For: Calavo Growers, Inc.

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CALAVO GROWERS, INC. ANNOUNCES SHARPLY HIGHER FISCAL 2014 FIRST QUARTER RESULTS

First Quarter Highlights Include:

- Net Income Climbs 47 Percent to $4.0 Million from Last Year's $2.7 Million (Which Included $800,000 in After-Tax Effect of Contingent Consideration)
- Diluted EPS Equals $0.25 Versus $0.18 (Which Included Contingent Consideration Impact Approximating $0.06 Per Diluted Share) One Year Ago
- Revenues Grow 21 Percent to Record $168.2 Million, Eclipsing $139.5 Million in Year-Earlier First Period, the Previous Historic High
- Gross Margin Edges Higher to $13.7 Million from $13.1 Million Last Year
- RFG Business Segment Revenues Jump to $55.6 Million, a 31 Percent Increase from $42.5 Million; Gross Margin Grows 110 Basis Points Year Over Year

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SANTA PAULA, Calif. (March 5, 2014)—Calavo Growers, Inc. (Nasdaq-GS: CVGW) today reported that fiscal 2014 first quarter net income rose 47 percent on a 21 percent increase in revenues from the first quarter last year. Strong sales gains in each of its three principal business units paced top-line growth, said the company, the global avocado-industry leader and an expanding provider of value-added fresh foods.

For the three months ended January 31, 2014, net income climbed to $4.0 million, equal to $0.25 per diluted share, from $2.7 million, or $0.18 per diluted share, in the first quarter of fiscal 2013. Prior-year results include approximately $1.2 million in contingent consideration related to Calavo's 2011 purchase of Renaissance Food Group, LLC (RFG). The after-tax impact of that contingent consideration reduced fiscal 2013 first quarter net income by approximately $800,000, equal to $0.06 per diluted share.

Revenues advanced to $168.2 million, a new first quarter record, eclipsing last year's first quarter revenue of $139.5 million which had been the previous all-time period high. Gross margin expanded to $13.7 million, equal to 8.1 percent of total revenues, up from $13.1 million,

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or 9.4 percent of total revenues, in the fiscal 2013 first quarter. Operating income vaulted 26 percent in the most recent quarter to $5.4 million, which compares with $4.3 million in the year-earlier first quarter.

Chairman, President and Chief Executive Officer Lee E. Cole stated: “Calavo registered outstanding operating results in the first quarter to begin fiscal 2014 on a strong note. Our performance was in line with plan and we are executing very well against the internal growth targets management sets for the company.”

Cole continued: “The continued, upward revenue trend line in each of Calavo’s three business segments validates our focused strategic blueprint. In our Fresh business segment, we packed nearly 3.3 million avocado units—predominantly Mexican-sourced fruit—to keep pace with robust consumer demand, and which were augmented by solid tomato, papaya and pineapple sales.

“In addition to its exceptional revenue growth, our RFG operating unit experienced a solid uptick in gross margin, as the subsidiary continues to fine-tune its formidable business model and realize economies of scale. And quarter after quarter, the Calavo Foods segment continues to post steady growth and deliver incremental contribution to results,” the Calavo CEO added.

First-quarter revenues in Calavo’s Fresh business segment increased 17 percent to $99.7 million from $85.1 million in the corresponding period last year. Year-over-year sales growth principally reflects higher fresh avocado prices for fruit sourced from Mexico. Total Fresh segment volume totaled 4.2 million units in the most recent quarter versus 4.5 million units packed in the fiscal 2013 initial period. The modest year-over-year decline in total units reflects fewer fresh California avocados and tomatoes packed. Fresh segment gross margin in the most recent quarter totaled $6.2 million, equal to 6.2 percent of segment sales. This compares with Fresh segment gross margin of $6.8 million, or 8.0 percent of segment sales, in the fiscal 2013 first quarter.

Calavo Foods business segment revenues expanded 8 percent to $12.9 million from $11.9 million in the initial quarter of fiscal 2013. Top-line growth was paced by expanded sales of both refrigerated and frozen avocado products. Gross margin in the

Calavo Foods business segment equaled $2.6 million, or 20.2 percent of segment sales, versus $3.1 million, equal to 25.9 percent of segment sales, in the year-earlier first quarter. The decline in year-over-year Calavo Foods segment gross margin is primarily attributable to higher fruit costs. The company has said those prices have begun to moderate, which is expected to have a beneficial impact on gross margin in coming quarters.

Revenues in the RFG business segment jumped 31 percent to $55.6 million from $42.5 million in the first quarter one year ago. This growth is paced by the addition of new customers, as well as increased points of sale with existing customers, and "the popular appeal of a continually evolving and expanding product portfolio." RFG segment gross margin in the most recent period was $4.9 million, equal to 8.8 percent of segment sales, versus $3.3 million, or 7.7 percent of segment sales in the first quarter of fiscal 2013. The 110 basis point improvement in gross margin percentage is attributable to sales growth, as well as the economies of scale referenced in the CEO's comments above.

Selling, general and administration (SG&A) expense was pared by about $500,000 in the most recent quarter to $8.3 million from $8.8 million in the fiscal 2013 initial period even while supporting an additional $28.7 million in revenues year over year. The decline in SG&A from fiscal 2013's first quarter is attributable primarily to the absence of the above-referenced contingent consideration charge and, to a more modest extent, productivity gains resulting from improved systems and information-technology programs, the company stated. SG&A as a percentage of total revenues improved by 140 basis points to 4.9 percent in the fiscal 2014 first quarter from 6.3 percent in the year-earlier first quarter. SG&A as a percentage of gross margin equaled 60.4 percent in the first quarter, a nearly 700 basis point improvement from 67.2 percent in the fiscal 2013 first quarter.

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Outlook

"We have begun fiscal 2014 on a stellar note," said CEO Cole, "and anticipate Calavo's operating performance momentum to continue strengthening as the year progresses.

"As fresh avocado consumption continues to tick upward, with our multiple sourcing platforms, the company is in a prime position to keep in lockstep with this growing demand. Specifically, the industry is facing a cyclically smaller California avocado crop this year—possibly only half the size of 2013. Owing to our vast Mexican avocado sourcing and packing capabilities to fill this expected California volume vacuum, Calavo anticipates not missing a beat to satisfy consumption, which is expected to grow again this year.

Cole continued: "Diversified fresh produce are anticipated to provide solid incremental unit volume to supplement our core avocados.

"RFG continues to execute at an exceptional level. By all available indicators, we are still in the early stages of the RFG and fresh-food industry growth curve. The country is undergoing a dramatic shift toward more and more fresh food as part of American diets. RFG is well positioned as an emerging leader in the fresh-packaged-food category," Cole said.

The CEO continued, "With respect to Calavo Foods, we have experienced a steadily rising revenue trend line over the past six or seven quarters that reflects strong, expanding customer relationships on the retail-grocery and foodservice levels. It also is indicative of outstanding products—notable for their great taste and excellent quality. Those two hallmarks have been fundamental in this growth and, with anticipated segment gross margin improvement toward historic levels, will propel the segment still further upward.

"Beta testing in our majority-owned FreshRealm, LLC subsidiary began successfully in the first quarter. We are enthusiastic about the potential of opening up an entirely new distribution channel for our fresh-food-products portfolio. In addition, FreshRealm reflects Calavo's ability to innovate, as well as to draw upon our vast resources and expertise to build promising, sustainable businesses from the ground up.

"We are executing against plan very effectively and anticipate that to translate to another strong year for Calavo in fiscal 2014. I am optimistic and confident about the company's prospects and, the cyclically lower California crop aside, things are shaping up quite nicely. I look forward to communicating Calavo's progress as the fiscal year advances," Cole concluded.

About Calavo

Calavo Growers, Inc. is a global avocado-industry leader. The company also procures and markets diversified fresh produce items, ranging from tomatoes to tropical produce. An expanding provider of value-added fresh food, the company's Calavo Foods business segment manufactures and distributes guacamole, guacamole hummus, salsa and tortilla chips under the respected Calavo brand name. Calavo Foods' wholly owned subsidiary, Renaissance Food Group, LLC, creates, markets and distributes a portfolio of healthy, high-quality lifestyle products for consumers through fast-growing brands that include Garden Highway and Chef Essentials. Founded in 1924, Calavo serves food distributors, produce wholesalers, supermarket retailers and restaurant chains worldwide.

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 latest, filed Annual Report on Form 10-K. 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 (UNAUDITED)
(in thousands)

	January 31, 2014	October 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 6,346	$ 8,019
Accounts receivable, net of allowances of $2,289 (2014) and $1,697 (2013)	60,060	55,060
Inventories, net	27,659	28,673
Prepaid expenses and other current assets	11,965	10,757
Advances to suppliers	3,419	3,213
Income taxes receivable	2,235	2,013
Deferred income taxes	1,995	1,995
Total current assets	113,679	109,730
Property, plant, and equipment, net	53,050	52,649
Investment in Limoneira Company	35,902	45,531
Investment in unconsolidated entities	1,544	1,420
Goodwill	18,262	18,262
Other assets	12,034	12,347
	$ 234,471	$ 239,939
Liabilities and shareholders' equity		
Current liabilities:		
Payable to growers	$ 4,720	$ 14,490
Trade accounts payable	12,330	11,699
Accrued expenses	23,802	20,939
Short-term borrowings	52,690	33,990
Dividend payable	-	11,004
Current portion of long-term obligations	5,245	5,258
Total current liabilities	98,787	97,380
Long-term liabilities:		
Long-term obligations, less current portion	6,841	7,792
Deferred income taxes	2,439	6,194
Total long-term liabilities	9,280	13,986
Commitments and contingencies		
Noncontrolling interest, Calavo Salsa Lisa	(69)	121
Total shareholders' equity	126,473	128,452
	$ 234,471	$ 239,939

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

	Three months ended January 31, 2014	2013
Net sales	$ 168,165	$ 139,499
Cost of sales	154,475	126,375
Gross margin	13,690	13,124
Selling, general and administrative	8,272	8,821
Operating income	5,418	4,303
Interest expense	(256)	(252)
Other income, net	135	138
Income before provision for income taxes	5,297	4,189
Provision for income taxes	1,822	1,508
Net income	3,475	2,681
Add: Net loss attributable to noncontrolling interest	500	26
Net income attributable to Calavo Growers, Inc.	$ 3,975	$ 2,707
Calavo Growers, Inc.'s net income per share:		
Basic	$ 0.25	$ 0.18
Diluted	$ 0.25	$ 0.18
Number of shares used in per share computation:		
Basic	15,726	14,834
Diluted	15,736	14,854

CALAVO GROWERS, INC.
NET SALES AND GROSS MARGIN BUSINESS SEGMENT (UNAUDITED)
(in thousands)

	Fresh products	Calavo Foods	RFG	Total
	(All amounts are presented in thousands)			
Three months ended January 31, 2014				
Net sales	$ 99,722	$12,856	$55,587	$ 168,165
Cost of sales	93,514	10,262	50,699	154,475
Gross margin	$ 6,208	$ 2,594	$ 4,888	$ 13,690
Three months ended January 31, 2013				
Net sales	$ 85,067	$11,930	$42,502	$ 139,499
Cost of sales	78,298	8,842	39,235	126,375
Gross margin	$ 6,769	$ 3,088	$ 3,267	$ 13,124

For the three months ended January 31, 2014 and 2013, inter-segment sales and cost of sales for Fresh products totaling $9.0 million and $9.8 million were eliminated in consolidation. For three months ended January 31, 2014 and 2013, inter-segment sales and cost of sales for Calavo Foods totaling $3.7 million and $3.1 million were eliminated in consolidation.