

PRESS RELEASE

CADBURY SCHWEPPE'S REPORTS GOOD PERFORMANCE IN FIRST HALF 2004 21 Jul 04

Cadbury Schweppes plc reports on financial performance for the 24 weeks ended 13 June 2004

		2004	2003	Reported Growth %	Constant Currency # Growth %	Growth % Base Business*
Turnover	£m	2,954	2,700	+9	+14	+3
Underlying Group Operating Profit	£m	448	412	+9	+16	
- Share of associate profits	£m	21	24			
- Goodwill / intangibles amortisation	£m	(67)	(44)			
- Operating exceptionals	£m	(43)	(26)			
Total Operating Profit including associates	£m	359	366	-2	+5	
Underlying Profit Before Tax**	£m	371	365	+2	+9	+5
Profit Before Tax	£m	265	294	-10	-3	
Underlying EPS*	p	12.6	12.4	+2	+9	+5
Basic EPS	p	8.5	9.2	-8	-1	
Dividend per share	p	3.80	3.65	+4		

* Base business excludes the impact of acquisitions and disposals (see note 2 on page 8)

** Both underlying profit before tax and underlying earnings per share (EPS) include associates, exclude goodwill/intangibles amortisation and exceptional items (see notes 7 and 8 on page 15 for a reconciliation to profit before tax and earnings per share)

Constant currency growth excludes the impact of exchange rate movements during the period

2004 Half Year Highlights#

- Base business sales growth at 3% led by Smart Variety and innovation
- Dr Pepper volumes ahead 3% and diet soft drinks 23% ahead in US
- Cadbury Trebor Bassett continues to benefit from focus on core brands, with sales ahead by 3%
- Fuel for Growth cost savings on track and underlying margins increase 30 basis points
- Underlying EPS 9% ahead, benefiting from strong Adams contribution



Todd Stitzer, Chief Executive Officer, said, "I'm pleased to report a good first half performance with results in line with expectations. Our focus on innovation and marketplace execution have driven sales growth and share gain, particularly in our US carbonated soft drinks business, our UK confectionery business and our major gum operations around the world. The Adams integration is on track and the business is performing well.

"Fuel for Growth is delivering as expected and we are achieving margin growth despite some above inflation cost increases. Although we have a number of challenging integration projects in the second half, we remain cautiously optimistic about the outcome for the full year and expect to deliver results within our goal ranges."

PERFORMANCE OVERVIEW

2004 Half Year Performance Summary

We have had a good first half overall with the business performing in line with expectations.

- Sales from our base business, excluding the impact of acquisitions, rose by 3% at constant currency. The rate of growth in the base business was impacted by the phasing of Adams sales between the first quarter when it was treated as an acquisition, and the second quarter when it was included in the base business comparatives.
- Underlying operating margins were 30 basis points ahead at constant currency with good Fuel for Growth savings being offset by above inflation cost increases in a number of areas.
- Underlying earnings per share grew by 9% at constant currency, with the base business (excluding acquisitions) growing by 5% and acquisitions (Adams) contributing the balance.

Our performance in the first half was driven by our core markets and brands, notably:

- Carbonated soft drinks in the United States led by Dr Pepper (volumes ahead by 3%) and our strong portfolio of diet products (volumes ahead by 23%)
- Cadbury Trebor Bassett in the UK, which has continued to benefit from new product introductions under its main brand names. Sales rose by 3% during the half and market share was maintained at 31%, an 11 percentage point lead over our nearest competitor (Source: Nielsen)
- Our core gum and medicated brands in the Americas
- Our confectionery and food & beverage operations in Australia

Adams performance was strong and accretive to first half earnings. The business is performing well, the brands are responding to greater innovation and investment, we are maintaining or growing market shares in key territories, are beginning to leverage our combined technologies and routes to market and are driving out costs.

The early benefits of our Smart Variety strategy are evident throughout the business. In the UK we have leveraged the strength of the Cadbury Dairy Milk brand by introducing Dairy Milk variants from Australia. In Europe, Halls is growing rapidly through Cadbury Schweppes' strong distribution networks and in Russia, our gum brands have been relaunched using technology from the US and production assets in France and Spain.



Fuel for Growth is on track with around 40% of the target savings for the year delivered in the first half.

Cashflow performance is considerably ahead of prior year reflecting the stronger trading performance.

Outlook

Looking to the full year, we expect the good progress we made in the first half to continue. Our US beverage business is benefiting from the restructuring undertaken last year and the focus on its core brands, most notably Dr Pepper. The Adams businesses are responding well to increased focus, innovation and investment and we are seeing strengthening performances in many of our key markets around the world. We expect the Fuel for Growth cost reduction activities to deliver in line with expectations reflecting the successful execution of a number of key projects.

We expect to continue to experience above inflation cost increases through the balance of the year which will offset some of the Fuel for Growth cost savings. Although we have a number of key integration projects to implement in the second half, particularly in Americas Confectionery, we remain cautiously optimistic about the outcome for the full year and continue to expect to deliver results within our goal ranges for financial performance.

OPERATING REVIEW

Americas Beverages

Half Year Results (£m)

	2003	Base Business	Acquisitions /Disposals	Exchange Effects	2004
Turnover	848	19	-	(97)	770
		2%	-	(11%)	(9%)
Underlying Operating Profit	245	12	-	(29)	228
		5%	-	(12%)	(7%)
Underlying Operating Margins	28.9%	+70bps	-	-	29.6%

Performance from the Americas Beverages region in the half benefited from strengthened revenue results driven by our carbonated soft drinks (CSDs) portfolio in the US which grew volumes by 3%.

Our stronger carbonates performance was driven by the combination of growth in:

- Our flagship Dr Pepper brand where volumes were 3% ahead in the half. We saw strong growth in Diet Dr Pepper and sales through fountain and food service outlets, with performance overall benefiting from better sales and marketing execution, particularly in core markets.
- Diet CSDs where our total portfolio increased volumes by 23%, significantly ahead of the market which grew by 9% (Source: Nielsen)
- Our flavour range of products which, excluding 7 UP, grew volumes by 7% during the half, benefiting from the scale advantages conferred to the range through the transfer of 7 UP into our independent bottlers. Including 7 UP, volumes of our flavour brands were ahead by 3%.

Sales from our non-CSD portfolio were flat overall at the half year, reflecting the combination of weak consumer demand and reduced levels of marketing and new product activity at Mott's/Snapple where the business was focused on integration. Hawaiian Punch grew strongly with sales up 6% and Clamato grew by 3%. This was offset by weaker performances from Snapple, where sales were down 2% and Mott's Apple Juice, down 3%.

Margins in the half benefited from Fuel for Growth cost savings and improved mix although these were to some extent offset by higher employee and "one-off" IT related costs. The combination of our North American operations into a cohesive commercial unit is now complete and we expect to begin to see the real commercial benefits of the new structure in 2005.

Americas Confectionery

Half Year Results (£m)

	Base		Acquisitions	Exchange	
	2003	Business	/Disposals	Effects	2004
Turnover	271	11	199	(24)	457
		4%	73%	(8%)	69%
Underlying Operating Profit	14	3	36	(2)	51
		19%	262%	(9%)	272%
Underlying Operating Margins	5.1%	+70bps	+510bps	+30bps	11.2%

The Americas Confectionery results were significantly impacted by the acquisition of Adams: the base business numbers above include second quarter results from the Adams operations which were consolidated from 31 March 2003. If we had owned Adams for the whole of the first half last year, sales would have been 8% ahead on a like-for-like basis at constant exchange rates.

During the half we saw strong growth from our core gum businesses around the region as a result of strong consumer demand and new product activity, particularly under the Trident, Dentyne and Chiclets brand names. Overall, Halls performance was good with the exception of Canada where we were cycling significant innovation activity in the first half of 2003.



Margins for the region rose strongly during the half due to the consolidation of higher margin Adams operations and Fuel for Growth cost savings.

Adams integration projects continue to be implemented to plan with the successful installation of SAP in Brazil and the consolidation of back-offices across the Latin Americas region. In North America, significant resources have been allocated to planning for the transition from Pfizer's shared service system: the project is on track to be implemented in the US during the third quarter of this year and in Canada in the first quarter for 2005.

Europe, Middle East and Africa (EMEA)

Half Year Results (£m)

	2003	Base Business	Acquisitions /Disposals	Exchange Effects	2004
Turnover	913	15	43	(9)	962
		2%	4%	(1%)	5%
Underlying Operating Profit	130	6	10	(1)	145
		5%	7%	-	12%
Underlying Operating Margins	14.2%	+40bps	+40bps	+10bps	15.1%

A 2% increase in base business sales in our EMEA region compares with a strong first half last year when sales were 6% ahead. Sales were, in addition, affected by softer sales in Ireland and Bromor in South Africa.

Key highlights of the half around the region were:

In the UK, Cadbury Trebor Bassett (CTB) grew sales by 3% and market share was stable at 31%. The market share gap to the next largest player now stands at 11 percentage points. (Source: Nielsen) The business continues to show the benefits of our focus on a small range of powerful core brands which have been reinvigorated through new product activity, more focused marketing spend and improved sales execution. We saw double-digit sales growth in Cadbury Dairy Milk (CDM) following the relaunch of the brand in the second half of last year.

In France, the transformation of Hollywood from a sugarised gum brand into the leading sugar-free brand continued to drive market share gains with CS total gum share now standing at 52.4% an increase of 3.5 percentage points over prior year (Source: Nielsen).

In Spain, using our experience from our French gum business, we relaunched Trident in April with encouraging initial results.

In Ireland, our sales were down 8% in a market which remains challenging. We saw an 11% increase in sales in Russia where we've successfully launched a range of pocket confectionery under the Dirol and STIMOROL brands with product supplied from France and Spain. Cadbury chocolate products and Halls are also growing strongly.

Our operations in Africa and the Middle East once again did well although Bromor, our food and drinks business in South Africa, had a more difficult half.

Margins rose by 90 basis points in the half, broadly equally split between improvements in the base business and the impact of consolidating higher margin Adams' businesses in the first quarter. Excellent Fuel for Growth cost benefits were partially offset by increases in raw material, IT and employee costs.

Europe Beverages

Half Year Results (£m)

	2003	Base Business	Acquisitions/Disposals	Exchange Effects	2004
Turnover	295	10	-	(2)	303
		4%	-	(1%)	3%
Underlying Operating Profit	43	3	-	0	46
		8%	-	(1%)	7%
Underlying Operating Margins	14.7%	+60bps	-	-	15.3%

In our Europe Beverages region, the 4% increase in sales and 8% rise in operating profit at constant exchange rates, is a good result given weak and competitive markets in two of the regions most important territories - Spain and Germany.

A 4% sales increase in France was driven by a higher trade buy-in ahead of the peak summer season. In Spain, sales benefited from improvements in price and mix. In Germany, sales were 9% lower with our premium water business impacted by competition from hard discounters and growth of own-label.

The expanded bottling arrangements with San Benedetto in France formally started trading in March. The transfer of Orangina assets took place smoothly. The integration of the commercial organisation in France is proceeding to plan and we expect to begin to see the benefits of the strengthened commercial and supply chain organisations in the second half and beyond.

Asia Pacific

Half Year Results (£m)

	2003	Base Business	Acquisitions/Disposals	Exchange Effects	2004
Turnover	368	30	44	16	458
		8%	12%	4%	24%
Underlying Operating Profit	33	3	3	3	42
		9%	10%	7%	26%
Underlying Operating Margins	8.9%	+10bps	-20bps	+20bps	9.0%

In Asia Pacific sales for the half-year were strongly ahead of last year. This principally reflects a healthy recovery in both our confectionery and food & beverages operations in Australia which had difficult first halves last year.



Our Australian confectionery business benefited both from new product activity and good growth with key grocery customers and our chocolate market share grew by 40 basis points to 57% (Source: Nielsen). The food & beverage business also grew strongly, gaining share in both carbonated and non-carbonated soft drinks, with growth driven by increased sales of franchise products and sales in the higher margin impulse trade.

In India, where the business was affected by a product storage issue in the fourth quarter of last year, we're seeing a steady recovery in chocolate sales although profits were lower as we invested in repackaging, trade promotions and marketing to rebuild consumer and customer confidence.

In China, we acquired the Adams business in March. The commercial integration was completed in June. Losses are slightly higher year on year reflecting the integration of the Adams business. Elsewhere in Asia, we've seen further growth in sales and share in the key markets of Thailand and Japan, primarily through the introduction of new gum products.

Margins in the region were only modestly ahead in the half with cost savings largely offset by the combination of higher raw material costs, higher losses in China and increased investment in the Cadbury brand in India.

FINANCIAL REVIEW

Sales at £3.0 billion were 9% higher than last year, and 14% above prior year at constant exchange rates. Acquisitions, net of disposals, contributed 11% to revenue growth. The most significant contributor to growth from acquisitions was Adams. Like-for-like base business sales grew 3% (at constant currency).

Underlying operating profit excluding associates (operating profit before goodwill/intangibles amortisation and exceptional items) was up 9%. At constant currency the growth was 16%, with the base business growing by 5% and acquisitions (primarily 11 weeks of Adams) contributing 11%. Currency movements had a 7% adverse impact on underlying operating profits with US dollar weakness more than offsetting strength in the Euro and Australian dollar.

Central costs rose by £11 million to £64 million due to the costs of strengthening our Global Commercial and Science & Technology functions together with higher IT costs.

Underlying operating margins fell by 10 basis points from 15.3% to 15.2%. Excluding the impact of exchange rate movements, underlying operating margins rose by 30 basis points to 15.6%. The dilution of margins due to exchange rate movements reflects the impact on overall Group margins of the weaker dollar on the translation of our high margin carbonates business in the US.

Income from associates at £21 million was £3 million lower than in 2003. £2 million of the adverse movement relates to currency movements with the remainder being due to lower contribution from our bottling arrangement in France.

The Group charge for operating exceptionals of £43 million was £17 million higher than last year and relates to our four year Fuel for Growth cost reductions. Our activities are on track and we expect the full year benefit to be in line with previous guidance of £75 million before reinvestment.

Goodwill/intangibles amortisation at £67 million was £23 million higher than last year, reflecting the acquisition of Adams.

The interest charge was significantly higher at £98 million (2003: £71 million), due to the cost of financing the Adams acquisition during the half year compared to 11 weeks in the first half of 2003.

Underlying profit before tax (profit before tax and goodwill/intangibles amortisation and exceptional items) rose by 2% to £371 million and by 9% at constant exchange rates.

Reported profit before tax fell by 10% to £265 million primarily reflecting higher restructuring and goodwill/intangibles amortisation items. The underlying tax charge was 28.3% as against 28.5%.

Underlying earnings per share (earnings before goodwill/intangibles amortisation and exceptional items) at 12.6 pence were 2% ahead of last year. At constant exchange rates underlying earnings per share were up 9%. Acquisitions net of disposals contributed 0.5 pence or 4 percentage points of the total growth in underlying earnings per share.

Basic earnings per share (after goodwill/intangibles amortisation and exceptional items) fell by 8% to 8.5 pence principally reflecting the increase in exceptional items (driven by business restructuring) and goodwill amortisation arising on acquisitions.

Marketing Investment

Marketing expenditure in during the half was £336 million, an increase of 3% over last year and an increase of 8% at constant exchange rates. This represents a marketing to sales ratio of 11.4%, a 60 basis point reduction over prior year. This reflects in part the phasing of spending and in part higher investment in innovation and science & technology which are not classified as marketing expenditure.

Capital Spend

Capital spend fell by £25 million to £103 million as a result of phasing of Fuel for Growth expenditure. For the full year 2004, we expect capital spend to be in the range of £300 million to £330 million.

Cash Flow

The Group traditionally has a seasonal working capital outflow in the first half, which is reversed in the second half. This year's free cash flow outflow of £165 million is £96 million lower than last year mainly due to the improvement in trading performance and a positive cash contribution from Adams which produced a significant cash outflow for the same period in 2003.

Debt Refinancing

Following the Adams acquisition, the Group had £3.9 billion of debt maturing in less than 2 years, reflecting both the £2.7 billion acquisition price and £1.2 billion of existing Group debt. Over the last year, £2.4 billion of this debt has been refinanced in the bond markets with €1.2 billion raised following the end of the half year via the issue of fixed and floating rate euro notes. As a result, the percentage of fixed rate debt has increased to 79% from 54% a year ago (as at June 2003) and the proportion of debt with more



than 3 years maturity has risen to 63% from 13% a year ago. The average interest rate on the Group's fixed rate debt is 4.8%.

Dividends

The Board has declared an interim dividend of 3.80 pence, up from 3.65 pence in 2003, an increase of 4%. This will be paid on 15 October 2004 to Ordinary Shareholders on the Register at the close of business on 17 September 2004.

Interim Report

The Interim Results Report of the Directors will be mailed to Shareowners in early August 2004. This will include a UK/ US GAAP reconciliation and the Independent Review Report of the Auditors.

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notes to editors:

1. About Cadbury Schweppes

Cadbury Schweppes is a major global Group which 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 such as Cadbury, Schweppes, Halls, Trident, Dr Pepper, Snapple, Trebor, Dentyne, Bubblicious and Bassett - are enjoyed in almost every country around the world. The Group employs around 54,000 people and is a leading world-wide confectionery company. It is number one in sugar and functional confectionery, a strong number two in gum and the world's third largest soft drinks company

2. The contribution from acquisitions during the period equates to the first twelve month's impact of businesses acquired or disposed of in the current and prior year. Once an acquisition or disposal has lapped its acquisition date then it is included within the base business results.

3. 2004 Interim Results Press Release Schedules.



Forward Looking Statements

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. These forward-looking statements are only predictions and you should not rely unduly on them. Actual results might differ materially from those projected in any such forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. In evaluating forward-looking statements, which are generally identifiable by use of the words "may", "will", "should", "expect", "anticipate", "estimate", "believe", "intend" or "project" or the negative of these words or other variations on these words or comparable terminology, you should consider various factors including the risks outlined in our Form 20-F filed with the SEC. Although we believe the expectations reflected in forward-looking statements are reasonable we cannot guarantee future results, levels of activity, performance or achievements. 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.

A presentation on the results will be webcast live on this website at 09.30 a.m. Copies of the slides accompanying the presentation will be available on the website on 21 July from 11 am.