BEVERAGE DIGEST

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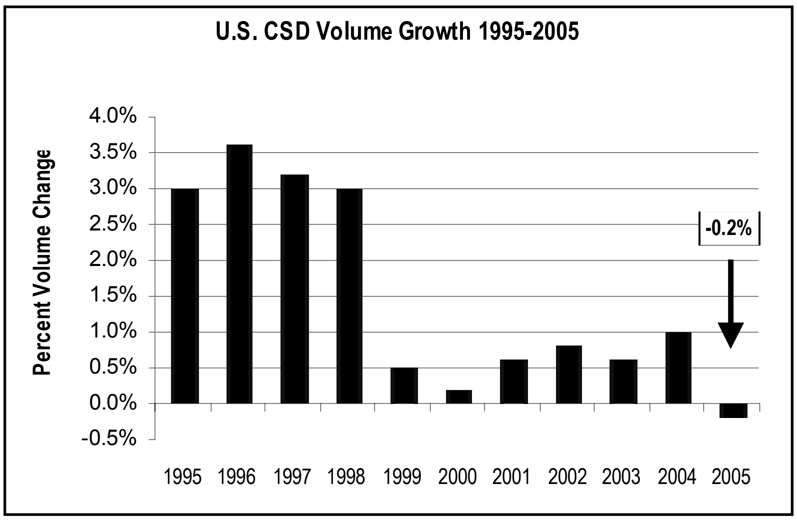
Special Issue: All-Channel Carbonated Soft Drink Performance in 2005.

CSD Category Suffers Volume Decline. Cadbury Grows, Gains Share and Outpaces Coke and Pepsi. Coke vs Pepsi: Coke Does Better in CSDs. Pepsi Out-Performs in Total Liquid Refreshment Beverages.

In 2005, U.S. CSD industry posted an all-channel volume decline of -0.2%. That decline is the first since BD/Maxwell tracking began in 1985. Chart on this page shows CSD category's 10-year performance. The CSD category grew in the range of 2%-4% before it hit the skids in the late 1990s. Last year's decline of -0.2% would have been worse -- down -0.7% -- but for the strong growth of energy drinks, which are included as part of CSD category. CSD category was up +1% in 2004. In 2005, CSD volume totaled 10.2 billion 192-oz cases. Dollars. BD estimates retail value of CSD category grew +3.3% to about $68.1 billion in 2005, up from $65.9 billion in 2004. That is due to two factors: increases last year in regular/diet CSD retail pricing; and the strong growth of premium-priced energy drinks.



Per caps. With decline in CSD volume and increase in U.S. population, CSD per capita consumption for 2005 fell to 828 eight-oz servings from 837 in 2004. In 2000, it was 849.

Companies. As shown in table on next page, among top-three companies, only Cadbury Schweppes posted volume growth. Coke was down slightly, and PepsiCo was down -1.2%. Cadbury gained share.

Cadbury. As sign of category's weakness, Cadbury's share gain was on volume growth of just +0.6%. Its results were aided by performance of regular/diet Dr Pepper Cherry Vanilla which together posted volume of about 44 mil cases. Diet Dr Pepper, which has grown strongly in recent years, was about flat last year, in face of Diet Dr Pepper Cherry Vanilla's performance.

Coke. Market leader Coca-Cola Co's corporate CSD volume was down slightly in 2005. Its market share was flat. Company benefited last year by rollouts of Coke Zero, Diet Coke With Splenda, Coke with Lime and Full Throttle energy drink; those new brands together posted volume of about 90 mil cases. But its flagship brand, Coke Classic, was down, and Diet Coke was about flat. Fanta joined the top brand rankings.

PepsiCo. PepsiCo's CSD volume was down -1.2%. Diet Pepsi, which has been growing strongly in recent years, lost volume in 2005; down -1.9%. However, Mt. Dew was up +1.8%, and Diet Mt. Dew joined top brand list. Brand Pepsi-Cola was down -3.2%.

Cott. 2005 saw this company's CSD performance reverse course from recent years, when it was growing strongly. Its volume was down -2%, and it lost share.

Energy drinks. In recent years, energy drinks have provided volume and dollar lift for industry. BD includes energy drinks as segment of CSD category. Red Bull, the leading energy drink producer, is now the sixth-ranked CSD company. Its growth rate was about

Top-10 CSD Companies and Brands for 2005

2005 Rank	Companies	2005 Market Share	2004 Market Share	Share Change	2005 Cases (millions)	2004 Cases (millions)	Volume % Change
1	Coca-Cola Co.	43.1	43.1	flat	4408.4	4414.8	-0.1%
2	Pepsi-Cola Co.	31.4	31.7	-0.3	3207.8	3246.1	-1.2%
3	Cadbury Schweppes	14.6	14.5	+0.1	1494.1	1485.9	+0.6%
4	Cott Corp.	5.4	5.5	-0.1	553.6	564.9	-2.0%
5	National Beverage	2.4	2.4	flat	246.9	249.4	-1.0%
6	Red Bull	0.4	0.3	+0.1	42.3	30.0	+41.0%
7	Big Red	0.4	0.4	flat	41.6	41.5	+0.3%
8	Hansen Natural	0.3	0.2	+0.1	34.9	20.2	+72.8%
9	Rockstar	0.2	0.1	+0.1	19.0	9.7	+96.5%
10	Monarch Co.	0.1	0.1	flat	9.8	9.8	+0.1%
	Private label/other	1.7	1.7	flat	165.2	167.1	-1.2%
	Total Industry	100.0	100.0		10223.6	10239.4	-0.2%

2005 Rank	Brands	2005 Market Share	2004 Market Share	Share Change	2005 Cases (millions)	2004 Cases (millions)	Volume % Change
1	Coke Classic (Coke)	17.6	17.9	-0.3	1796.0	1832.7	-2.0%
2	Pepsi-Cola (Pepsi)	11.2	11.5	-0.3	1141.8	1179.5	-3.2%
3	Diet Coke (Coke)	9.8	9.7	+0.1	999.0	998.0	+0.1%
4	Mt. Dew (Pepsi)	6.5	6.3	+0.2	659.7	648.0	+1.8%
5	Diet Pepsi (Pepsi)	6.0	6.1	-0.1	613.1	625.0	-1.9%
6	Sprite (Coke)	5.7	5.7	flat	581.0	580.5	+0.1%
7	Dr Pepper (Cadbury)	5.7	5.6	+0.1	578.4	574.1	+0.8%
8	Fanta (Coke)	1.6	1.3	+0.3	167.7	130.0	+29.0%
9	CF Diet Coke (Coke)	1.5	1.7	-0.2	158.1	170.0	-7.0%
10	Sierra Mist (Pepsi)	1.4	1.4	flat	140.5	138.8	+1.2%
10	Diet Mt Dew (Pepsi)	1.4	1.3	+0.1	140.5	130.2	+7.9%

+40%, and it gained share. Hansen's, which sells Monster energy drinks and natural sodas, also posted strong performance in 2005, as it did in 2004. Rockstar, another producer of energy drinks, nearly doubled its volume; in mid-2005, much of its distribution was taken over by Coca-Cola Enterprises.

<u>Brand rankings change</u>. There were changes in the top-10 brands last year. Fanta posted growth of +29% and entered top-brand list; most of its volume is in orange flavor. It has replaced Minute Maid -- once a top-10 brand -- in Coke lineup. Diet Dr Pepper fell out of top-10; in 2004 it was #9. PepsiCo's Diet Mt. Dew and Sierra Mist are in virtual #10-spot tie with 1.4 market share. Because of that, there are 11 brands in "top-10" list; Coke and PepsiCo each have five brands in list, and Cadbury has Dr Pepper.

<u>Liquid refreshment beverages</u>. <u>BD</u> will complete and publish its total liquid refreshment beverage rankings soon; that consists of CSDs, non-carbs and water. However, between PepsiCo and Coke, PepsiCo out-performed with total growth of +4.2% vs Coke's +2%. Driving both companies' growth were water and sports drinks. For PepsiCo, the huge Gatorade brand grew about +23% to nearly 700 mil cases. Coke's Powerade, though much smaller, grew about +26%.

<u>BD/Maxwell</u> tracks CSD volume in all channels including retail, vending and fountain. Complete CSD, non-carb and water all-channel data will be available in <u>BD</u>'s "Fact Book 2006"; spring publication.