

Cadbury Schweppes Plc
Todd Stitzer
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09h00

Operator: Good day and welcome to the Cadbury's Trading Update conference call. For your information, today's conference is being recorded. At this time I would like to turn the conference over to Todd Stitzer. Please go ahead.

Todd Stitzer: Good morning, ladies and gentlemen. Thanks for joining us today. For those people from the United States who may have gotten up this early in the morning, we congratulate you on your diligence. I am Todd Stitzer, Chief Executive of Cadbury, and I am joined by Ken Hanna, our Chief Financial Officer. The purpose of our call today is to update you on Cadbury's trading in the year to date ahead of our interim results which will be published on July 30th.

This is our first formal trading update from Cadbury plc as a stand-alone confectionery company. I am delighted to report that the new company is off to a very good start, both from a revenue, growth and margin perspective. Revenue momentum has continued to be strong and we expect to report like-for-like revenue growth above our 4-6% goal range at the half year. We have seen good growth across all three of our categories, chocolate, gum and candy, as well as continued double digit growth in emerging markets.

We have also made very good progress on margins, which will be at least 150 basis points ahead of the first half of 2007 despite a further increase in marketing spend. This excellent progress on margins is the result of tight focus and control across all aspects of our business. We have put prices up in most of our markets around the world to recover the unprecedented increases in input costs we have experienced over the last 18 months. We are benefitting from positive mix,

that is higher growth from our more profitable categories and brands and most notably we are also beginning to see the benefits of our Vision into Action cost reduction program.

In October last year we announced a raft of cost reduction initiatives; these are now well under way and bearing fruit. They include the relocation of our head office from Central London to a new office in Uxbridge where we will be co-located with our Britain/Ireland/Middle-East and Africa region. They moved in to the building this week and we are moving on Monday. Other SG&A initiatives include the merging of our Canadian and US businesses and the outsourcing of IT and HR activities around the world.

Turning now to the regions, revenue growth in our Britain/Ireland/Middle-East and Africa region has been driven by increased marketing and double digit emerging market growth. In Britain confectionery growth is expected to be ahead of the market with the exit from less profitable promotions and products more than offset by good growth in core brands, including Cadbury Dairy Milk. Profit and margin growth in the region is expected to be strong as a result of further improvements in Nigeria, cost reduction initiatives and lower one-off costs in Britain and Ireland.

In Europe, planned route to market changes in Russia and Turkey and lower growth in Southern Europe have had some impact on growth. However, gum growth has remained strong across the region reflecting market growth and share gains in Southern [*correction*] Europe. Margins are expected to be a bit lower owing to the route to market re-organisations.

In the Americas, we continue to see excellent revenue growth. The US gum market is up 8% year to date helped by higher prices and continued innovation. Trident and Stride continue to trade well, and results from Halls has improved, helped by a robust cough category. Revenue momentum in Latin America also remained good.

In Asia Pacific, revenue growth in the half has benefitted from an improved performance from confectionery in Australia and strong double digit growth in emerging markets. India had another excellent half with good performances in all categories.

I will finish with a brief comment on the outlook for the half and the full year. As mentioned, we expect first half revenues to be above our 4-6% target range and at least 150 basis points of margin growth. For the second half we will be cycling stronger comparatives, both in relation to revenues and margins. While we continue to expect commodity cost increases in the 5-6 range for 2008, these will be more weighted toward the second half. So, while there will be some bias in terms of revenue toward the first half, we remain confident of a good outcome for the year as a whole.

With that, Ken and I will be happy to take your questions.

Operator: Thank you. The question and answer session will be conducted electronically. If you would like to ask a question please press the * or asterisk key followed by the digit 1 on your telephone key pad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. We will take questions in the order received and we will take as many as time permit. If you find that your question has been answered, you may remove yourself from the queue by press *2. Again, please press *1 to ask a question. We will pause for a moment to allow everyone to signal for questions. We will take our first question today from Julian Hardwick from ABN Amro. Please go ahead.

Julian Hardwick: Good morning, a couple of financial questions. I don't know whether Ken could say anything about interest in the half and how he sees that in terms of phasing for the year. In terms of the margin improvement, are you able to help us to understand some of the sort of blocks, how much of the 150 is likely to come from central cost reduction versus some of the other factors that you have identified?

Ken Hanna: Okay. I can't go into too much detail as this is just a trading update but I can confirm that our central cost initiative is still around 50 basis points. That is in line with guidance we gave a year ago today, slightly biased to the second half, only marginally because you can imagine the Head Office savings start only kicking in when we move to Uxbridge. So 50 basis points for the full year central costs is the guidance we gave. Other than that, prefer not to get into granular nitty gritty detail on the margin bridge, if you like, until we can give you more guidance at the half year.

In terms of interest, interest should be, I would say, slightly weighted to the second half. We have some favourably priced bonds that mature in October. They will have to be replaced with more expensive financing. So that will slightly tip the interest cost in favour of the second half, adversely to the second half I should say. And at this stage we are in the process of discussing and negotiating and finalising that replacement financing and so I haven't got a rate for you yet, but we will have more precise guidance at the half year.

Julian Hardwick: Okay. And your effective interest cost therefore will be a little bit higher this year than last year?

Ken Hanna: I would believe so, Julian, and yes, just a touch higher I would think.

Julian Hardwick: Okay. And just on the central cost point, obviously you have reallocated a lot of central cost to the divisions, so is that 50 basis point reduction going to occur in the central cost line or is some of that going to appear in the divisional numbers?

Ken Hanna: A little bit will appear in the divisional numbers and we will give some pretty good guidance on that.

Julian Hardwick: Okay, great, thank you.

Operator: Thank you. We will take our next question today from Martin Deboo from Investec.
Please go ahead.

Martin Deboo: Todd and Ken, good morning. Can you hear me okay? There was some problem on the phone earlier.

Todd Stitzer: Yes.

Martin Deboo: Okay. It is around input cost guidance, I mean the context of the question is clearly your relative immunity – and I emphasise the words ‘relative immunity’ because input cost inflation is part of the story – but the developing news is that we are seeing some explosion in cocoa prices coming out of Cote d'Ivoire. So my questions are coming out of that are: 1) is your restatement of your guidance made in the knowledge of that; and 2) could you help me understand your exposure to cocoa, given as I understand it you are primarily sourcing out of Ghana, which presumably doesn't suffer the same issues as Cote d'Ivoire but may encounter some spill-over issues if the Cote d'Ivoire problem continues. So, the general question is input cost guidance in the light of what is happening in the cocoa market.

Ken Hanna: Okay. Let me take the first bit first, Martin. The cocoa price has spiked up this year and the overnight news from Cote d'Ivoire hasn't really affected our guidance, so were aware that cocoa prices were increasing before we confirmed the 5-6% for the third or fourth time, so we have taken that into account.

Now whilst we don't buy – we buy the majority of our cocoa from Ghana, who knows what the Cote d'Ivoire impact will have on that. I think the big issue is the quality of the harvest and cocoa is harvested September, October, November and until that harvest comes, in the supply-demand

equation is uncertain and that will be the key factor. So, cocoa, the cocoa spike in prices will not affect – it has not affected the guidance we have given for 2008.

Martin Deboo: Okay, that is clear and helpful, Ken. Thanks for that.

Operator: Thank you. We will take our next question today from Jon Cox from Landsbanki Kepler.
Please go ahead sir.

Jon Cox: Good morning. Can you hear me okay?

Todd Stitzer: Yes, fire away.

Jon Cox: I have just a little question on the emerging market. First of all you say that emerging markets remain pretty robust. I wonder if you can give us an idea of what you are seeing in terms of volume and price there and if there is any part of the world actually where you are seeing any signs of a slow-down. The second question, just on this 150 basis points guidance, you mentioned it elsewhere local currency, should I be looking at 150 basis points, at least 150 basis points in British Pound terms or local currency and then for the full year, am I right in interpreting that to mean that you expect at least 150 basis points for the full year as well? Thank you.

Todd Stitzer: Ken will talk about the currency point. I will talk about emerging markets. We have a very, very robust portfolio of emerging markets. You would imagine in the context of the strategy of setting price increases that we would anticipate that emerging markets are somewhat more price sensitive to large price increases and so, in the context of our pricing strategy this year, we would have gone heavy in developed markets and less heavy in emerging markets so that we would be able to maintain the momentum there.

I would say in a couple of emerging markets, if you qualify or you count Eastern European markets in emerging markets, we were more aggressive on pricing in some of those markets because they're chocolate-focused and we have been a little less successful in those markets in terms of realising all the price that we had hoped but, as we have said in the Press Release, on an overall basis our pricing strategy is recovering, the cost input increases that we have described to you in this 5-6% range. So, I mean it is a broad group of markets. We are confident we have adopted the right pricing strategy for 2008 as it relates to emerging markets. Most of them are performing beautifully and the pricing has gone in well and we continue to do well there.

Ken Hanna: Okay, let me take the margin point. Jon, we always report our numbers in constant currency. That is constant exchange rates from foreign currency into British Pound. So that is just the way that we and I believe most of our peer group do it. At the end of the half year and the full year we show the numbers in both constant currency and reported currency, i.e. up to date exchange rates.

As we have said in the Press Release, we do expect for the first time in a number of years some positive currency impacts on our numbers, so we think revenues and operating profits should both go up about 7% and we will give lots of detail on that at the half year. So 150 basis points, at constant exchange rates in British Pounds. We are not saying 150 basis points for the full year. We are not discussing full year guidance. We did say – we are saying in the Press Release today that our 150 basis points performance in the first half is weighted towards the first half for the reasons we have talked about. So we are not giving full year guidance today. We have got six and a half months to go and we are just talking about the half year.

Jon Cox: Great. Thanks very much.

Operator: Thank you. We will take our next question today from Alex Smith from Lehman Brothers. Please go ahead.

Alex Smith: Hi, good morning. I wanted to ask about your guidance for the margins in terms of there being a tougher comp in the second half of the year. I am just a little bit confused as to how the accounting issues from Nigeria fit into that; is that the basis of it? I thought Nigeria was no longer an issue in 2008 and if I strip out Nigeria from last year the comps look pretty evenly phased to me.

Ken Hanna: Alex, there is nothing, no subtlety at all, let me assure you on that in terms of Nigeria. Last year first half we reported margins down 30 basis points, the second half we reported margins up 80 basis points. Yes, the 80 basis points was a bit flattered by a Nigeria bounce-back but the underlying business performance was stronger in the second half, and we are just saying that our 150 basis points guidance for the first half is cycling a minus 30 in the first half of last year. So that is the only message we are trying to get over.

Alex Smith: Okay, thanks. Sorry, can I just have a follow up on the phasing of your input cost inflation, that 5-6, when you said it is more H2 weighted? Can you just talk a bit more about what the moving parts are there please?

Ken Hanna: A couple of that are significant. Dairy was a little better, it is still a big increase but it was a smaller increase in the first half. We managed to phase in the dairy spike so we had a benefit of lower dairy prices against our expectations in the first half. In the second half some of that, your contractual phasing ... in dairy; and the second thing I would say is oil. Oil in the first half was round about \$100; oil in the second half is roundabout 135-140. It is anyone's guess as you know and there is a lag effect on many of our contracts that oil will affect, such as transport, packaging and energy, and we see some of that impact coming through and hitting the second half, a lot of that impact hitting the second half. So, I would say dairy and oil are the two big swing factors, first half, second half.

Alex Smith: Okay, that is helpful. Thanks. I am right in thinking, am I, that while you are still looking at 5-6% cost inflation, you are happy with your pricing points? You don't feel the need to push your prices higher?

Todd Stitzer: That is correct.

Alex Smith: Thank you.

Operator: Thank you. We will take our next question today from Jeff Stent from Citi. Please go ahead.

Jeff Stent: Good morning. Just a quick question on the Q1, Q2 sales development. I mean broadly speaking you have done plus 7 in both quarters. But just looking at the comps, you had plus 9 in Q1 and you did plus 6 for H1 as a whole last year, so I guess plus 3 for Q2 last year. Obviously there were influences in '06, for example the 20 million destock, etcetera. I am just wondering if you could help us through that a little bit to try and get a feel for what is being the sort of true underlying performance in the second quarter. Thanks.

Ken Hanna: Well obviously, Jeff, quarterly splits are very difficult to be precise on. Easter switches year on year, promotions switch year on year, product launches – I will give you an example. One of the reasons that we are doing well in the second quarter is the launch of Stride in Canada. It is the launch of some new products in Latin America going really well. So I think the US has been a bit of a swing factor, Europe has slowed down marginally, deliberately in the second quarter. As we have, as Todd mentioned, done some route to market changes in both Russia and Turkey. So, I don't think there is anything huge to think about. I think you really need to look at half-on-half because of just the swing factors around quarterly cut-offs.

Jeff Stent: Okay, thanks. And on those route to market changes, are you able to just elaborate a little bit further on those and what we should maybe expect for the balance of the year then?

Ken Hanna: Well we made route to market changes in Turkey and Russia and in both places – in Turkey on the acquisition of Intergum, we consolidated the distribution system and changed the distribution system. So there was almost 100% change in the distribution and whenever you do that, you suffer a bit of lack of focus in the hand-over. I think we are pretty confident that as we go into this second half that will sort itself out and we will have a better performance in Turkey.

In Russia we have consolidated. We have reduced our own internal sales force and transferred that responsibility to the largest tobacco distributor in Russia and that agreement was entered into at the very end of April and that, the uncertainty going into and then following up, again causes a little bit of disruption in the market. We are confident that we have kept sales control in St. Petersburg and Moscow, the two biggest markets, and this distributor has excellent presence in many of the other Russian cities. So we think as the year goes on that effectiveness will strengthen and things will bounce back a bit in Europe.

Jeff Stent: Okay. Thank you very much.

Operator: Thank you. We will take our next question today from Sara Welford at Merrill Lynch. Please go ahead.

Sara Welford: Good morning, two questions. First of all, I know it is only a trading update but are you willing to give an idea of what the price volume split was. Secondly, in terms of H1 it sounds like the momentum at the exit of H1 was pretty good, is that fair?

Ken Hanna: Sara, price volume I would prefer to give it at the half year results. I just repeat what we said at the Quarter One Update, which is price is stronger than it was for the full year '07. Full year '07 was 4% price, 3% volume. Price is stronger but it is more complicated than that and we will break it out for you at the half year. Momentum is strong going into the second half of the year and that is pretty evident in our trading statement today.

Sara Welford: Okay, thank you.

Operator: Thank you. We will take our next question today from Warren Ackerman from Dresdner. Please go ahead sir.

Warren Ackerman: Good morning, Ken. Good morning, Todd. It is Warren here at Dresdner. Just a quick question on the Americas business. I mean you are saying that the US gum market is up 8%. You are obviously not saying what you have done relative to the market. I am just conscious that last year you obviously took a big slice of market share so my question is – are you still growing above the market, above the 8%, because presumably going into the second half you are going to slightly more difficult comps on things like Stride. Perhaps also on a similar point how much of a swing factor was the Halls brand in the first half? The second one, just quick one on marketing spend – can you say whether in the first half marketing spend is actually going to be up as a percentage of sales or just up in absolute terms and any sort of thoughts on first half, second half phasing? Thanks.

Todd Stitzer: In gum in the US our market share year to date is up 90 basis points, so I would say we are growing certainly ahead of the market still in gum. Our Halls business driven by a strong cough, cold category in the first half was up very significantly although we still lost a little bit of share because the market, that particular category is growing well but Halls has come back beautifully. In the sort of pure candy category our market share went up 70 basis points. It is up

70 basis points year to date. Yes, I think our Americas business is doing very well across the board and our US business is doing even better.

Warren Ackerman: I appreciate that it is early days but have you seen any kind of change in the strategy from the newly created Mars-Wrigley combination?

Todd Stitzer: No, Wrigley put a lot of innovation in the market last year with Five. They continue to drive Five. They have grown their market share of 10 basis points; we have grown it 90. So I think it is way too early to imagine a change in strategy on their part. They are executing the strategy they put into the market last year.

Warren Ackerman: Who is losing share then, if both you and Wrigley are gaining share?

Todd Stitzer: Well, I mean Hershey still has 4 or 5 share points, there are other gum players in the market so – I can only tell you what the figures say. As it relates to marketing investment, Ken you want to take that one?

Ken Hanna: Marketing investment as a percentage of sales will be up in the first half.

Warren Ackerman: And would you expect it to be slightly first half weighted this year relative to last year, Ken?

Ken Hanna: I think it is too early to tell. It will certainly be up for the year, there is no doubt about that.

Warren Ackerman: As a percentage of sales?

Ken Hanna: Yes.

Warren Ackerman: Okay, thanks.

Operator: Thank you. We will take our next question today from Michael Steib from Morgan Stanley. Please go ahead.

Michael Steib: Good morning. I have two questions please. The first relates to Southern Europe; in your prepared remarks I think you said that the market growth overall had slowed in Southern Europe but that on the other hand you were able to gain some share in those countries. Is there any specific market or any specific category where you have seen weakness in the market or where your share has moved particularly favourably? Then secondly, could you comment on the UK gum performance please in terms of where the market share is, has it stabilised or has it continued to go up? Thanks.

Todd Stitzer: The markets in Southern Europe are – yes, slightly challenged. I mean I wouldn't make this a big issue but they are slightly off from some fairly torrid levels of the last three years, are Spain and Portugal. We continue to do well. It is a tripartite sort of a market with Cadbury, Wrigley and Perfetti; so the competition is a little harder, but I think you, Michael, would be well aware of the economic climate in Spain. I think that's affecting thing a little bit as it relates to the overall market. Again, we have had good growth; it is just not spectacular growth, which is what we have experienced for the last several years.

As it relates to gum in the UK, we had our, I think wave three of our gum launch in February, we are about to launch wave four. We have an interesting sort of cross-category innovation, which is chocolate, mint, centre filled gum which tastes great and we continue to bring what we think are interesting innovations to a UK market. I would say you should know that the market itself on an overall basis is down about 4%, the gum category. Our share is 9.8 or 9, it is up a little bit but that is ahead of the next wave of our innovation. Included in our innovation this time through not only is the sort of the pleasure element with chocolate mint but we also have a functional breath-

freshening centre filled product called Fresh, which is also going into the market, so we are increasing the footprint if you will of the Trident brand.

If you remember, when we entered the UK market, we said this was a three or four year adventure, that it was going to be interesting and challenging and indeed it is. So, I think we are continuing to focus on it and in outlets where we get the right kind of distribution; the category actually grows in that outlets and we have a much higher share. So again it is the sort of systematic refocusing on the places where we are and where we are not and getting to where we are not, and filling in those spaces. That is what it is about.

Michael Steib: Okay. Thank you very much.

Operator: Thank you. We will take our next question today from Marco Gulpers from ING. Please go ahead.

Marco Gulpers: Good morning all. I have a follow up question on emerging markets. Could you update us on your progress you are making in China? The second question is could you update us on the clash that you had with your largest retailer in India, The Future Group; whether you have been able to resolve that already or whether that is going to continue to be a clash, so to speak, in the third quarter? Thanks.

Todd Stitzer: Well, we have resolved our issue with that Group, so I don't think it is going to be a continuing issue into the third quarter. In China, our growth is quite substantial. We continue to focus on that market by, again in the context of fewer bigger, only focusing on the Halls product and the éclairs product, and that is driving – you will remember we retreated to four cities and that is driving a very substantial growth in revenue, obviously behind good marketing. I think it is – we are not planning on making profit in China this year, but I think we are reducing the deficit

significantly this year. And combined with good results in other challenged markets, I think we will continue on the track of recovery in those three challenged markets.

Marco Gulpers: Thanks.

Operator: Thank you. As a reminder, to ask a question today, please press *1 on your telephone key pad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. We will take our next question today from Xavier Croquez from Exane. Please go ahead.

Xavier Croquez: Good morning, gentlemen. I have two questions following up on the comments on market shares. Stepping back a little bit, let's say you grow around 7% in H1, what is your assessment of what the market is doing because there is a little bit more pricing, the weather is also helping chocolate, so are we talking about a market which accelerates a new gaining share but perhaps a little bit less than in the past? More specifically you have been discussing North America, I would like to understand what has happened in Latin America, excluding Mexico. What have been the share movements there please? Thank you.

Todd Stitzer: Okay, well, as it relates to global share, the only consistent source of global share in market assessment is Euromonitor. I don't have a read at the moment on what the global market is doing. I hope to enlighten you at the half year by getting those statistics but I don't have them right now. As it relates to Latin America, the markets in Latin America ex-Mexico continue to be in growth and we continue to do reasonably well. Brazil, we are up about 30 basis points on gum and 160 basis points on candy in Brazil. So I think we are pretty comfortable that those markets are continuing to be productive for us and we are focused on making sure that they stay that way.

Xavier Croquez: Okay. But, without Euromonitor figures, the sense is that the market is probably not slowing down versus the 5% trend of recent years or is it even picking up if you had to make a guess?

Todd Stitzer: I would say – if I had to make a guess, it would be in the 5-6% range...

Xavier Croquez: Thank you.

Operator: Thank you. We will take our next question today from Alex Smith from Lehman Brothers. Please go ahead.

Alex Smith: Hi, I just wanted to ask about Australian beverages. What is happening with trading there? I guess in the past you have said that it makes sense to retain that business because of the concentrated nature of the retail trade. How are you feeling about that? I ask the question because the press seems to speculate otherwise.

Todd Stitzer: Well, you wouldn't expect us to comment on press speculation. We are focused on making our Australian beverages business as productive as possible. It has actually done, in terms of revenue growth, so far this year pretty nicely, I think in the 8 or 9% range, so it is continuing to be a productive part of the portfolio. We have – I mean some of the press speculation relates to actions we have taken with respect to the organisation to generate focus, so we have separated the beverages and confectionery management and sales force there to get better focus on the constituent parts of the business.

Alex Smith: Okay, but do you think there is for you an advantage in having the two together because of the highly concentrated retail trade?

Todd Stitzer: Yes, we think that is an advantage.

Alex Smith: Okay, thanks.

Operator: Thank you. We will now move to Darren Shirley from Shore Capital. Please go ahead.

Darren Shirley: Thanks, morning. Just a question on the phasing of the cost pressures. Given you are saying it is likely to be back end weighted or H2 weighted and you haven't changed your full year guidance, have you taken prices early just respect to the first half, and what sort of contributions at 150 basis points of margin improvement would you suggest that's given? Also, given the H2 weightedness of the cost, where do you think your position going into H1 next year – I mean as you start now do you think you would need further price increases?

Ken Hanna: Let me take them, Darren. We have put prices – we have a negotiation with retailers to cover either a six or twelve month basis, so in the first half we may have benefited a little bit from price versus commodity cost weighting. I am not going to be precise on that, but that will unwind in the second half. Overall our price increases will over our commodity cost increases and our margin growth will come from restructuring benefits and operational leverage and mix. We have been very disciplined that commodity is covered by price. So that is that.

Obviously we are not going into half – we are not going to comment an '09, but there is an obvious statement we are going into '09 with \$135 oil unless something changes. We went into '08 with a \$80 oil, so clearly there is an oil headwind that affects the entire world that we will just have to see how that settles down. We are not going any more precise on '09; we have got six and a half months to go in '08.

Todd Stitzer: I would say, I mean this is the time of the year when every business in the world, if they are on a calendar basis, is starting to look at their plans for the next year and the actions they take to balance out what commitments they have made to the market. So I think, in the context of

examining 2009, if we feel commodity costs require further price increases, we will consider those in the context of developing our 2009 plan. We are not prepared to talk about that right now because we are in the middle of developing them.

Darren Shirley: Okay, appreciate that. Just a follow up question – in terms of the restructuring charges, could you just give an idea then how much of that is going to be cash in terms of the 160 million this year?

Ken Hanna: The majority, it was only a small amount of asset write-downs. The majority will be cash.

Darren Shirley: Okay, thanks guys.

Operator: Thank you. We will now move to Carl Short from Standard and Poors Equity Research. Please go ahead.

Carl Short: Morning, just a quick question on central cost, or really two quick questions. First one is the 150 guidance for the full year, is that on sort of the old basis or the new restated basis? The second question is, when you come to deliver your interim results and full year results for 2008, will the comparatives for 2007, the divisional comparatives, be restated to reflect that recharging of certain central costs?

Ken Hanna: Well, let me answer the second question first – they have been. They are attached to the Pres Release.

Carl Short: Yes, I have seen that. I just wondered whether that was going to be in your actual results or whether that was just a ...

Ken Hanna: No, no, we will restate prior year and we obviously restated it here early for guidance. I just didn't quite understand your first question. You said 150 guidance for the full year – what did you mean?

Carl Short: The central cost – I think you have been guiding for overall central cost to be about £150 million for the ...

Ken Hanna: Oh I see that, yes.

Carl Short: So is that on the old basis or is that on the new?

Ken Hanna: That is on the old basis, they have moved very roughly 50 million goes into and you can see the numbers here, very roughly 50 million goes into confectionery and very roughly just over 100 million stays as pure central cost. That is the old basis.

Carl Short: Okay, thanks for that.

Operator: Thank you. As we have no further questions, I would like to turn the call back over to you, Mr Stitzer, for any additional or closing remarks.

Todd Stitzer: Well, if there are no more questions, that wraps up today's call. I think you can see that Cadbury plc, as a stand-alone confectionery company, has gotten off to very good start from both a revenue and margin perspective. We have a strong and resilient business. It is built on powerful brands and a total confectionery platform. That platform is well spread geographically and it has a large and diverse emerging markets business. Certainly the economic outlook is uncertain, but we are confident that we will have a good outcome for the year as a whole and we look forward to speaking with you in person at our Half Year Results announcement. Thanks a

lot for your time this morning, again particularly for those in the US who got up early to be on this call. Thanks so much. Talk to you soon.

Operator: That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.