

22 November 2010

Charlie's growing strongly and announces trading update

As Charlie's marks five years of listing on NZX it has demonstrated that it can grow sustainably, manage working capital and cash requirements as well as producing the largest profit ever, Ted van Arkel, Chairman of Charlie's Group Limited (NZSX:CHA) told shareholders at today's Annual Shareholders Meeting.

"I think of 2010 as being the year when the investments we've made on your behalf have really started to pay off", Mr van Arkel commented.

"We acquired the Phoenix Organics business and brand in 2005. We've invested heavily in product development across both the Charlie's and the Phoenix brands. We've invested in processing facilities here and in Australia. We've grown the business we've established in Australia and we're trading with and exploring other overseas markets".

"The 2011 year has started in an incredible way with us winning a contract with Coles to stock our Old Fashioned Lemonade and a further 10 Charlie's products in all 750 Coles supermarkets in Australia" said Charlie's managing director Stefan Lepionka.

"The Coles contract will significantly lift the brand profile and we're seeing that reflected in each week's sales. The Coles contract doesn't preclude us in the medium term from signing with other nationwide retailers and we will continue to present to other retailers with a view to growing the brands' profile even further".

"The Australian market is a massive opportunity for the group. With its market size in the billions of dollars and the investment that the group has been making since 2001 we believe our future will come from this market which is not too different to other NZ beverage brands that have successfully entered the Australian market and had success beyond their expectation".

"Our strategy is to position our brands in the premium beverage sector which represents approximately 25% of the non-alcoholic beverage market internationally. Our results prove we're doing this".

Mr van Arkel advised that “Given the tremendous growth in Australian sales and with New Zealand keeping steady we expect gross sales for the six months to 31 December 2010 to be around \$21 million, a 24% increase.

EBITDA is expected to be \$2 million, a 14% increase on the same period a year ago and trading NPAT \$1 million for the half year. This would represent a 43% increase on the trading surplus for the same period (excluding the property sale).

Australian sales are expected to grow by around 136% for the same period as last year which will raise the mix of Australian gross sales from 22% to 38% for this period”.

“Dependent on the full year results and cash flow requirements for future growth, the Board will consider declaring a maiden dividend in 2011”.

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Contacts

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About Charlie's Group Limited (NZSX:CHA)

Charlie's Group Limited is a New Zealand owned beverage company that listed on the New Zealand Stock Exchange in 2005 and operates principally in the Australasian market. The company manufactures and markets a wide range of premium non-alcoholic drinks including 'not from concentrate' fruit juices, smoothies and organic beverages. Principal brands are Charlie's, Phoenix Organics and new brand Juicy Lucy. Charlie's operates in New Zealand and Australia and exports to 14 countries in Asia, the Pacific, the Middle East and the Indian sub-continent.

More information on Charlie's Group is available at
www.charliesgroup.co.nz