



THE MARKET

Every Australian drinks an average of 119 litres of soft drinks a year, which makes the carbonated beverage market in Australia one of the largest in the world.

The total Non Alcoholic Ready to Drink beverage market is growing at nearly 6% in 2007, with soft drinks, mixers and mineral waters all in growth, due primarily to product innovation delivering healthier options, consumer promotions and increased advertising support.

ACHIEVEMENTS

The Schweppes brand is the number one mixer brand nationally, in terms of both volume and value. Schweppes Mixers have more than 5 times the market share of any other brand in Australia, due largely to a relentless focus on product quality, innovation and the fact that Schweppes delivers more than 95% of the advertising support for the entire category.

Schweppes is also the leading mineral water brand in terms of value, across the entire market.

Schweppes Lemonade was re-launched in early 2007 and the results have been exceptional. Building on its position as an Australian icon brand, Schweppes Lemonade has shown growth of over 35% in the 2 months since it's relaunch in April. Featuring the launch of Schweppes Lemonade 'Sugarfree', this activity has exceeded all expectations.

It was also the only Lemonade brand in growth throughout 2006, adding over \$2.8m to the category.

The Schweppes Traditionals range of flavours and Schweppes cordials are also strongly

performing product offers, with Schweppes cordials the clear market leader in the hotel/bar channel.

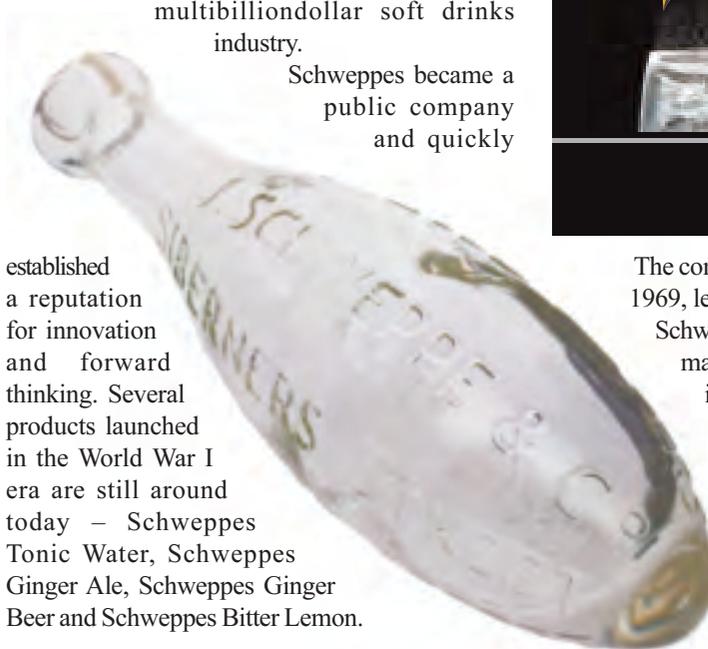
Also, the combined Schweppes beverage business (inclusive of brands like Solo, Sunkist & Cottee's) is now the largest non-cola beverage business in Australia within the national measured market. The strength of these brands has also resulted in market leadership of non-cola carbonates within the O&C channel.

HISTORY

In 1783 Jacob Schweppes, a German born jeweller and an amateur scientist invented a method of producing carbonated water on a commercial scale. This invention set the foundations of a multibilliondollar soft drinks industry.

Schweppes became a public company and quickly

established a reputation for innovation and forward thinking. Several products launched in the World War I era are still around today – Schweppes Tonic Water, Schweppes Ginger Ale, Schweppes Ginger Beer and Schweppes Bitter Lemon.



The company merged with Cadbury plc in 1969, leading to the formation of Cadbury Schweppes, a major force in international markets. Today the Schweppes brand is recognised worldwide for its quality and is available in more than 75 countries.

In Australia, Schweppes enjoys the unique position of being the most trusted soft drink brand in the country. A household favourite for



generations, Schweppes is strongly differentiated from other beverages due to its quality, range of flavours and fine, long-lasting bubbles... Schweppervescence!

THE PRODUCT

Schweppes originally began with a portfolio centred around adult flavours such as Tonic Water, Dry Ginger Ale and Bitter Lemon. Today in Australia the range has diversified into mineral waters, family favourite flavours such as the Schweppes Traditionals Range and the iconic Schweppes Lemonade. Other products also appealing to adult beverage consumers are in the range of Schweppes Twists – Soda water with a dash of lemon or lime.

RECENT DEVELOPMENTS

2006 and 2007 have seen Schweppes move beyond its traditional range and audiences to bring younger consumers to the category and the brand. The new branding, the packaging and the logo has been redesigned to keep pace with the ever changing beverage market. The new contemporary and vibrant design of the logo increased the dynamism and relevance of the Schweppes brand to today's consumers.

It also coincided with the launch of some brand new mixer flavours. Like traditional mixers such as Dry Ginger Ale, these flavours are designed to be consumed either on their own, or with alcohol.

'Agrum', a special citrus flavour, was launched in Australia in 2002 on the heels of a successful launch in France and Spain. Agrum was backed by a sizeable TV, print & sponsorship campaign. It turned out to be a huge success and was followed by the launch of 'Ciata' (blood orange flavour) and 'Sueno' (passionfruit & lychee flavour) in 2003.

While the new mixer flavours were revolutionising the market, packaging also entered a new dimension with the introduction of the new Schweppes 300ml 'egg' bottle in late 2006. Based on the world's first ever carbonated beverage bottle, as designed by Jacob Schweppes, this new bottle has grown the entire market in 2006 as consumers love its style, elegance and ideal serving size.

These recent product and packaging innovations have been a big step for the business as Schweppes continues to grow in 2007. The key challenge for the trade is going to be allocation of enough space for the growing non-cola segment and in making 'adult beverages' easier for consumers to buy.

The Schweppes plans for 2008 are



unprecedented in terms of scale and significance. It promises to be a major milestone for the brand which celebrates 225 years of history.

PROMOTION

Confidence, sophistication, maturity and humour have characterized Schweppes since the early 1900s. As in Jacob's day, advertising and promotion play a key role in the continuing popularity of Schweppes.

Campaigns such as the 'Schweppervescence' campaign launched in the UK in 1946 followed five years later by the launch of the 'Schweppshire' campaign with 'Schweppshire' as a mythical land, and then the 'Schhh... You-Know-Who' campaign in the 1960s are still well known and loved. More recently, 'Clive' the talking leopard extols the virtues of his favourite drink in an engaging campaign running across Europe and Australia.

The latest campaign, known as the 'Inspiration' series features some iconic moments that have been inspired by the magic of Schweppervescence. From Monet and the beginnings of Impressionism, to the design of the bikini, and of course the development of the Harbour Bridge, these commercials have appealed to consumers' sense of style and sophistication.

Schweppes is also heavily involved in sponsorships and has close association with some of Australia's highest participation events like horse racing, golf and some high profile tennis tournaments over the summer.

In late 2006, Schweppes launched the incredibly successful 'Win the Racing Experience of a Lifetime' promotion. Partnering with the biggest names in the racing industry, the promotion was beyond all expectations and grew the entire mixer category. This promotion was judged the 'Best Brand Building' campaign amongst all soft drink promotions in 2006 at the Australian Promotional Marketing Awards.

In 2007, the brand is going to deliver something even bigger...stay tuned!

BRAND VALUES

In terms of brand attributes, there is an incredibly strong association of Schweppes beverages with 'Schweppervescence'... 'just the right amount of bubbles that last the whole drink through.' The association also extends to the 'Schhh' sound made when opening a Schweppes bottle. This is where Schweppes gets its liveliness, its uncompromising quality, its quirkiness and its individuality. It's a mystique you can't put your finger on...



Consumers also consistently refer to Schweppes as being of the absolute highest quality. This guarantee of quality is at the heart of everything Schweppes does.

THINGS YOU DIDN'T KNOW ABOUT SCHWEPPES

- The Schweppes fountain placed in the centre of the Great Exhibition in Hyde Park, London in 1851 has become one of the brand's hallmarks and now appears on all Schweppes' packaging.
- British people in India used to take quinine as a preventative for malaria, in the form of a drink with flavours and often spirits, including gin. They came to like the combination and continued to drink the beverage on their return to England. The drink's association with India remained and it became known as Indian Tonic Water in many countries.
- When the Spaniards colonised South America, in the sixteenth century, they found natives using the bark of the Cinchona tree to reduce fevers. This Cinchona tree is said to have been named after the Countess of Chinchon (a region in Spain), who, in 1636, recovered from malaria after being treated with infusions of the bark. The name quinine is derived from the native Peruvian word for this bark, 'quina' or 'kina'.
- Schweppes was originally sold in the 'drunken bottle' - so called because of its rounded bottom and inability to stand upright.
- When the advertising concept for Clive the talking leopard was first developed, Clive was meant to be a cheetah. However the advertising agency quickly found out that it is very difficult to train cheetahs, and that leopards are easier to work with. Hence the invention of Clive the Leopard.