

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

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**CALAVO GROWERS, INC. POSTS HIGHER
FISCAL 2009 THIRD QUARTER RESULTS**

Third-Quarter Highlights Include:

- **Net Income Climbs 77 Percent to \$2.5 Million from \$1.4 Million**
- **Diluted Earnings Per Share Total 17 Cents Versus 10 Cents in Fiscal 2008**
- **Revenues Expand Nearly 10 Percent to \$106.3 Million, a New All-Time High, from \$96.9 Million in the Like Period Last Year**
- **Gross Margin Rises to \$9.9 Million, a 29 Percent Increase from \$7.7 Million in Year-Earlier Period**

Nine-Month Highlights Include:

- **Three-Fold Increase in Net Income to \$11.3 Million from \$3.7 Million**
- **Diluted EPS Equal 78 Cents Versus 26 Cents**
- **Record Gross Margin of \$35.3 Million Compares with \$21.0 Million Last Year, a 68 Percent Increase**

Outlook:

- **Available U.S. Avocado Supply to Expand to 1.5 Billion Lbs. in 2010 from Current 1.0 Billion Lbs., According to Calavo Estimates**
 - **Calavo—Avocado Market-Share Leader—Stands to Benefit from Significantly More Pounds Passing Through Current Unit-Driven Infrastructure**
 - **Seamless Distribution Network, Advanced Ripening Programs Central Components in Moving Expected Larger Fruit Volumes**
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SANTA PAULA, Calif. (Sept. 3, 2009)—Calavo Growers, Inc. (Nasdaq-GS: CVGW) today reported that fiscal 2009 third quarter net income rose 77 percent over the corresponding period last year, paced by a nearly 10 percent increase in revenue. Double-digit fresh avocado sales growth and continued strong gross margins drove operating results, according to the company, the global leader in avocado marketing and an expanding provider of other perishable produce items.

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Calavo Posts Higher Fiscal 2009 Third Quarter Results/2-2-2

For the three months ended July 31, 2009, net income advanced to \$2.5 million, equal to \$0.17 per diluted share, from \$1.4 million, or \$0.10 per diluted share, in the third quarter of fiscal 2008. Revenues in the most recent quarter climbed to \$106.3 million, the highest level for any quarter in company history, from \$96.9 million in the like three months last year.

Gross margin equaled \$9.9 million, rising 29 percent from \$7.7 million in last year's third quarter. As a percentage of net sales, total gross margin in the most recent quarter improved 137 basis points to 9.3 percent from 7.9 percent one year ago, propelled principally by contributions from a larger supply of fresh avocados, which also favorably impacted the company's Processed Product segment.

Chairman, President and Chief Executive Officer Lee E. Cole stated: "Calavo registered another outstanding quarter that was in line with plan. Our operating performance reflects the measured, disciplined strides we have made implementing our strategic business agenda, a central component of which is diversified sourcing for fresh avocados both to meet customer demand and provide a continuous stream of product through our distribution system.

"These efforts are serving us well and the beneficial effect is evident in Calavo's rising gross margin trend line and improved utilization of our infrastructure," Cole continued.

Fresh Products reporting segment sales advanced 12 percent to \$94.7 million in the most recent quarter from \$84.8 million in the fiscal 2008 third period. While the total Fresh Products unit volume was largely unchanged, segment results were propelled by a 78 percent increase year-to-year in fresh avocados units sourced from Mexico, which offset a cyclically smaller California harvest. Gross margin as a percentage of Fresh Products sales equaled 6.8 percent in the most recent quarter, which compares with 7.3 percent in the year-earlier third period.

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Calavo Posts Higher Fiscal 2009 Third Quarter Results/3-3-3

Net sales in the Processed Products reporting segment totaled \$11.6 million in the third period versus \$12.1 million in the corresponding quarter of fiscal 2008. Segment gross margin rose sharply to \$3.5 million, a 128 percent improvement from \$1.5 million one year ago, reflecting favorable fruit costs and management's continued emphasis on achieving operating efficiencies. This translates to gross margin as a percentage of Processed Products sales of 30.1 percent in the most recent quarter versus 12.7 percent in the like period of fiscal 2008.

Net income for the nine months ended July 31, 2009 expanded more than three-fold—203 percent year-over-year—to a record \$11.3 million, equal to \$0.78 per diluted share, which compares with \$3.7 million, or \$0.26 per diluted share, in the initial three quarters of fiscal 2008. Revenues totaled \$263.8 million versus \$267.9 million one year ago. Gross margin reached a record \$35.3 million, or 13.4 percent of revenues, advancing 68 percent from \$21.0 million, or 7.8 percent of revenues, in the like period of fiscal 2008.

“As a point of considerable note to underscore the success of our strategy,” CEO Cole stated, “Calavo’s gross margin in the initial nine months of this year surpassed our total for the full fiscal 2008 year, which itself was the former all-time high.”

Cole continued: “To have outstripped that previous record with a quarter still remaining in fiscal 2009 is both enormously gratifying and strong indication of Calavo’s profit-generating potential. Our operating performance and sustained record level of profitability have further bolstered Calavo’s already-strong balance sheet. Viewed in the context of a continued, struggling broader economy, the company’s performance and enviable financial position are all the more impressive.”

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The Outlook Moving Forward

Commenting on the final quarter, Cole stated that he looks forward to Calavo successfully completing “its strongest year ever in fiscal 2009 while the industry transitions into the next crop cycles.”

“Turning to 2010 and beyond, we maintain a genuine sense of excitement and confidence about Calavo’s prospects,” Cole continued. “According to Calavo’s estimates, available U.S. avocado supply is expected to expand to at least 1.5 billion pounds in the coming year from current 1.0 billion pound levels. Furthermore, this expansion is not anticipated to be a one-time anomaly or cyclical spike and, instead, is due to additional plantings and new fruit sources. It is, in effect, expected to be the baseline moving forward—building upon increased recognition of avocados’ health benefits, shifting demographics and mainstream acceptance.

“As the avocado market-share leader, this crop expansion offers the potential to significantly benefit Calavo in the form of larger volumes of fruit through our unit-driven business model. With overhead investments already in place—including leading-edge, value-added ripening programs to spur consumption—we possess considerable capacity to drive more fresh avocados through our existing infrastructure, while pursuing a larger share of this expanded market. We view these developments with considerable anticipation,” Cole concluded.

About Calavo Growers, Inc.

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.

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 Annual Report on Form 10-K for the year ended October 31, 2008. 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.

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In thousands, except per share amounts)

	July 31, 2009	October 31, 2008
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 2,054	\$ 1,509
Accounts receivable, net of allowances of \$2,392 (2009) and \$2,213 (2008)	37,208	27,717
Inventories, net.....	15,008	14,889
Prepaid expenses and other current assets.....	7,154	5,155
Advances to suppliers	1,962	2,927
Income tax receivable	204	992
Deferred income taxes	1,826	1,826
Total current assets.....	65,416	55,015
Property, plant, and equipment, net	38,506	37,709
Investment in Limoneira Company.....	25,929	29,904
Investment in Unconsolidated Entities.....	1,151	682
Goodwill	3,591	3,591
Other assets	6,189	7,785
	<u>\$140,782</u>	<u>\$134,686</u>
Liabilities and shareholders' equity		
Current liabilities:		
Payable to growers	\$ 13,648	\$ 2,392
Trade accounts payable	3,104	4,567
Accrued expenses.....	22,300	16,104
Short-term borrowings	8,250	10,130
Dividend payable	—	5,047
Current portion of long-term obligations	1,366	1,362
Total current liabilities	48,668	39,602
Long-term liabilities:		
Long-term obligations, less current portion	13,925	25,351
Deferred income taxes	2,672	4,216
Total long-term liabilities.....	16,597	29,567
Total shareholders' equity	75,517	65,517
	<u>\$140,782</u>	<u>\$134,686</u>

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

	Three months ended July 31,		Nine months ended July 31,	
	2009	2008	2009	2008
Net sales	\$ 106,347	\$ 96,903	\$ 263,823	\$ 267,921
Cost of sales.....	<u>96,441</u>	<u>89,211</u>	<u>228,519</u>	<u>246,906</u>
Gross margin	9,906	7,692	35,304	21,015
Selling, general and administrative	<u>5,822</u>	<u>5,301</u>	<u>16,657</u>	<u>14,752</u>
Operating income	4,084	2,391	18,647	6,263
Interest expense	(268)	(366)	(885)	(1,060)
Other income, net	<u>246</u>	<u>248</u>	<u>867</u>	<u>907</u>
Income before provision for income taxes	4,062	2,273	18,629	6,110
Provision for income taxes	<u>1,597</u>	<u>884</u>	<u>7,322</u>	<u>2,377</u>
Net income	<u>\$ 2,465</u>	<u>\$ 1,389</u>	<u>\$ 11,307</u>	<u>\$ 3,733</u>
Net income per share:				
Basic	<u>\$ 0.17</u>	<u>\$ 0.10</u>	<u>\$ 0.78</u>	<u>\$ 0.26</u>
Diluted	<u>\$ 0.17</u>	<u>\$ 0.10</u>	<u>\$ 0.78</u>	<u>\$ 0.26</u>
Number of shares used in per share computation:				
Basic	<u>14,457</u>	<u>14,405</u>	<u>14,433</u>	<u>14,394</u>
Diluted	<u>14,529</u>	<u>14,467</u>	<u>14,511</u>	<u>14,494</u>

CALAVO GROWERS, INC.
NET SALES AND GROSS MARGIN BY REPORTING SEGMENT (UNAUDITED)
(all amounts in thousands)

	<u>Fresh products</u>	<u>Processed products</u>	<u>Total</u>
Three months ended July 31, 2009			
Net sales	\$94,727	\$ 11,620	\$106,347
Cost of sales	<u>88,319</u>	<u>8,122</u>	<u>96,441</u>
Gross margin	<u>\$ 6,408</u>	<u>\$ 3,498</u>	<u>\$ 9,906</u>
Three months ended July 31, 2008			
Net sales	\$84,828	\$12,075	\$ 96,903
Cost of sales	<u>78,670</u>	<u>10,541</u>	<u>89,211</u>
Gross margin	<u>\$ 6,158</u>	<u>\$ 1,534</u>	<u>\$ 7,692</u>

For three months ended July 31, 2009 and 2008, inter-segment sales and cost of sales for fresh products totaling \$2.9 million and \$2.1 million were eliminated. For three months ended July 31, 2009 and 2008, inter-segment sales and cost of sales for processed products totaling \$1.9 million and \$2.5 million were eliminated.

	<u>Fresh products</u>	<u>Processed products</u>	<u>Total</u>
Nine months ended July 31, 2009			
Net sales	\$230,926	\$32,897	\$263,823
Cost of sales	<u>206,705</u>	<u>21,814</u>	<u>228,519</u>
Gross margin	<u>\$ 24,221</u>	<u>\$11,083</u>	<u>\$ 35,304</u>
Nine months ended July 31, 2008			
Net sales	\$234,911	\$33,010	\$267,921
Cost of sales	<u>220,678</u>	<u>26,228</u>	<u>246,906</u>
Gross margin	<u>\$ 14,233</u>	<u>\$ 6,782</u>	<u>\$ 21,015</u>

For nine months ended July 31, 2009 and 2008, inter-segment sales and cost of sales for fresh products totaling \$11.1 million and \$10.2 million were eliminated. For nine months ended July 31, 2009 and 2008, inter-segment sales and cost of sales for processed products totaling \$5.7 million and \$7.3 million were eliminated.