the grocery sector. Russia broke even for the first time in the last quarter of the year and we anticipate a profitable 2002. In Poland the re-focus on the local Wedel chocolate brand delivered excellent results.

Americas Confectionery

Sales rose by 3% to £312 million whilst underlying trading profit was flat at £44 million. Excluding the impact of exchange and acquisitions, sales were 2% down year on year and trading profit was down 9%.

The region had a challenging year. While we had a successful year at Jaret in the US, performance was held back by Canada, where the integration of our sugar and chocolate businesses caused more disruption than expected. In addition, there were some capacity constraints at one of our major factories. However, the integration is now complete and the constraints are being addressed. Our business in Argentina performed creditably in difficult economic circumstances. It is too early to forecast the impact of the currency devaluation in 2002.

Asia Pacific

Sales in the region were up 14% to £639 million and underlying trading profit was up 11% to £109 million. Excluding the impact of exchange movements and acquisitions, the base business delivered sales growth of 7% and an underlying trading profit increase of 15%.

We again made excellent progress with our confectionery business in Australia. Significant investment behind core brands, availability and innovation, funded through locally generated efficiency gains, continues to drive growth. In 2000, the business grew volumes by 4% and in 2001, volumes grew a further 6%. We are bringing these learnings to other core markets.

Australian beverages successfully completed the integration of the Lion Nathan soft drink business. While the integration programme affected performance, it is now complete and with a broader portfolio of brands and a more efficient and effective route to market, the business is well positioned for 2002.

In our emerging confectionery markets in the region, we continued to make good progress. There was a strong finish in China and a good first year at Trebor Wuxi, our chewing gum business.

Africa, India and Middle East

Sales in the region were up 6% to £288 million while underlying trading profits increased 18% to £33 million. Excluding the impact of exchange and acquisitions, sales and trading profit grew by 14% and 21% respectively.

All our major businesses in the region performed well. We saw strong results in Egypt, despite a depressed economy there, and good progress was made in India with distribution and availability gains behind core brands like Cadbury's Dairy Milk. In South Africa, confectionery volume and share gains were made, in what is now a growing market for the first time in several years. Bromor had strong volume and profit growth in 2001 while the business in Nigeria had another good year.

Outlook

2002 has started satisfactorily and we will focus on innovation, in all aspects of our business, to accelerate growth. We remain committed to our financial targets.

Financial Review

Sales at £5.52 billion were 21% higher than last year of which 15% was attributed to acquisitions and 2% to exchange. Like-for-like sales growth in the base business comprised 2% volume and 2% price and mix. The full year impact of prior year and current year acquisitions, net of disposals, was £698 million to sales and £78 million to trading profits. The most significant contributor was The Snapple Beverage Group in the North America Beverages region.

Underlying trading profit before restructuring and amortisation of acquisition goodwill rose 20% to £930 million. Of this increase strengthening currency, particularly the US dollar, contributed 2% with the balance split between acquisitions 10% and organic growth 8%. The trading margin remained constant at 16.9%.

The contribution from associates at £62 million was £4 million lower following the disposal of the Group's interest in Associated Beverages Industries ("ABI") in South Africa at the end of last year. The restructuring charge of £58 million (£50 million in 2000) included the integration costs of the sugar and chocolate businesses in the UK and Canada and acquisition related costs in Australia, Spain and the United States. Goodwill amortisation increased substantially to £46 million (£13 million) reflecting the impact of the Snapple acquisition in the second half of last year. Interest is similarly higher at £106 million (£49 million) giving underlying profit before tax of £886 million, up 12%.

Underlying earnings per share were up 16% to 30.0p (25.8p). Excluding the impact of currency the increase was 14%, well in line with our stated double-digit earnings growth target.

Cash Flow

Free cash flow was £397 million (£401 million), exceeding our full year free cash flow target of at least £300 million. Net capital expenditure at £233 million (£101 million) is higher than in recent years, partly reflecting a project to upgrade our business systems to a single global operating platform. There was also significant expenditure in the second half of the year to meet capacity demands arising out of business growth in North America and Europe. Other investments will deliver efficiency gains across the business, which, in turn, will support investment behind our brands.

Marketing Expenditure

Marketing expenditure was £1,081 million, which at constant exchange rates, was an 18% increase over 2000. This represents a marketing to sales ratio of 19.6% (19.4%), a modest increase year on year despite the changing mix of the Group's portfolio following acquisitions made in 2000. The Group continues to increase real investment behind its beverage and confectionery brands.

Acquisitions and Disposals

We acquired eight businesses during 2001, the most significant of which were the European soft drink businesses of Orangina and La Casera. Additionally, we completed the purchase of the 20% minority in our Egyptian business and we have announced our intention to increase our stake in our Indian business, which currently stands at 51%. The net spend on acquisitions and disposals in 2001 was £714 million, including a \$200 million deferred payment for Snapple.

Dividend

The Board has proposed a final dividend of 7.65 pence, bringing the total dividend for the year to 11 pence, an increase of 5%. This will be paid on 24 May 2002 to Ordinary Shareholders on the Register at the close of business on 22 February 2002.

A presentation on the results will be webcast live on the group's website <http://www.cadburyschweppes.com> at 09.30 a.m. Copies of the slides accompanying the presentation will be available on the website from 11 a.m.

Photographs for the media are available at NewsCast <http://www.newscast.co.uk> from 3 p.m. (UK) today. Tel (44) 207 608 1000.

Notes to Editors:

1. Safe Harbor Statement

This material may be deemed to include forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934. Actual results might differ materially from those projected in any such forward-looking statement. This presentation should be viewed in conjunction with our periodic interim and annual reports and registration statements filed with the Securities and Exchange Commission, copies of which are available from Cadbury Schweppes plc, 25 Berkeley Square, London W1J 6HB, UK. and which may describe factors which could cause actual results to differ materially from those projected in forward-looking statements.

2. [The following schedules are attached](#)

3. [Notes to the Schedules](#)

4. **Cadbury Schweppes**

Cadbury Schweppes is a major global company that manufactures, markets and distributes branded beverages and confectionery products around the world. With origins stretching back over 200 years, today Cadbury Schweppes' products - which include brands like Cadbury, Schweppes, Dr Pepper, Snapple, Trebor and Bassett - are enjoyed in almost 200 countries across the world. Employing over 36,000 people, Cadbury Schweppes is the world's third largest soft drinks company and the fourth largest confectionery company.

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