

# Driving Good Growth

Monday 27 May and Tuesday 28 May 2002

*Cadbury Schweppes*  

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# Growth in Action European Beverages

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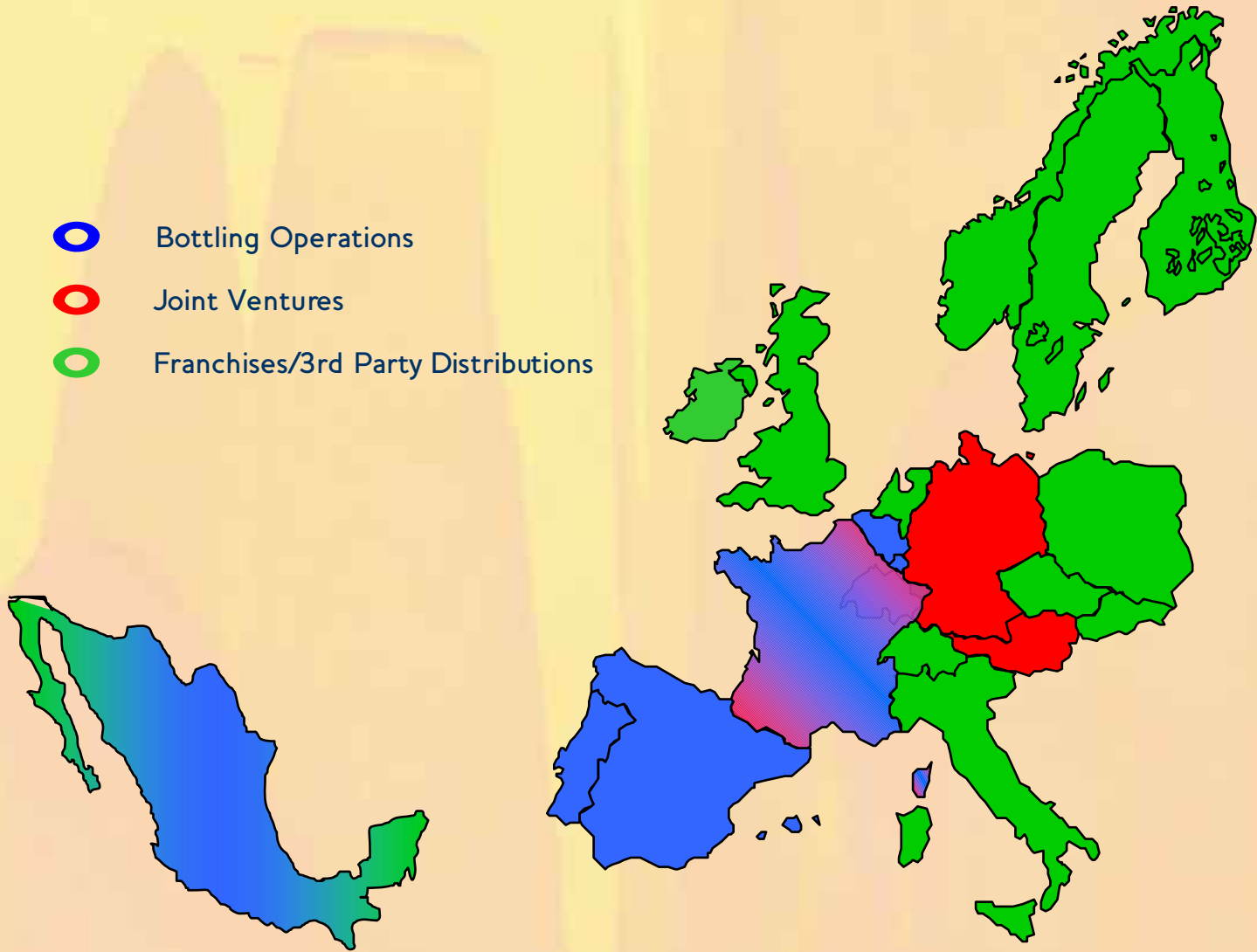
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# Overview

- Bottling Operations
- Joint Ventures
- Franchises/3rd Party Distributions

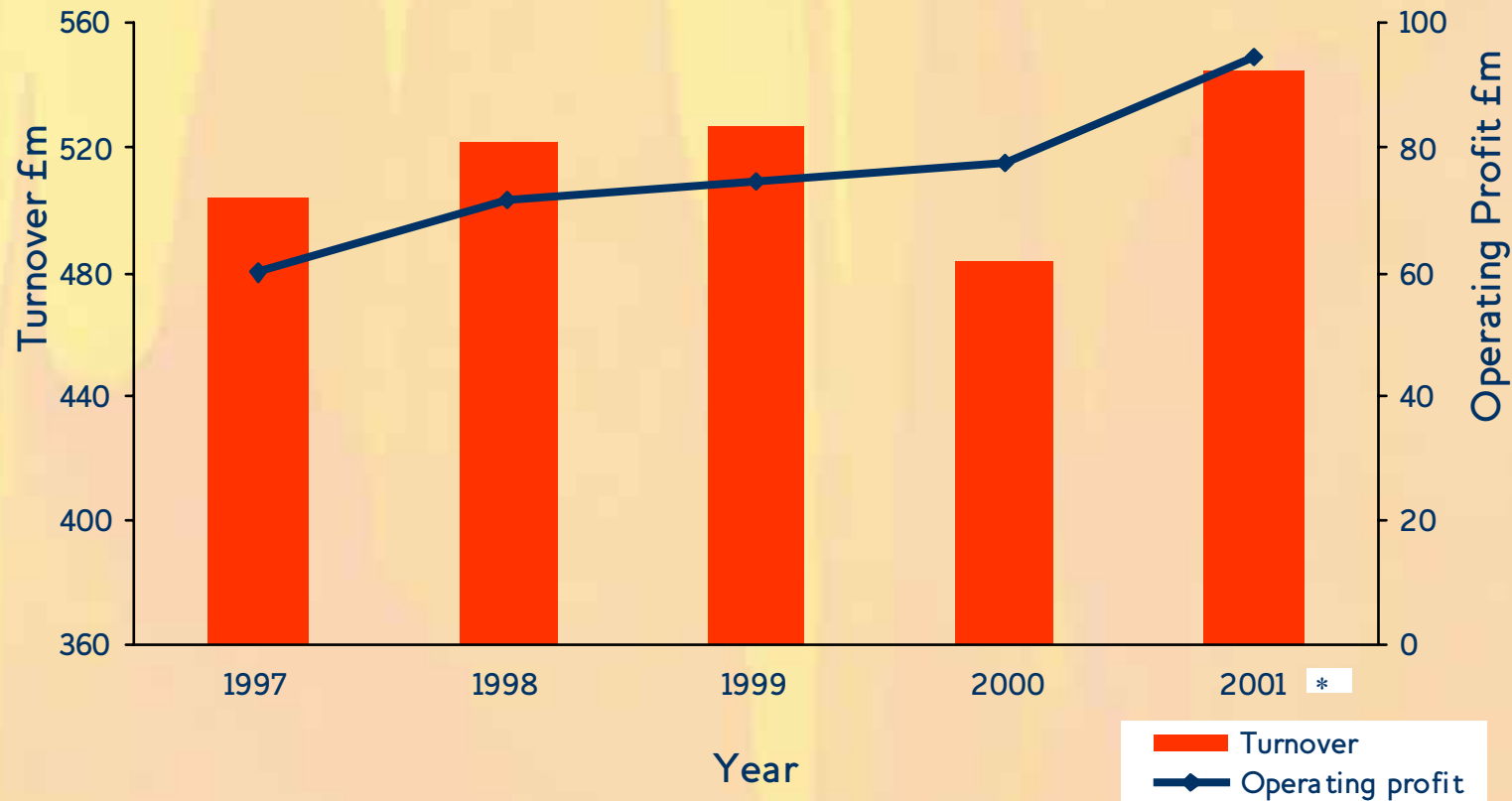


Source: Combination of Canadean + Nielsen

# Sales and Profit Growth

European Beverages has shown impressive profit growth in recent years through increased focus on profitable brands and efficiency programmes

Turnover and Operating Profit

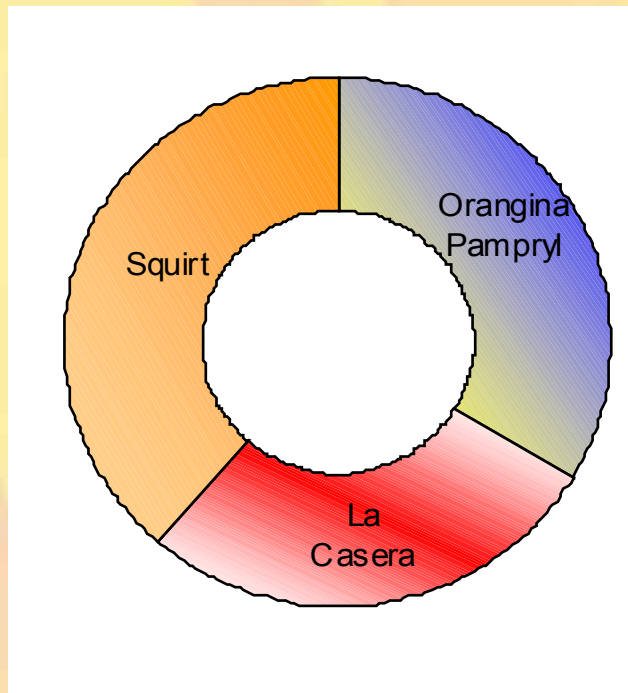


# Market and Sector Position

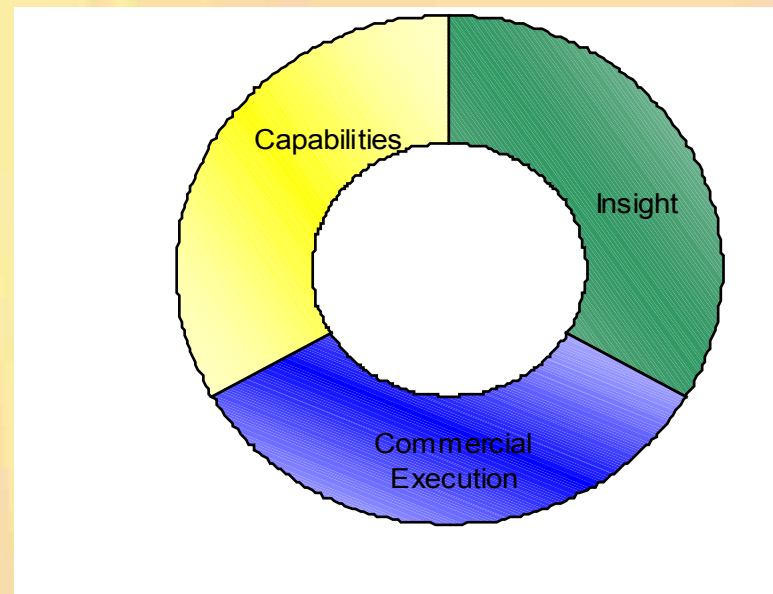
Market	CS Position	Brands
France total soft drinks	#2	Orangina, Schweppes, Gini, Canada Dry
France still drinks	#1	Oasis, Banga
Spain total soft drinks	#2	Schweppes, La Casera
Spain still drinks	#1	TriNa
Mexico total soft drinks	#3	Crush, Canada Dry, Schweppes, Squirt
Mexico mineral water	#1	Penafiel
UK still drinks		Snapple, Nantucket Nectars

# The Growth Agenda

CS European Beverages has increased focus on growth in recent years



## GROWTH



We are growing volume and profit through a combination of value enhancing acquisitions and organic growth

# Role of Acquisitions : Orangina


Country	Acquisition	Size of Acquisition - ml	Rationale
France	Orangina-Pampryl 	336	Double market share Extend portfolio to include icon orange brand and leading juice Distribution gains in OOF

# Role of Acquisitions : La Casera

Country	Acquisition	Size of Acquisition - ml	Rationale
France	Orangina-Pampryl	336	Double market share Extend portfolio to include icon orange brand and leading juice Distribution gains in OOF
Spain	La Casera	280	Double market share Leadership in branded Gaseosa Extend reach of both business



# Role of Acquisitions : Squirt

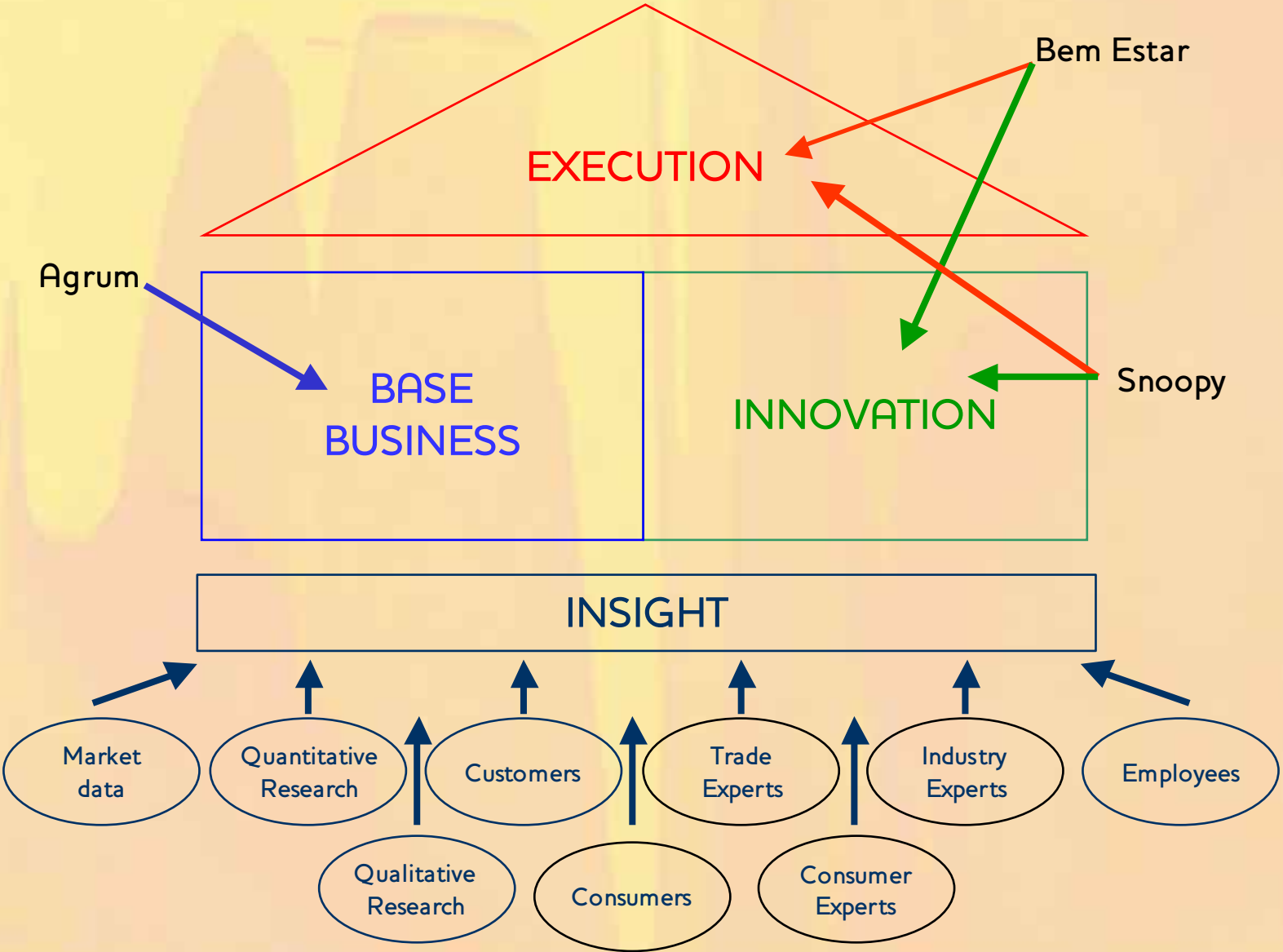
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Mexico	Squirt	 386	Double market share Extend portfolio In line with ownership in US

# Role of Acquisitions : Snapple

Country	Acquisition	Size of Acquisition - ml	Rationale
France	Orangina-Pampryl	336	Double market share Extend portfolio to include icon orange brand and leading juice Distribution gains in OOF
Spain	La Casera	280	Double market share Leadership in branded Gaseosa Extend reach of both business
Mexico	Squirt	386	Double market share Extend portfolio In line with ownership in US
Europe	Snapple/Nantucket Nectars	5	Gains entry to adult stills market



# CSEB Growth Model

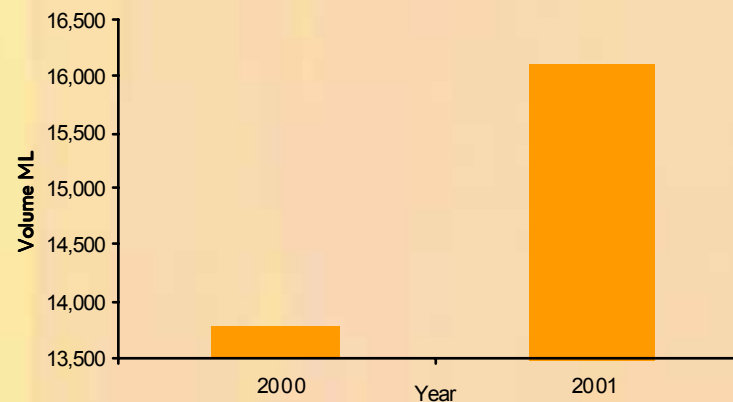


# Organic Growth : Line Extension

Line Extension	Insight	Execution	Result
Schweppes Agrum (Europe)	Adults want a brand they can call their own and Products that reflect their taste	<ul style="list-style-type: none"> <li>• Adult taste profile = Schweppes taste</li> <li>- Citric bite</li> <li>• Unique to Schweppes</li> <li>• Great Taste</li> </ul>	<ul style="list-style-type: none"> <li>• Launched successfully in France</li> <li>- rolled out across region</li> <li>• 16ml in France and Belgium</li> <li>• 41% of Schweppes Fruits flavour in France</li> </ul>



Agrum Growth in France and Belgium



# Organic Growth : Packaging

New Packaging	Insight	Execution	Result
Oasis "Snoopy" (France)	<ul style="list-style-type: none"><li>• Mums want to send kids to school with a healthy drink in a resealable pack</li><li>• Kids want something trendy</li></ul>	<ul style="list-style-type: none"><li>• Proprietary fun pack</li><li>• Delivers for Mums and kids</li><li>• Gains new space in store</li></ul>	<ul style="list-style-type: none"><li>• Most successful SKU in France in 2001</li><li>• Sold 2 million litres in 6 months (France and Belgium)</li><li>• Secured 82% weighted distribution</li></ul>



# Organic Growth : New Product and Customer Approval

Category Concept	Insight	Execution	Result
Bem Estar (Portugal)	Consumers want healthy products but are confused by current offering	<ul style="list-style-type: none"> <li>• Category Management approach</li> <li>• Product for each segment</li> <li>• Clear merchandising</li> <li>• Signpost for customer</li> <li>• 3 listings for the price of one</li> </ul>	<ul style="list-style-type: none"> <li>• 14% growth of products included in range</li> <li>• Oasis volume growth significantly ahead of expectations (68% higher)</li> </ul>



# Capabilities

We are aggressively developing our capabilities and processes to equip our organisation for the growth agenda

- **Passionate about communication**
  - Award winning training for all our senior managers
  - ‘Creating space’ with technology
    - CSEB@Team Talk
    - Virtual briefings
- **Skills for growth**
  - Resourcing insight and innovation
  - Sales and Marketing Academy / Insight programmes
- **Growing our talent**
  - Acquisitions
  - Working environment
  - Culture

# Culture Change



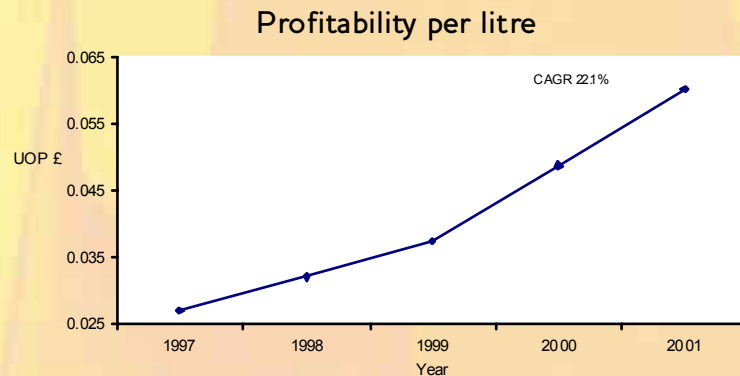
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  - Working environment
  - Culture
- **PROBE / New Way**
  - Sales and Operational Planning
  - Best processes and technology

# Efficiency

In recent years we have delivered on a variety of efficiency initiatives, increasing the profitability of our products and freeing funds to invest in our brands



- Formed bottling joint venture in France with San Benedetto - provides access to cutting edge technology and significantly reduced production costs
- Restructuring in Spain covers operations, sales and head office – these are on track to deliver savings from La Casera acquisition
- In Mexico we continue to achieve savings in operations and logistics and continue to aggressively identify opportunities
- Participating in Group Procurement project to deliver further savings in both direct and indirect costs

# Summary

- Track record of delivering impressive profit growth
- Business has strong brands and participates in profitable and growing segments
- Recently strengthened by strategic acquisitions
- Business is focused on building knowledge, commercial equity and organisational capability to deliver organic growth
- There is still significant potential to increase margins through efficiency gains