

CALAVO GROWERS INC  
Form 10-Q  
June 11, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 30, 2012

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 000-33385

**CALAVO GROWERS, INC.**

(Exact name of registrant as specified in its charter)

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**California**  
(State of incorporation)

**33-0945304**  
(I.R.S. Employer Identification No.)

**1141-A Cummings Road**

**Santa Paula, California 93060**

(Address of principal executive offices) (Zip code)

**(805) 525-1245**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Registrant's number of shares of common stock outstanding as of April 30, 2012 was 14,787,433

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**CAUTIONARY STATEMENT**

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 2, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Calavo Growers, Inc. and its consolidated subsidiaries (Calavo, the Company, we, us or our) may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including, but not limited to, any projections of revenue, margins, expenses, earnings, earnings per share, tax provisions, cash flows, currency exchange rates, the impact of acquisitions or other financial items; any statements of the plans, strategies and objectives of management for future operations, including execution of restructuring and integration plans; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Calavo and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the impact of macroeconomic trends and events; the competitive pressures faced by Calavo's businesses; the development and transition of new products and services (and the enhancement of existing products and services) to meet customer needs; integration and other risks associated with business combinations; the hiring and retention of key employees; the resolution of pending investigations, claims and disputes; and other risks that are described herein, including, but not limited to, the items discussed in Item 1A, *Risk Factors*, in our Annual Report on Form 10-K for the fiscal year ended October 31, 2011, and those detailed from time to time in our other filings with the Securities and Exchange Commission. Calavo assumes no obligation and does not intend to update these forward-looking statements.

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(in thousands, except per share amounts)

	April 30, 2012	October 31, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,682	\$ 2,774
Accounts receivable, net of allowances of \$2,718 (2012) and \$2,285 (2011)	51,512	36,101
Inventories, net	25,032	17,787
Prepaid expenses and other current assets	6,797	6,220
Advances to suppliers	1,342	3,349
Income taxes receivable		3,111
Deferred income taxes	2,136	2,136
Total current assets	91,501	71,478
Property, plant, and equipment, net	48,606	47,091
Investment in Limoneira Company	29,057	29,991
Investment in unconsolidated entities	2,498	2,292
Goodwill	18,349	18,349
Other assets	15,242	16,122
	\$ 205,253	\$ 185,323
<b>Liabilities and shareholders equity</b>		
Current liabilities:		
Payable to growers	\$ 12,535	\$ 5,082
Trade accounts payable	9,010	7,038
Accrued expenses	19,367	19,285
Income tax payable	471	
Short-term borrowings	33,190	17,860
Dividend payable		8,123
Current portion of long-term obligations	5,473	5,448
Total current liabilities	80,046	62,836
Long-term liabilities:		
Long-term obligations, less current portion	16,189	18,244
Deferred income taxes	7,638	8,002
Total long-term liabilities	23,827	26,246
Commitments and contingencies:		
Noncontrolling interest	421	461
Shareholders equity:		
Common stock, \$0.001 par value; 100,000	14	14

shares authorized; 14,787 (2012) and 14,770 (2011)

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issued and outstanding		
Additional paid-in capital	50,451	49,929
Accumulated other comprehensive income	3,366	3,935
Retained earnings	47,128	41,902
Total shareholders' equity	100,959	95,780
	\$ 205,253	\$ 185,323

*The accompanying notes are an integral part of these consolidated condensed financial statements.*

**Table of Contents****CALAVO GROWERS, INC.****CONSOLIDATED CONDENSED STATEMENTS OF INCOME (UNAUDITED)**

(in thousands, except per share amounts)

	Three months ended		Six months ended	
	April 30,		April 30,	
	2012	2011	2012	2011
Net sales	\$ 138,992	\$ 118,720	\$ 256,386	\$ 210,039
Cost of sales	124,297	109,386	229,789	192,175
Gross margin	14,695	9,334	26,597	17,864
Selling, general and administrative	7,618	5,549	15,112	10,425
Operating income	7,077	3,785	11,485	7,439
Interest expense	(311)	(235)	(609)	(439)
Other income, net	469	458	706	684
Income before provision for income taxes	7,235	4,008	11,582	7,684
Provision for income taxes	4,700	1,634	6,395	3,020
Net income	2,535	2,374	5,187	4,664
Add: Net loss noncontrolling interest	13	30	40	51
Net income attributable to Calavo Growers, Inc.	\$ 2,548	\$ 2,404	\$ 5,227	\$ 4,715
Calavo Growers, Inc.'s net income per share:				
Basic	\$ 0.17	\$ 0.16	\$ 0.35	\$ 0.32
Diluted	\$ 0.17	\$ 0.16	\$ 0.35	\$ 0.32
Number of shares used in per share computation:				
Basic	14,787	14,726	14,779	14,724
Diluted	14,802	14,734	14,792	14,731

*The accompanying notes are an integral part of these consolidated condensed financial statements.*

**Table of Contents****CALAVO GROWERS, INC.****CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)****(in thousands)**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>April 30,</b>		<b>April 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net income	\$ 2,535	\$ 2,374	\$ 5,187	\$ 4,664
Other comprehensive income (loss), before tax:				
Unrealized holding gains (losses) arising during period	(2,022)	(847)	(933)	3,060
Income tax benefit (expense) related to items of other comprehensive income (loss)	789	330	364	(1,116)
Other comprehensive income (loss), net of tax	(1,233)	(517)	(569)	1,944
Comprehensive income	1,302	1,857	4,618	6,608
Add: Net loss noncontrolling interest	13	30	40	51
Comprehensive income Calavo Growers, Inc.	\$ 1,315	\$ 1,887	\$ 4,658	\$ 6,659