

Odwalla sales recovering

Dow Jones News Service

HALF MOON BAY — Odwalla Inc.'s sales of its juice products are recovering "week by week" from the pummeling they took in November as a result of an outbreak of bacterial poisoning, but are still running below the level reported for the fiscal first quarter, according to Chief Executive Stephen Williamson.

On Tuesday, Odwalla reported a loss of \$4.8 million, or 98 cents a share, for the quarter ended Nov. 30, as sales growth dwindled to 14 percent from a rate of 65 percent in fiscal 1996. Sales plummeted in November after federal health officials blamed an outbreak of E. coli bacterial poisoning on contaminated apple juice produced by Odwalla.

Williamson said it is "reasonable" to assume that second-quarter sales would fall below the first-quarter level of \$14.1 million. "We

are still trying to recover to the sales level prior to the incident," he said. "It will take us a number of months."

He said he was confident Odwalla eventually would recover based on market research that showed continuing loyalty from Odwalla customers. "It was a very strong statement of support," Williamson said.

Williamson said Odwalla has \$27 million in product-liability coverage from its insurers. "It is too early to tell if that (coverage) is adequate or not," Williamson said. "The feeling is that it may be adequate. We are making good progress on our legal situation."

He said he couldn't provide a final number for the reported cases of poisoning, but there was one reported death of a young girl in Denver. Odwalla has taken responsibility for the incidences, although an exact cause of the outbreak has never been pinpointed.