

For: Calavo Growers, Inc. (Nasdaq-GM: CVGW)

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CALAVO GROWERS POSTS RECORD FISCAL 2007 RESULTS

Full-Year Highlights:

- **Net Sales Climb 11 Percent to \$303 Million**
- **Net Income Surges to \$7.3 Million, a 27 Percent Increase from Fiscal 2006**
- **Gross Margin Grows to \$31.8 Million from \$29.1 Million**
- **Operating Income Leaps to \$12.0 Million, Up 29 Percent from \$9.3 Million Last Year**
- **Company Diversifies Commodity Produce Offerings with Branded Tomatoes, Mushrooms and *Maui Gold*[®] Pineapples**

Fourth-Quarter Highlights:

- **Net Sales Reach All-Time Period High of \$85.3 Million, an 11 Percent Jump from \$76.8 Million Last Year**
 - **Net Income Totals \$1.2 Million**
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SANTA PAULA, Calif. (Jan. 8, 2008)—Calavo Growers, Inc. (Nasdaq-GM: CVGW) today reported record revenues and solid profitability for its fiscal 2007 fourth quarter, propelled by double-digit sales percent increases in both the company's fresh- and processed-avocado segments. The final-period performance helped pace full-year results in which revenues, gross margin, operating income and net income all surged to new historic highs for one of the global leaders in packing and marketing of fresh and processed avocados and other perishable foods.

For the three months ended October 31, 2007, net sales rose 11 percent to \$85.3 million from \$76.8 million in the corresponding quarter last year. Net

Calavo Growers Posts Record Fiscal 2007 Operating Results/2-2-2

income in the most recent period totaled \$1.2 million, equal to \$.08 per diluted share. This compares with net income of \$1.3 million, or \$.09 per diluted share in the fiscal 2006 fourth quarter. Net profit in the most recent quarter, while considerable, was constrained in part by the effects of a Chilean avocado freeze that resulted in higher costs for Mexican fruit used in Calavo's processed-products business unit.

Net income for the 12 months ended October 31, 2007 soared 27 percent to \$7.3 million, equal to \$.51 per diluted share, from \$5.8 million, or \$.40 per diluted share, in the preceding fiscal year. Fiscal 2007 revenues climbed to \$303.0 million, an 11 percent increase from \$273.7 million a year earlier. Gross margin advanced 9 percent to \$31.8 million from \$29.1 million in fiscal 2006. Operating income jumped from \$9.3 million last year to \$12.0 million in fiscal 2007, an increase of 29 percent.

Chairman, President and CEO Lee E. Cole stated: "Calavo's record-breaking fiscal 2007 operating performance is noteworthy on numerous levels. First, the company exceeded the \$300 million in revenue mark and posted all-time-high net income. Equally significant, we accomplished this against a backdrop of executing an aggressive, strategic business agenda—expanding our diversified commodity-produce lines—through a series of agreements announced in recent months. To implement substantive change while still delivering record results makes Calavo's fiscal 2007 achievements doubly gratifying."

He continued: "The recently completed year was clearly one of the most transformative in Calavo history. The new agreements that move our company significantly into the fresh tomato, mushroom and pineapple categories are solidly based on our commodity-produce distribution and marketing prowess which extend far beyond our core avocado capabilities. We have become a much more multi-faceted company over a single fiscal year by leveraging the strengths afforded by our leadership position in the avocado industry and the enormous brand equity that has been created over our 80-plus years in the business."

Calavo Growers Posts Record Fiscal 2007 Operating Results/3-3-3

Among the factors positively influencing fiscal 2007 operating results, as well as other notable achievements, Cole cited:

- Double-digit sales growth in the company's fresh and processed avocado segments, where revenues rose 10 and 13 percent, respectively;
- With respect to the aforementioned processed-product sales growth, Calavo continued to expand retail and foodservice distribution for its ultra-high-pressure guacamole.
- The first full year of operation by Calavo's national network of Value Added Depots that produce ProRipe VIP™ products, which are enjoying a high level of acceptance by customers who require premium services and enhanced overall distribution;
- Calavo's entry into the branded-tomato business via an agreement last August, which is expected to add \$20 to \$25 million to the company's top line in fiscal 2008;
- The assumption last month of North American marketing and distribution for Maui Pineapple Co.'s *Maui Gold*® fresh pineapples—expected to contribute \$25 to \$30 million in revenues during fiscal 2008—which complements Calavo's dominant Hawaiian papaya business and vaults the company into position as the leading mainland provider of tropical produce grown in the Hawaiian Islands; and,
- A subsequent-to-year-end agreement formalizing Calavo's expansion into the branded-mushroom business on the Pacific Coast and adjacent Western states, expected to register an estimated additional \$7 to \$8 million contribution to sales in fiscal 2008.

CEO Cole further commented that the company maintained its rigorous cost-containment discipline while achieving its substantial upward sales momentum and implementing its full slate of strategic initiatives. In fiscal 2007, sales, general and administrative (SG&A) expense actually decreased slightly

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Calavo Growers Posts Record Fiscal 2007 Operating Results/4-4-4

from the prior year on \$29.3 million higher revenues. SGA expense as a percentage of total sales fell by nearly 100 basis points from 7.2 percent in fiscal 2006 to 6.5 percent in fiscal 2007.

“Calavo’s management team is relentless in controlling costs—it’s an ingrained part of the company culture,” said Cole. “We have put in place the marketing and distribution engines that are capable of generating significantly higher revenues without incurring substantial increases in SG&A expense, a meaningful indicator of Calavo’s operating efficiencies.”

With respect to Calavo’s balance sheet, Cole stated that the company’s financial condition “is strong, flexible and possesses ample capacity for leverage, should we wish to address acquisition opportunities that may afford themselves.” He indicated that total shareholders’ equity at the most recent fiscal year end stood at \$74.0 million, up 26% from \$58.9 million at October 31, 2006. This translates to book value per common share of approximately \$5.15 at the conclusion of fiscal 2007, versus \$4.12 per common share one year earlier.

Fiscal 2008 Outlook

Looking forward, Cole said he views the picture in the coming year “with a combination of confidence and enthusiasm.”

He said, “Reiterating what I have stated previously, the aforementioned diversification moves are expected to be highly meaningful to Calavo’s financial results. While forecasting is always a challenge and subject to numerous caveats, the three new product offerings – Calavo-brand tomatoes, *Maui Gold*[®] pineapples and Calavo-brand mushrooms – are anticipated to contribute \$52 to \$68 million to revenues in our fiscal year ending October 31, 2008. Further, we expect these new products will be immediately accretive to earnings.

“In concert with expected growth in our fresh and processed avocado businesses, I am anticipating that fiscal 2008 revenues will grow by approximately 25 percent over the recently completed year. Further out, our

Calavo Growers Posts Record Fiscal 2007 Operating Results/5-5-5

management team is setting an ambitious growth plan in motion—the early evidences of which have been announced—that will seek compound growth in revenues of 25 percent per year for the next five years.”

“In addition, our formidable sales and distribution capacity provides us with the platform to fold in additional commodity produce classifications without incurring substantial capital expense. The distribution agreements to date with Agricola Belher (for tomatoes), Maui Pineapple Company and Farmers’ Fresh Mushrooms Inc. provide us with a model for future alliances. These strategic diversification moves will also serve to further insulate the company’s core California avocado business from operating fluctuations resulting from factors such as winter frosts and wildfires that are inherent to our business. We’ll be better situated to weather unexpected downturns in any particular segment as a more broadly based and diversified company.”

The Calavo CEO concluded: “We see future, additional opportunities to expand both our fresh product and processed product manufacturing businesses and intend to proceed actively to explore growth opportunities that fit our stringent financial and operational criteria and which are aligned with our overriding commitment to quality. Let me add that while we are a conservative, risk-averse company, we are also fully dedicated to achieving further profitable growth and enhanced value for our shareholders.”

About Calavo

Calavo Growers, Inc. is the worldwide leader in the procurement and marketing of fresh avocados and other perishable foods, as well as the manufacturing and distribution of processed avocado products. Founded in 1924, Calavo’s expertise in marketing and distributing avocados, processed avocados, and other perishable products enables it to serve food distributors, produce wholesalers, supermarkets and restaurants on a global basis.

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Calavo Growers Posts Record Fiscal 2007 Operating Results/6-6-6

Safe Harbor Statement

This news release contains statements relating to future events and results of Calavo (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Actual results and events may differ from those projected as a result of certain risks and uncertainties. These risks and uncertainties include but are not limited to: increased competition, conducting substantial amounts of business internationally, pricing pressures on agricultural products, adverse weather and growing conditions confronting avocado growers, new governmental regulations, as well as other risks and uncertainties detailed from time to time in the company’s Securities and Exchange Commission filings, including, without limitation, the company’s Report on Form 10-K for the year ended October 31, 2007. These forward-looking statements are made only as of the date hereof, and the company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

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CALAVO GROWERS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	<u>October 31,</u>	
	<u>2007</u>	<u>2006</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 967	\$ 50
Accounts receivable, net of allowances of \$2,271 (2007) and \$1,833 (2006)	25,992	24,202
Inventories, net	8,359	10,569
Prepaid expenses and other current assets	4,911	4,934
Advances to suppliers	2,292	1,475
Income taxes receivable	1,539	2,268
Deferred income taxes	<u>2,525</u>	<u>2,348</u>
Total current assets	46,585	45,846
Property, plant, and equipment, net	20,888	19,908
Investment in Limoneira	48,962	33,879
Investment in Maui Fresh, LLC	403	229
Goodwill	3,591	3,591
Other assets	<u>7,589</u>	<u>4,110</u>
	<u>\$ 128,018</u>	<u>\$ 107,563</u>
Liabilities and shareholders' equity		
Current liabilities:		
Payable to growers	\$ 2,414	\$ 6,334
Trade accounts payable	2,643	4,046
Accrued expenses	12,227	13,758
Short-term borrowings	6,630	3,804
Dividend payable	5,030	4,573
Current portion of long-term obligations	<u>1,307</u>	<u>1,308</u>
Total current liabilities	30,251	33,823
Long-term liabilities:		
Long-term obligations, less current portion	13,106	10,406
Deferred income taxes	<u>10,658</u>	<u>4,391</u>
Total long-term liabilities	23,764	14,797
Commitments and contingencies		
Total shareholders' equity	<u>74,003</u>	<u>58,943</u>
	<u>\$ 128,018</u>	<u>\$ 107,563</u>

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(All amounts in thousands, except per share amounts)

	Three months ended		Year ended	
	October 31,		October 31,	
	2007	2006	2007	2006
Net sales	\$ 85,295	\$ 76,843	\$ 302,984	\$ 273,723
Cost of sales	<u>78,214</u>	<u>69,703</u>	<u>271,212</u>	<u>244,639</u>
Gross margin	7,081	7,140	31,772	29,084
Selling, general and administrative	<u>5,608</u>	<u>5,319</u>	<u>19,759</u>	<u>19,767</u>
Operating income	1,473	1,821	12,013	9,317
Interest expense	(350)	(138)	(1,346)	(943)
Other income, net	<u>478</u>	<u>430</u>	<u>934</u>	<u>1,034</u>
Income before provision for income taxes	1,601	2,113	11,601	9,408
Provision for income taxes	<u>411</u>	<u>775</u>	<u>4,271</u>	<u>3,620</u>
Net income	<u>\$ 1,190</u>	<u>\$ 1,338</u>	<u>\$ 7,330</u>	<u>\$ 5,788</u>
Net income per share:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.09</u>	<u>\$ 0.51</u>	<u>\$ 0.40</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.09</u>	<u>\$ 0.51</u>	<u>\$ 0.40</u>
Number of shares used in per share computation:				
Basic	<u>14,329</u>	<u>14,292</u>	<u>14,304</u>	<u>14,304</u>
Diluted	<u>14,530</u>	<u>14,318</u>	<u>14,435</u>	<u>14,354</u>