

Cadbury
Todd Stitzer
December 2008 Trading Update
Afternoon Conference Call Script

Good afternoon everyone, happy holidays and welcome to our Trading Update conference call.

I'm Todd Stitzer, CEO, and I'm joined today by Ken Hanna, our Chief Financial Officer, and John Dawson, our head of IR.

The purpose of today's trading statement is to give a brief update on our performance so far in 2008 and provide you with some up to date technical guidance.

On this call, we'll focus on 2008 trading. We don't propose to go through the technical guidance, but if you have questions about that, we can take them at the end, or you can get in touch with John and the team during the next few days.

Before we turn to the main part of the call, let me say a few words about two other developments.

You will have seen our comments about the conclusion of our strategic review of the Australia Beverages business. As a result of this review, we have decided to proceed towards a sale of this operation. It is not possible to provide any details of where we are in the process other than to say we are well advanced in separating the beverage and confectionery activities. We will update the market on further developments in due course.

In addition, we have announced today the appointment of Andrew Bonfield as our next CFO. He joins us in February and will succeed Ken in April when he steps down from the Board after an outstanding job for four and half years leading our finance team. I am delighted we have been able to attract someone of Andrew's calibre and experience to Cadbury. He has established a strong track record as an international and FTSE100 CFO. He will have a key role to play in sustaining our focus on performance delivery as we unlock the full potential of our confectionery model.

Turning now to trading in the fourth quarter...

We have today confirmed that, despite weakening economic conditions in the fourth quarter, we have performed in line with expectations. We continue to expect strong profit growth for the year and reconfirm the revenue and margin guidance provided in July and again in October.

Our **Britain, Ireland, the Middle East and Africa** region has continued to grow well despite lapping a strong finish in 2007. Our UK business in particular has maintained its strong performance relative to soft confectionery markets, continuing to make good share gains. For example, our confectionery share in the UK in the last 12 weeks grew by 220 basis points.

The **Europe** region has sustained a steady positive performance despite continued difficult market conditions. As you know, our business in Europe has delivered modest growth throughout the year, reflecting the headwinds of generally weak economic conditions, particularly in France and southern Europe. This has to some extent been offset in some countries by good

share gains, for example France, Portugal and Greece, where we have performed well, in very difficult economic conditions.

In the **Americas**, growth has remained strong in South America, where demand has remained very good and our operations have performed well. In the US, demand for gum has softened from the double-digit highs earlier in the year to mid-single digits and this has had an impact on our rate of growth.

Emerging markets in **Asia Pacific** including India and Malaysia continued to perform very well, offsetting the expected weaker trading in Australia. Most emerging markets in the Asia Pacific region are still benefiting from good levels of growth and we have continued to gain market share.

Overall, there are a number of factors that have impacted on our ability to make an assessment of the trends we're seeing in our markets at the moment. There is clearly a certain amount of de-stocking across wholesalers and retailers in developed markets as they manage working capital tightly in the run up to the year end. We are of course also watching our own working capital closely. This pro-active approach has served us well so far, and we will maintain a focus on this as we go into 2009.

Having said all that, we are pleased to say that we have continued to perform in line with expectations and we expect to deliver strong profit growth for the year as a whole. Looking forward, despite forecasting a 6-8% rise in input costs for 2009 and weakening economic conditions, we remain committed to delivering further progress towards the targets set out in our Vision Into Action strategy.

Our full year results for 2008 will be announced on 25 February 2009.

Thank you for your attention and now, Ken, John and I would be happy to take your questions.