Weak dollar trims Cadbury profits

The world's biggest confectionery firm, Cadbury Schweppes, has reported a modest rise in profits after the weak dollar took a bite out of its results.

Underlying pre-tax profits rose 1% to £933m ($1.78bn) in 2004, but would have been 8% higher if currency movements were stripped out. The owner of brands such as Dairy Milk, Dr Pepper and Snapple generates more than 80% of its sales outside the UK. Cadbury said it was confident it would hit its targets for 2005. "While the external commercial environment remains competitive, we are confident that we have the strategy, brands and people to deliver within our goal ranges in 2005," said chief executive Todd Stitzer.

The modest profit rise had been expected by analysts after the company said in December that the poor summer weather had hit soft drink sales in Europe.

Cadbury said its underlying sales were up by 4% in 2004. Growth was helped by its confectionery brands - including Cadbury, Trident and Halls - which enjoyed a "successful" year, with like-for-like sales up 6%. Drinks sales were up 2% with strong growth in US carbonated soft drinks, led by Dr Pepper and diet drinks, offset by the weaker sales in Europe. Cadbury added that its Fuel for Growth cost-cutting programme had saved £75m in 2004, bringing total cost savings to £100m since the scheme began in mid-2003. The programme is set to close 20% of the group's factories and shed 10% of the workforce. Cadbury Schweppes employs more than 50,000 people worldwide, with about 7,000 in the UK.