

**Cadbury Schweppes 2007 Interim Results
Analyst Presentation Script & Q&A Transcript**

Todd Stitzer, Chief Executive Officer

Slide 3 – Todd Stitzer, Chief Executive Officer

Good morning ladies and gentlemen and welcome to our interim results presentation.

As we were together recently to discuss our strategy for the new confectionery business, today's presentation will be shorter than usual with around 40 minutes for the formal part of the proceedings and about 30 minutes for Q&A.

Slide 4 – Today's Agenda

I'm going to kick off with an overview of the half year and a summary of our commercial performance by region.

Ken will follow with a detailed financial review, outlining the key drivers of our performance in the half and the main opportunities and challenges we see in each region for the remainder of 2007.

I'll return and close with a brief summary before turning over the meeting to Q&A.

Slide 5 – 2007 Half Year Overview

I'll focus my comments today on the continuing confectionery business. Ken will give you the trading highlights for Americas Beverages in his presentation.

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We've had a good first half with performance from the continuing confectionery business in line with expectations.

In March we announced the separation of beverages and confectionery.

By June we'd communicated our ambitious plans for the continuing confectionery business and announced three bolt-on confectionery acquisitions.

Two of these – Intergum in Turkey and Sansei in Japan - strengthen existing businesses and the third – Kandia Excelent in Romania - gives us a strong entry into a fast growing emerging market.

We've also continued to rationalise our portfolio, selling low growth, non-core brands and assets in Australia, Canada and Italy

We are making progress on the separation of Americas Beverages and interest in the business remains strong.

Since we last updated the market, the global debt markets have become extremely volatile.

As a result, we've extended the sale timetable to allow the bidders to complete their proposals against a more stable backdrop in the debt markets.

Should market conditions ultimately defeat the sale process, we are prepared to pursue a demerger process.

Meanwhile, the beverages business performance is tracking in line with expectations as you'll hear from Ken.

Slide 6 – Half Year Performance Highlights

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Turning now to the half year performance highlights of the continuing confectionery business.

Like-for-like revenue growth was 6% driven once again, by double-digit growth from gum and emerging markets.

Performance from our developed markets was stronger with revenues up by 4% despite slower starts in our two big confectionery markets in Britain and Australia.

Pricing across our portfolio overall was stronger than in previous years, but particularly in candy and gum in North America and Australia beverages where prices rose by an average of 8% and 5% respectively.

Revenue growth from our focus brands, markets and customers was above the group average.

Our 13 focus brands grew by 9% with particularly strong growth in Trident and Stimorol.

Halls also had a better half with good performances in North America and Europe more than offsetting a weaker performance in Asia.

Our 12 focus markets grew by 7% and our 7 top global customers grew by 8%

Our underlying margins fell 30 basis points on a like-for-like basis, primarily reflecting our investment behind successful growth initiatives, including the UK gum launch.

Slide 7 – Cadbury plc New Regional Organisation

On July 1st we formally put in place our organisation for the new confectionery business.

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As we outlined in June, the key change from a reporting perspective is the split of EMEA into two new regions .. Britain, Ireland, Middle East and Africa or BIMA and Europe.

This chart shows the percentage contribution each of the regions makes to our revenues and profits.

We've provided historical revenue and profit data on the new regions in the supplementary schedules.

I'll now take you through the performance of each of the new regions, but will preface each review with a brief description of the respective region.

Slide 8 – Britain, Ireland, Middle East and Africa

Let me start with BIMA.

At £1.5 billion, BIMA is our biggest region in terms of revenue, accounting for just over 30% of the total in 2006.

In 2006 it had profits of £186 million and a trading margin of 12.4%.

As you know margins have been depressed by the issues we've had over the last two years in Britain and Nigeria.

We have the number one confectionery business in the region.

It is mainly comprised of heritage Cadbury chocolate businesses – principally in Britain, Ireland, South Africa and Nigeria where chocolate means a cocoa-based food drink called Bournvita.

However, we also have significant gum businesses in South Africa and Egypt where we are the clear market leaders.

And ... we have just started leveraging the strength of our route to market to launch gum, notably in Britain.

80% of BIMA revenues come from our developed market business in Britain and Ireland with the remainder from the emerging markets in the Middle East and Africa. Turkey is now included in our European region.

Slide 9 – Britain, Ireland, Middle East and Africa .. Solid Underlying Revenue Growth.

First half BIMA revenue growth of 2% was impacted by the phasing of results from Nigeria where, as many of you will remember, a significant overstatement of the financial position was discovered in November of last year.

If results from Nigeria are normalised, then like-for-like revenue growth in the region would increase from 2% to 5% in the half.

This revenue growth was driven by the successful launch of gum in Britain and by a strong performance from our emerging market businesses which grew by 19%, after adjusting for the impact of Nigeria phasing

In emerging markets, South Africa was the notable performer with strong growth in all categories, but particularly in gum.

Looking at the profit line for the region, the decline of 27% in base business profits results from the combination of our investment in gum and by the phasing of Nigeria.

Slide 10 – Successful Launch of Gum in Britain

In Britain, revenues were ahead by 2% ...

Our launch of gum in Britain has been very encouraging.

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So far, results are exceeding our expectations given the combination of strong market growth and share gains, as this chart shows. Our share is holding at comfortably over 10%.

In July we started our second wave of activity.

We've just launched a new centre-filled flavour variant, Trident Raspberry Peach supported by this new television creative.

[MARKETING CREATIVE]

We've also launched the bottle format which has been so successful in Europe.

As you can imagine, our major rival has responded aggressively with significantly increased innovation, marketing support and promotional activity in what is one of their largest and most profitable markets.

For us, this will be a multi-year journey and we plan for this to be an area of net investment for the next couple of years.

However, there is significant opportunity to own a profitable share of what we believe will be a much larger, growing and dynamic market due to our participation.

Slide 11 – Market Growing and Share Beginning to Improve

Looking more broadly, the whole UK confectionery market has returned to growth in 2007 after a difficult 2006.

All categories have grown, with the market ahead by 5% year to date.

The latest read for the 4 weeks to mid July was particularly strong, compared to last year when the market was impacted by the dual effects of an exceptionally hot summer and our product recall.

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Our total share year to date is down 120 basis points driven by the combination of our Easter nut recall and heavy discounting by competitors.

However, as this chart also shows, we've seen a significantly improved share performance over the last 4 weeks and expect this to continue as we cycle weak 2006 comparatives.

As we reported last month, our Sheffield factory, which is our main candy factory in Britain, was severely impacted by the flooding in the North of the country in June.

Although the factory was closed for a few weeks, I'm pleased to say that we have already started producing Bassett's Liquorice Allsorts on site and we're hopeful that the factory will be fully operational in a couple of months.

However, while we are sourcing products from other group factories and third parties, it is unlikely we will be able to make good all the production disruption and therefore would expect our candy share to come under pressure over the coming months as you can see from the July numbers..

Britain is our largest market and a key focus for us over the next 4 years as we seek to restore revenue and share growth and improve margins.

By the time we report the full year results in February, we hope to be able to demonstrate tangible evidence of progress in revenue and share growth.

Slide 12 – Europe

Moving to Europe.

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In 2006, Europe accounted for 17% of revenues. We expect this to increase modestly with the consolidation of our recent acquisitions in Turkey and Romania.

It contributed 14% to profits with margins of 11%.

This region comprises all our businesses in Western and Eastern Europe and also includes our fast growing operations in Russia and Turkey.

Our largest business is in France .. and revenues are split broadly equally between developed and emerging markets.

It has a relatively concentrated brand portfolio with the top 10 brands accounting for around 65% of total revenues.

It is mainly a high margin gum and candy business.

In gum, we are number two overall with leadership positions in 8 markets. Our number 2 position reflects Wrigley's dominant share of the largest gum market, Germany.

Our only significant chocolate businesses are in Poland and Romania. We also have a number 5 position in chocolate in France.

Slide 13 – Growth Europe: Strong Performances Across the Region

Consistent with its focus on high margin gum and candy, Europe's revenue growth was strong in the half at 7%.

Growth was driven by gum and Halls.

Halls grew 29% with good performances in Spain and Poland and a successful launch into France.

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Gum revenues were 13% ahead driven by the expansion of centre-filled in existing and new markets and by packaging innovation.

As we described at our presentation in June, we continued the roll-out of centre-filled in Europe, launching in Russia and Turkey in the half. Centre-filled is now in 12 markets in the region.

The launch of centre-filled has transformed the performance of Stimorol, our main brand in Northern Europe which was strongly ahead in the half as it grew share in nearly all of its markets.

Strong growth in gum and Halls in France was largely offset by a weaker performance in chocolate and further rationalisation of our candy portfolio to focus on a smaller range of brands. Carambar and Malabar, our core candy brands, grew strongly.

In Russia, revenues were ahead by nearly 20%, in part reflecting weak 2006 comparatives, and losses were reduced.

We're very encouraged by this improvement in performance which saw our gum share continuing to grow and progress made on increasing the efficiency of our route to market.

Slide 14 – Americas

Turning to the Americas.

The Americas includes all our businesses in North and Latin America.

In 2006, it contributed 27% of revenues and had the highest operating margin in the group at 15.6%

Revenues are split 55% developed markets and 45% emerging.

We are the number one confectionery business in Latin America

And ... with the exception of Canada, the Americas is principally another high margin gum and candy business.

In Canada, we have a significant presence in chocolate through the Cadbury brand.

Overall we are market leader in Canada with a total confectionery model built around strong positions in chocolate, candy and gum.

We have our most concentrated brand portfolio in this region. Four brands – Trident, Dentyne, Halls and the Bubbas – account for 65% of total revenues.

Slide 15 – Americas: Growth and Leverage Drive Excellent Profit Performance

Turning to performance in the first half.

Revenue in the Americas continued to grow strongly with developed markets up 9% and emerging markets up 15%, producing overall growth of 12%.

The half did benefit from a good Q1 in Halls which was cycling very weak comparatives and a full first half from Stride which was launched in June last year.

We also saw significant profit and margin gains resulting from the combination of operating leverage and a focus on profitable growth in Brazil and Canada.

There were some early benefits from our pricing initiatives on gum and Halls in North America.

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In the southern part of the region, Mexico had a good half with revenues ahead by 13% as we began the phased launch of Trident Splash into Latin America. We also launched Splash in Costa Rica and the Dominican Republic.

Brazil and Venezuela continued to achieve outstanding results through a focus on higher value brands such as Trident in Brazil and more affordable single piece products with Halls in Venezuela.

In Canada, we sold Allan Candy, exiting own-label candy to focus on our more profitable and advantaged core brands.

Although we are still working our way through some product rationalisation within this core portfolio, revenues excluding Allan Candy were ahead by 5%.

During the half we successfully relaunched Maynards as a larger, umbrella candy brand.

Revenues in the US were up 13% with all parts of the portfolio contributing .. gum, Halls and our two candy brands Swedish Fish and Sour Patch Kids.

Slide 16 – North Americas Pricing

In March of this year, we increased prices on all of our gum lines by around 10% both to recover input cost inflation and reflect the value of the innovation put into the market in recent years.

So far we're very pleased with the results.

Our main competitor and market leader followed us sooner than we had expected.

The prices are holding and as this chart shows, the US market has continued to grow strongly

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As has our share, which has increased to 35%, up from 27% when we bought Adams.

We expect the full benefit of our pricing initiative to be seen in the second half.

Slide 17 – Asia Pacific

Finally, let's move to Asia Pacific.

This region accounted for a quarter of our revenues and profits in 2006 and had a margin of 13.7%

Revenues are split 80% developed, 20% emerging and 70% confectionery, 30% beverages.

In confectionery, the region includes our market leading heritage chocolate businesses in Australia, New Zealand, India and Malaysia.

The acquisition of Adams gave us significant gum and candy operations in Asia, principally in Thailand and Japan.

The beverage business is based in Australia and is fully integrated with our confectionery business there.

Both Cadbury and Adams set up businesses in China during the 1990's and neither were particularly successful.

As you heard in June, China is a priority market for us and we are in the process of implementing a new and much more focused strategy to turn the business around.

Slide 18 – Asia Pacific: Solid Performance

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Asia Pacific had a solid half with 5% growth in underlying revenues driven by 12% increase in emerging markets.

Developed markets were ahead by 3%, slightly lower than in recent years, due to the exit from a low margin contract packing arrangement and a slower start in Australia confectionery

In February, we told you that the business was being adversely impacted by disruption at a major retail customer and... this has continued through most of the first half. In addition, the summer weather has been exceptionally hot.

The hot weather has of course been good for our beverage business in Australia which has benefited from share gains in a strongly growing market.

In emerging markets, our business in Thailand continues to suffer from economic and political uncertainty and revenues were down in the half, due in part to trade destocking.

In China, revenues fell 18% as we began to implement our new strategy and exit a significant proportion of the 200 plus cities in which we used to operate.

Our star performer continues to be India, where revenues were ahead by over 20% with all categories – chocolate, candy and food beverages contributing to the result.

At the beginning of July we launched centre-filled bubblegum there under the Bubbalo brand.

That completes my review of the regions.

Can I now hand over to Ken.

Ken Hanna – Chief Financial Officer

Slide 20 - Title

Thank you Todd.

And good morning everyone.

Slide 21 – Agenda

I will start with a quick update on Americas Beverages

As we indicated at the trading update in June, we are treating Americas Beverages as a discontinued operation, so the underlying revenue and margin numbers are for our continuing Cadbury plc business only.

I will conclude with some comments on the 2007 outlook

Slide 22 – Americas Beverages Update

Americas Beverages is continuing to perform in line with expectations with comparable base business revenue growth of 5% in the half

The business is competing strongly and gaining share in tough market conditions. Year to date CSD share is up 70bps and non-CSD share up 20 bps

The integration of CSBG is progressing well and we are beginning to deliver the planned synergies

As we indicated in February, we invested heavily behind the revitalisation of Snapple in the first half, with launches of super premium and mainstream teas; we have also invested behind the launch of Accelerade – a new sports drink

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We have seen higher commodity costs – notably HFCS and juices – and we have taken price increases to offset these pressures

As expected, given the investment behind new products and higher costs, trading margin was down in the first half on a comparable basis

Finally, as we announced last week, we have extended the sale process in view of the extreme volatility of the global debt markets. There continues to be strong interest in the business

Slide 23 – Base Business Revenue Growth – Regional Performance

Now let's focus on the confectionery business – which will be renamed Cadbury plc post the separation of Beverages

Looking first at underlying revenue growth, you can see here the contribution from our 4 new confectionery regions

The strong start to the year in the Americas has driven over half of the total revenue growth for the period

You will also note that Europe had a strong first half

Overall revenue growth of 6% is nearly double the rate of the first half last year

Our first half performance clearly reflects the strength of our gum business. Gum has now recorded double-digit growth for the last 3 years

Slide 24 – Confectionery Revenue Growth

Emerging markets continue to be an important growth engine for us. They have increased revenues by 10% in the half and contributed around 50% of our confectionery growth

Emerging markets have also grown by double digits for the last 3 years

However, the key to our acceleration in growth in the first half has been developed markets. These markets saw growth of 4%, up from 1% in the same period last year, with stronger momentum from the US and Western Europe – again largely driven by gum

Slide 25 – Underlying Operating Margin

This chart is the first of 2 charts showing the key drivers of underlying margin:

Working from the left – the base margin of 8.4% in H1 2006 is the sum of the continuing regions as previously reported, less our central costs

We have generated Fuel for Growth cost savings and seen operating leverage in the half which increased margins by 70bps

Offsetting this are a couple of factors. Firstly growth investment of 60 bps. I will cover this in more detail shortly, but you can see here that our investment behind UK gum was worth around two thirds of the total growth investment or around 40 bps of margin

Nigeria had an impact on our margins of 40bps as we have not restated the 2006 first half comparatives.

On a like-for-like basis operating margin is down 30bps to 8.1% which is in line with the guidance we gave in February

Slide 26 – Underlying Operating Margin (2)

There are a couple more drivers of margin this half:

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The 8.1% margin on the left is our old underlying basis as per the previous slide

From 2007 we will be including an ongoing business improvement cost – equivalent to around half a percent of revenue – in our underlying operating margin

I have included a reconciliation showing the split of this business improvement cost by region in the supplementary schedules

After this cost, the margin reduces to 7.6% at constant currency

A further factor is exchange. The US dollar has fallen by around 10% in the half - from an average rate of 1.79 in the half last year to an average rate this half of around 1.98 - and all our other major currencies have weakened against sterling

As a result, FX has reduced our sales by around 5% and our profits by around 10% in the half, which gives a 40 basis point hit to our margins

Just a quick reminder here – in our confectionery business, margins are historically always lower in the first half of the year, reflecting seasonal phasing and operating leverage

Slide 27 – Growth-Related Investment

We have continued to invest behind growth with investment up 60bps in total

To date we have invested approximately £10m behind the launch of UK gum - equivalent to around 40bps of margin

In addition to this, we have also invested around £10m behind key growth platforms – such as centre-filled, longer lasting gum and UK chocolate

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As we indicated earlier in the year we are being more selective and disciplined in the allocation of our marketing investment. We have redirected spend away from non-core brands to our focus platforms and in total, marketing to sales increase by 20bps

We are also continuing to invest behind innovation, science & technology and particularly Route to Market. Investments in Latin America and Russia are helping drive double digit revenue growth in these markets

Slide 28 – Summary Income Statement

Moving on to the income statement

All the lines down to reported profit before tax and the tax charge itself are shown for Cadbury plc only. The post tax profit of Americas Beverages is shown in discontinued operations

There are several charts in the supplementary schedules to give you more details on the technical items. But there are three areas I want to run through:

- Net finance costs
- Restructuring
- And discontinued operations

Slide 29 – Finance Costs

Starting with net finance costs

The net interest charge for the half is lower, reflecting the reduction in debt following the disposal of Europe Beverages

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Our net interest rate has increased from 4.8% to 5.2% this half. Our proportion of fixed rate debt has reduced, so our rates here have risen in line with the market. Currently around 64% of our debt is at fixed rates

We would expect the interest rate for the full year to be marginally higher than the 5.2% in the first half as floating interest rates continue to track higher.

Slide 30 – Restructuring Costs

As we outlined in June, we expect to incur on ongoing business improvement charge of around half a percent of revenues which will be included within underlying profit from 2007 onwards. We did not have an equivalent charge in 2006

Restructuring outside underlying includes costs related to Efficiency Priorities under the Vision into Action programme; Americas Beverages separation costs and charges relating to Gumlink

As we announced in June, we expect the total restructuring charge over the period 2007 to 2011 to be £450m, with a charge of [around £100m] in 2007

Slide 31 – Discontinued Operations

There are several components within discontinued operations.

Within underlying, the post-tax trading profits of Americas Beverages have gone down, principally as a result of foreign exchange but also reflecting the first half weighting of product launch investment

Slide 32 – Earnings per Share

Moving on to earnings per share

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We are required to report total Group EPS and obviously this includes Americas Beverages. At constant currency we reported underlying EPS down 1%

There are a number of factors here: -

The change in accounting for business improvement costs has a one off impact of 4% as we did not have a charge in the prior year

The increase in the number of shares and M&A activities dilute by 3% in total.

Cadbury plc continuing confectionery business was up 6%, reflecting operating profit growth and lower financing costs.

Slide 33 – Dividends

Now on to dividend for the year

Our half year dividend will be 5p per share – an increase of 22% reflecting our confidence in the earnings potential of the new group. This will be paid out as normal in October

As we indicated in June, we expect our full year dividend per share to be paid out at a level consistent with current expectations

This is in line with our normal profile of approximately 1/3 interim and 2/3 final

We also indicated that we expect some form of share consolidation as part of the return of capital following the beverages separation

This will mean, by the time the final dividend is paid out in May, the payout is likely to be on a smaller number of shares

Slide 34 – Cash Flow

Under IFRS, all cashflow information is shown on a total group basis, so again, all these numbers include Americas Beverages

Our cash generation profile is typically weighted to the second half, however our first half performance has improved considerably

Free cash flow in this half was an inflow of £2m – which is £45m better than the outflow of £43m we reported in the first half of last year

The two significant factors are working capital improvement of around £80m offset by an increase in capital expenditure of around £30m, most of which relates to the confectionery business

Slide 35 – Working Capital

Working capital continues to be a key focus area. The half year number shows an encouraging improvement but we really measure people on average working capital over all the months of the year

Here we have continued to show good progress and our confectionery operations have reduced average working capital days in the half by over 20%

The EMEA region accounted for the majority of the improvement

Key drivers are reduced stock levels in the UK, following a number of initiatives to improve efficiency, together with Nigeria, where the 2006 position was overstated

Slide 36 – Disciplined Capital Allocation

In the half we have announced 3 non-core disposals – totalling around £50m and 3 confectionery acquisitions – totalling around £340m.

The net cash outlay for these deals is not fully reflected in our half year net debt position, as around £300m of the acquisition cost will not be paid until the second half

This is a factor which you need to bear in mind when forecasting our year end net debt

Slide 37 – Balance Sheet Efficiency

Our Group net debt to EBITDA ratio at the half of 2.4 times is slightly higher than the 2.2 times we reported at the end of 2006, as we typically see a cash outflow in the first half of the year

As I said in June, we will be targeting a net debt level for Cadbury plc after the separation of Beverages in the range of 1.75 to 2 times EBITDA – consistent with a BBB+ rating

Slide 38 – 2007 Outlook

Moving on to the outlook for the full year –

Before I take you through the factors you should consider for each of our new regions, let me make a few comments on dairy costs as they will impact our chocolate business in the second half

As I am sure you know, around 2/3 of the milk we use is liquid milk and 1/3 is milk powder

We highlighted this issue in June and since then prices have continued to escalate. Latest estimates are that on average liquid milk is up 10% year on year and powdered milk is up 50%. Therefore, with our mix this is equivalent to around a 20% cost increase – principally impacting our BIMA and Asia Pacific regions

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The chocolate market has therefore suffered a sudden and sharp increase in a key raw material and there will undoubtedly be a lag before this can be recovered through pricing. As we indicated in June, we have every intention of taking bolder steps on pricing.

Slide 39 –BIMA - 2007 Factors

Starting with BIMA

In the UK we will continue to see the effect of our gum launch and we also will see a benefit from lapping the product recall and hot weather from summer 2006

As you heard from Todd, we suffered flooding at our factory in Sheffield which has disrupted production. We have insurance in place, which should minimise any impact on profits, but sales from our candy business may be around £20-£30m lower in the second half

Nigeria will be lapping softer comps in the second half. The business is making progress but - as I've said before - we expect Nigeria will continue to be loss-making in 2007

Elsewhere, the strong momentum from Africa and the Middle East is expected to continue in the second half, driven by South Africa

Slide 40 – Europe – 2007 Factors

In Europe, we expect continued strong momentum from the gum category across the region

In particular we are seeing good momentum and improving results in Russia

Europe region will also be integrating the acquisitions of Intergum in Turkey and Kandia in Romania

Slide 41 – Americas – 2007 Factors

Americas had an outstanding year in 2006 and is lapping some tough comps – however are continuing to see excellent category and share momentum and we will benefit from the pricing action taken in the first quarter

In the second half we expect to see significant competitor activity behind new product launches

Slide 42 – Asia Pacific - 2007 Factors

Asia Pacific continues to make good solid progress, however growth in the second half is likely to reflect our withdrawal in April from a co-packing contract in Australia beverages worth around £18m of revenues

Looking at the individual markets: –

The retailer environment in Australia is aggressive and is becoming increasingly consolidated

In Thailand, the political and economic uncertainty has impacted consumer demand, particularly in the traditional trade

We continue to see strong momentum from our other emerging markets – in particular in India and Malaysia, where growth in chocolate is driving excellent performance

Slide 43 – Conclusion

From a guidance perspective, the only changes in the last 6 weeks since our seminar on June 19 have been the increase in dairy costs and the flooding at our Sheffield factory

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Let me remind you that the actions we are implementing to reduce our SG&A costs will not have a material effect this year but will lead to significant savings from 2008 onwards

As we have indicated, the planned investment in UK gum and other growth initiatives will mean that we are unlikely to report margin progression for the full year

Our business momentum remains strong as we go into the important second half

Thank you very much and back to Todd

Todd Stitzer, Chief Executive Officer

Slide 45- Title Slide

Thanks Ken

Slide 46 – Summary and Conclusion

Ladies and Gentlemen, our business is at the beginning of a new journey a journey which will see us separate from the beverage business and focus on a goal of becoming the biggest and best confectionery business in the world.

We are already the biggest confectionery company

And while we've made a lot of improvements over the last four years ... as we described in June, we still have significant under-exploited potential ... particularly in cost reduction and margin growth.

Following detailed reviews of our confectionery SG&A costs and global manufacturing footprint, we're confident that the business can achieve a

real step-change in margins and returns by re-configuring our confectionery business model.

The plan we announced in June seeks to embed a much more centrally driven and focused commercial strategy - grounded in the concept of fewer, faster, bigger and better programmes - to reinforce growth while at the same time significantly improving our margins.

A major cost reduction plan lies at the heart of our ambition to drive our margins from a 2006 level of around 10% to mid-teens by 2011 ...

But margins will also benefit from a greater focus on profitable growth and from improving our commercial performance in a number of under-performing markets.

Since we met in June we've continued to work on our plans, particularly to deliver aggressive reductions in SG&A beginning in 2008.

We've started to see improvements in performance of Russia and have completed the first phase of refocusing our business in China.

And our focus on profitable growth through a combination of positive mix and pricing, has delivered solid operating leverage in the first half, most notably in the Americas.

However, as we said at the beginning of the year, 2007 will be another year of significant re-investment in future growth, particularly in the UK as we launch gum and seek to re-invigorate our chocolate business after a difficult 2006.

In addition, we do have further commodity cost increases to absorb, notably in dairy.

This means that we are unlikely to see margin progression in the full year.

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In 2008, we expect the actions we are implementing to reduce our costs to lead to significant savings, particularly in SG&A.

At the same time, we expect our investment in growth to increase broadly in line with revenue. This investment will be focused on brands, markets and customers which can generate the highest growth and returns.

In the first half of 2007, increased growth investment and improved commercial execution in the marketplace drove revenue growth of 6% despite relatively slow starts in two of our biggest confectionery businesses in Britain and Australia. We expect our good revenue momentum to continue in the second half.

Ladies and Gentlemen, we look to the future with confidence and to achieving our goal of becoming the biggest and best confectionery company.

Thank you for your attention.

Can I now turn the meeting over to Q&A.

Martin Dolan, Execution:

Just a quick question on the margin guidance. Do I take it that's underlying before business improvement and before FX, for the margin guidance?

Ken Hanna, Chief Financial Officer:

That is correct, we've given the guidance underlying, which excludes the 50 basis point of business improvement.

Martin Dolan, Execution:

And your 2011 target is that before business improvement and FX as well?

Ken Hanna, Chief Financial Officer:

It is.

Martin Dolan, Execution:

Okay, can you give us some ideas of the annualised losses in Russia, China and Nigeria?

Ken Hanna, Chief Financial Officer:

It's exactly in line with the June 19th presentation which, if my memory serves me correctly, the number was £24 million.

Martin Dolan, Execution:

Thanks and just a couple of technical ones on beverages. Can you indicate to us if there is any non-financial buyer left in the bid at the moment?

Ken Hanna, Chief Financial Officer:

We are in a competitive process and I'd prefer not to get into nitty-gritty questions on the process. I hope you appreciate that.

Martin Dolan, Execution:

Okay, and finally just one more if I can? Are there any tax implications of a spin off that are different to the 5% indication that you've given us for a trade sale?

Ken Hanna, Chief Financial Officer:

No there's not. We indicated on June 19th that the tax differential between a de-merger or a sale were absolutely minimum, so you should not assume any big difference.

Julian Hardwick, ABN Amro:

A couple of questions on prices and costs. Normally you give us in your margin bridge something on the cost and input cost changes. Could you give us that for the first half and tell us what you think then the delta is going to be for the full year? And can you also give us a sense of how much pricing contributed for sales growth in the first half and presumably given your comments on full year benefit from pricing in Americas and looking for pricing in the UK we should expect pricing to contribute more to sales growth in the second half, is that fair?

Ken Hanna, Chief Financial Officer:

I think we indicated back in February for the combined business the biggest impact on raw material costs this year - or input costs - would be high fructose corn syrup, of which the vast majority would be in Americas Beverages. There was a very small impact in the first half, circa five million pounds, which was a negative.

There was no big raw material movement's year on year in the first half. The biggest impact in the first half was the growth investment I took you through. For the second half the biggest impact will be milk. And it will

be (I'll put it into pounds to help those of you who need to work in that way) around 20 million pounds impact for milk in the second half, which has obviously increased from the guidance we gave earlier in the year.

The impact on pricing on our revenue growth of 6% in the first half was roughly 4% price and mix and 2% volume. So you can see the benefit of some of the action we're taking, particularly on Halls and gum. And you're right - our planned price increases should have a beneficial impact to the second half.

Arnaud Langlois, JP Morgan:

I have a couple of questions. First of all I see that you're saying in the pack that marketing spend was up five million pounds in 2006, that's a 2% increase year on year. I calculate you'll basically have flat spending year on year and have some difficulties in reconciling this with your comment that 2007 is a year of significant reinvestment. So could you maybe explain what will happen in the second half, because at the moment we are not seeing a significant increase in marketing spend?

The second question is related to your UK chocolate business. You are losing share in the first half, you're talking about reinvigorating the business. If I remember well last year you put an end to your sponsorship programme with ITV, which was about 20 million pounds. I thought some of that money would be recycled to invest behind your gum business. And I'm wondering to what extent you are really spending what you should be spending in UK chocolate. So could you give us some guidance as to what will happen in the forthcoming quarters?

Then I have a question on the beverages division. We've seen an 11% profit decline in the first half. I'm obviously slightly worried that the valuation we've been looking at for your beverages business could go down on the basis that profitability could continue to contract. So is there any hope that we'll see an improvement in the second half?

Todd Stitzer, Chief Executive Officer:

That's a series of positive questions! I'll take the first ones on chocolate and Ken can answer the ones on beverages.

First as it relates to marketing spend, 40% of our business is done in the first half and 60% in the second half. So I think you can expect that we will be investing significantly in marketing in the second half. I think you need to count in your first half calculations the growth investment that is not included in the marketing as a percentage of sales line. So I think that's an important add on.

As it relates to the UK we generally have a strong third and fourth quarter marketing programme behind chocolate and I think you can expect us to have a strong third and fourth quarter marketing programme behind chocolate as we said we would.

I think your estimate of the cost of Coronation Street is roughly 100% out of whack. So you should revisit that. I think it was a £10 million investment not a £20 million investment. So I think that is what I would say on UK marketing investment and chocolate. Ken?

Ken Hanna, Chief Financial Officer:

Let me just be very clear the numbers are as stated for Americas Beverages under current IFRS accounting. They are impacted by - they're after tax and we've had a higher tax charge, they are impacted by front-end loading of - particularly start up investment for new product launches. Let's be very clear the numbers, the underlying numbers that we've been discussing with interested parties everyday of the week for the last few months have been up. The underlying business performance on an EBITDA or an EBIT basis shows an improvement after adjusting for front end loading of launch costs such as Accelerade and Snapple mainstream and premium teas.

So the business is performing in line with expectations, that's what we said in the press release and you know that's what's happening.

Arnaud Langlois, JP Morgan:

In US dollars?

Ken Hanna, Chief Financial Officer:

Up in US dollars yes you're correct. There is a 10% currency hit on the numbers. So in dollars the business is performing in line with expectations.

Martin Deboo, Investec:

I think these are questions for Ken predominantly. Sheffield flood damage: is any trading loss from that going to be insured? Secondly are you on track to achieve fuel for growth savings this year? I'm just a bit confused about the moving parts going on there. And thirdly can you update us on the Glaceau termination issue that you raised on June 19th and whether that's in the numbers for Americas Beverages?

Ken Hanna, Chief Financial Officer:

The trading loss should be covered, just like it was covered under our product recall a year ago. So we believe any loss of profits should be covered by insurance: you have to prove it [the loss], but we recovered it in last year's recall.

Fuel for Growth: there are some details in the supplementary schedules, and it is on track. We've quoted a number of £80 million of Fuel for Growth savings this year, and we've shown you the number excluding Americas Beverages. So I can assure you it is on track. And Glaceau, we have not officially, I think I'm right in saying, had any termination notice yet. We are expecting it, Coke have publicly talked about it, but we were

still distributing Glaceau all the way through the first half. We're obviously monitoring when we might get the termination notice some time in the second half. We'll update the market as and when we get news on that.

Carl Short, Standard & Poor's Equity Research

Just to return to the output pricing situation, obviously milk costs and milk powder have been going up for some time now. So what has constrained you to date from taking some output price increases as a pre-emptive move? And secondly you sound very confident that you are going to be able to get through some aggressive output price increases on the chocolate front in the second half. Could you explain what is going to change to enable that to happen?

Todd Stitzer, Chief Executive Officer:

Well I think we've actually already taken some price increases, a penny here, a penny there on a number of count lines in the market place and on block chocolate, which if you haven't noticed is good for us. But I do think the milk price increase has been rather fast and furious although we had taken pricing earlier in the year on a number of packs. I think in the back half of the year there are options open to us in terms of size of packs, number of units in packs and other ways to effectively take prices without necessarily having a large headline price, things that we do all the time.

So we said in June that we'd be smarter and more aggressive in terms of taking pricing and I think we're confident that we'll be doing that.

Carl Short, Standard & Poor's Equity Research

Has your hedging policy changed regarding the chocolate input costs? I'm thinking about cocoa and dairy?

Ken Hanna, Chief Financial Officer:

It hasn't changed, we don't normally talk about it and we don't talk about it because we're one of the top four, five, six buyers of cocoa in the world. We don't go into detail in terms of our hedging but it hasn't changed.

Todd Stitzer, Chief Executive Officer:

I do think if you track the cocoa markets you can see that the normal give and take of the markets is affected by things such as the strength of the harvest that comes in September, October. So there are annual events that people keep track of that reflect our view and their views of the market places. And I think you should do a little digging into that. There's also a lot of hedge funds in the cocoa markets that have an unnatural effect on it and you know that's an important factor to consider as well.

Alex Molloy, Credit Suisse:

A couple of questions on Americas Beverages separation if I may. If you go down the de-merger route what will the timetable be? The second question is do you guys have a minimum price in mind, whatever route you go down? And if you don't look like getting that minimum price would you maintain it within your existing structure?

Todd Stitzer, Chief Executive Officer:

Well I'll answer the last part first. Our job is to maximise value for shareowners. We've made a strategic decision to separate Americas Beverages and we're focussed on maximising value. And at the moment we have a process that has a number of people highly engaged in a value creating dialogue. So we're going to keep ploughing that for as long and as hard as we possibly can.

Ken Hanna, Chief Financial Officer:

As regards the de-merger question, Alex, you know we are in a competitive process and we've taken a pause and extended the timetable in view of the way the markets have moved in the last two weeks. It would be inappropriate for us to be drawn into any kind of timetable or deadline when we're in a competitive process. So we'll announce to the market at the appropriate time, but we're not going to get drawn into false deadlines at the moment. It would not be in our shareholders' interest to do that.

Alex Molloy, Credit Suisse:

But on the minimum price issue, I accept that your goal and objective is to create value. But things have changed, credit markets have moved, equity markets have moved, you know is there a minimum price over the long term not taking into account current conditions or will you definitely sell it one way or the other?

Todd Stitzer, Chief Executive Officer:

You know I think it would be highly unusual to comment on a minimum price. This is a great asset, there is great interest in it and we're engaged in that process right now. You know it's not anything that we can comment on right now.

Michael Steib, Morgan Stanley.

My question is on Nigeria; do you expect a similar 40 basis points impact on the Group margin on the second half of the year? And what sort of steps are you putting in place to improve the performance in Nigeria?

Ken Hanna, Chief Financial Officer:

Nigeria should not have a 40 basis points hit in the second half. The 40 basis point hit in the first half was a result of the booking of all of the adjustment to reduce the over-statement in the second half of 06 and didn't touch the first half numbers. So it should roughly balance out, the full year impact on Nigeria will be a wash. And the steps we're taking: obviously we've put new management in, we've done significant SKU rationalisation, focussed on three products rather than the larger number of products. We're launching bubblegum into the market. We've de-stocked the trade, there's all the stuff that we talked about in February. We're making good progress but it will not turn to profit in 2007.

Sara Welford, Deutsche Bank:

First of all you've indicated that the tax liability doesn't differ if you go down whichever route you go down. Can you perhaps update us on what costs there would be? I imagine there would be additional public company costs if you went down the de-merger route. And secondly you say withdrawn from 180 out of the 200 cities in China, does that mean that China is basically done now or will we see more?

Todd Stitzer, Chief Executive Officer:

Revenues in China were down in the first half by 18% because we have withdrawn from about 180 cities. What comes next is actually focussing on the 17 cities that we've chosen to focus on and growing revenue and profits in those cities to start building it back up again. So we've withdrawn from those markets and now we're focussed on the 17. And you know we're starting to see some positive signs in some but not all of those markets. And we'll have to read that as we go through the year.

Ken and I are out in that part of the world in September and we'll get an update. There are three under performing markets [in the group], Russia,

Nigeria and China, I think we see China coming right on the slowest time track, because it's just going to take us time to get back.

Ken Hanna, Chief Financial Officer:

As regards your question on tax. I think for this point in time the guidance remains the same, and 5% cost of tax and transaction expenses. Clearly to position Americas Beverages as a standalone public company would require a little bit more cost, in terms of pro forma operating costs. But I wouldn't think it would be massively material.

Todd Stitzer, Chief Executive Officer:

And those costs are roughly the same whether there's a sale or whether there's a de-merger. And those have been factored into the models for Americas Beverages and they don't affect the costs for Cadbury Plc going forward. So I think you should feel comforted that we have thought through that question and that shouldn't affect Cadbury Plc going forward and it already is factored into the beverages operating model as a standalone business.

Arnaud Langlois, JP Morgan:

If we were to go down the spin off route, I just wanted to get some clarification on that. There was a headline this morning on Bloomberg saying that that wouldn't take the form of an IPO and I was not sure to this end what would happen then. I mean if there is a spin off, to me that means that the beverages business would become a publicly quoted company. Maybe what I'd like you to tell us is whether you would be looking at having a dual listing in the US and the UK or would that be a simple listing in the US?

And I have an additional question on volume growth. Could you tell us what volume growths were in the Americas Confectionery business and in Americas Beverages in the first half?

Ken Hanna, Chief Financial Officer:

Okay I'll take the first question. I'm afraid I'm not going to answer the question in nitty-gritty detail. I don't know where Bloomberg got their headlines from; de-merger is shorthand for a public listing somewhere. We're not going to get into the detail of when, how, where at this stage. I can assure you we've been working on it, we announced on June 19th we are working on a dual track. We are, as we announced in the press release today, working on it. But I think it would be again inappropriate in a highly competitive process to get into the details. At the appropriate time we'll obviously get into the details. But I'd rather not go further than that today.

Todd Stitzer, Chief Executive Officer:

I would say as it relates to volume growth in Americas Beverages, of the 5% revenue growth that we had, around one to two percent was volume and three to four percent was price/mix. In an Americas Confectionery it would be four to five percent volume and the rest price/mix.

Mark Lynch, Goldman Sachs:

On the UK, the data which you've given for the chocolate market, is up 4.5% to July. Could you give us an idea of what the split is; volume and price mix if that's possible?

Todd Stitzer, Chief Executive Officer:

I don't think we have market information on that split.

Mark Lynch, Goldman Sachs:

But would it be fair to say given what you said about pricing generally and putting pricing increases through that maybe 50% of that is price and really the volume hasn't moved that much, or is that not correct?

Ken Hanna, Chief Financial Officer:

I would think that the volume is up. But we'll come back to you after the meeting.

Martin Dolan from Execution

I'd just like to follow up on Alex's question because I think it's pretty key in that although there is a dual track it does seem like the disposal is far more further advanced than the de-merger. So if you don't have a minimum price how do you know when to advance to de-merger?

Ken Hanna, Chief Financial Officer:

We said on June the 19th we're leading with a sale. So that is more advanced. The Board constantly keeps this under review. The Board has its view on what we should be doing. And as Todd said it would be inappropriate for us to be public on that. I can assure you we've got a highly numerate and experienced Board. We have got top quality advisors and we are in touch with the way the markets are moving.

Todd Stitzer, Chief Executive Officer:

And we intend to maximise value for shareowners. So you know in that context we'll keep moving along.

Warren Ackerman, Dresdner:

I was slightly surprised to see the central costs up 11% in the first half. I think you were talking about IT spend again. Can you give your expectation on central costs for the full year please?

Ken Hanna, Chief Financial Officer:

Welcome back Warren. Central costs were up in the first half. I would say it is two or three things - and we've explained two of them: it's IT, it's share-based payments and it's science and technology. Two out of the three being growth investments that we'd previously committed to. So they are up for the year.

Full year central costs will be I would say in the region of circa 175 million pounds. So they'll be up for the full year. But that reflects growth investments that we've committed to and it does not in any way change the guidance we gave in June. I don't think you were at the June meeting but we said that we were planning to take £50 million out of central costs in the years 08 and 09, and that remains the same.

Warren Ackerman, Dresdner:

You said that the dairy costs would be up 20 million pounds this year. Can you actually tell us what the absolute base spend on dairy was in 2006? And perhaps indicate where you're actually buying your milk by region?

Ken Hanna, Chief Financial Officer:

We spend around 150 million pounds a year on milk globally. Where we buy it, how we buy it: we'd rather not get into detail here but clearly we buy a lot in the UK, Ireland, Australia, there's the main liquid milk markets.

Warren Ackerman, Dresdner:

Given the slow start you've had in Australia and the UK in the first half and the pricing increases in you expect in the second. Do you think underlying growth in the second half will exceed the first half?

Todd Stitzer, Chief Executive Officer:

We said that we would have good revenue growth in the second half. I think that extends to the UK and Australia. I think we had a particularly slow in the first half in the UK and Australia and we've got good plans and programmes in place in both markets to drive revenue growth in the second.

Warren Ackerman, Dresdner:

Do you think the balance between volume and pricing will be different in the second half compared to the sort of 60/40 split in the first half - i.e. more volume in the second half?

Todd Stitzer, Chief Executive Officer:

I think there will be more volume in the second half.

Jeff Stent, Citigroup:

I'm just drilling a little bit on the milk. If you spend £150 million a year and you said that the prices are up 20% and you said there's going to be a £20 million H2 hit. I'm sort of struggling to square that circle a little, is there something missing?

Ken Hanna, Chief Financial Officer:

Our second half of the year is a big chocolate half of the year, it's about 60% of our total year. There's a very seasonal back end in chocolate so it's a rough number in the order of £20 million.

Jeff Stent, Citigroup:

So there'll be another £10 million H1 next year?

Ken Hanna, Chief Financial Officer:

Correct.

Simon Marshall-Lockyer, Bear Stearns:

Another question on the disposal in beverages. In the event of a disposal can you confirm to us that the current discussions are really primarily being stalled because of the deterioration in the debt markets? And can you confirm that there is no issue in terms of the totality of the business being sold or maybe discussions as to what would be retained by the parties or might not be retained by the parties, i.e. are you selling lock, stock and barrel the totality of Americas Beverages? And is the discussion not partly because some parties don't want to retain part of that?

Todd Stitzer, Chief Executive Officer:

There is no issue about the business performance, there's no issue about what's being sold, everything [i.e. all of Americas Beverages] is being sold. There is an issue about the volatility of the credit markets and actually we are continuing to be engaged with the buyers in the process. It's just they're out trying to get their financing, that's it.

Simon Marshall-Lockyer, Bear Stearns:

Understood. Would you also consider in the event of a de-merger retaining part of the business, which is de-merged?

Todd Stitzer, Chief Executive Officer:

Absolutely not.

Simon Marshall-Lockyer, Bear Stearns:

Okay so it would be a 100% IPO?

Todd Stitzer, Chief Executive Officer:

I wouldn't characterise it as a 100% IPO. You heard Ken's answer about the form, you know de-merger can take a number of forms but it would be a de-merger to separate the beverages business, as we now know it.

Simon Marshall-Lockyer, Bear Stearns:

Understood. Just in terms of UK gum, can you update us in respect of the access to the channel and whether there are any additional prospects for you to add in additional channels and distributors at this point to your 10% market share for UK gum?

Todd Stitzer, Chief Executive Officer:

We have in the last two weeks added one new flavour; we've added two new packs in bottle gum. We fully expect that there are opportunities for us to increase our share and access to channels. We have over 90% distribution to all of the channels in the UK market and we're confident given the strength of our confectionery sales force and presence that we'll continue to grow and penetrate everywhere.

Simon Marshall-Lockyer, Bear Stearns:

One final question still with gum. Would there be any other markets that you think you might be announcing an entry into in the next few quarters?

Todd Stitzer, Chief Executive Officer:

We said in June that there are a number of markets in our system that have the characteristics of the UK market. And as and when we feel we have the right resources to tap into those routes to market we'll do that.

Xavier Croquez, Exane BNP Paribas:

I have a question on the recent move announced by Kraft on biscuits. In terms of short term opportunity because of the disruptions you may hope they will have to go through is there any let's say 12 months opportunity in the business in Europe or anywhere that would help your performance in the short term? And a more long term question on the same topic, does that change the competitive landscape for you in confectionery?

Todd Stitzer, Chief Executive Officer:

I would say in the short term there are not a lot of markets in Europe where we compete against Kraft in chocolate. They have a very strong position in a lot of Eastern European and Europe markets where we don't have a presence. They have a strong presence in Germany, we don't sell chocolate in Germany. They have a strong presence in Italy, we don't sell chocolate in Italy. So I don't think that their focus on integrating their biscuit business and perhaps therefore not focussing on their chocolate business is going to be a huge opportunity for us in terms of the day to day competitive landscape.

You know as it relates to their biscuit business going forward I mean we're not in biscuit in any particular way. So we're not focussed on that particular aspect of their business.

Ends
