A "new" Dole Food Company (NYSE: DOLE) announced its first quarter results yesterday with mixed reporting.

The company was described as more "volatile" following the finalized US$1.685 billion cash sale of its worldwide packaged foods and Asia fresh businesses to Japan's Itochu Corporation.

"Dole continues as an international commodity produce company with inherently more volatile earnings on a smaller footprint retaining its fresh vegetables and remaining fresh fruit business," chief operating officer C. Michael Carter said.

"The timeliness of the closing of this large-valuation transaction positions us to obtain a very efficient, much lower cost, new capital structure."

This volatility implied an updated guidance for the second quarter, with EBITDA expected to be cut in half during the period.

"This volatility is especially pronounced in our legacy strawberry business, where we expect earnings to be down by $15–$20 million in the first half of 2013, compared to 2012," Carter said.

"During the last six months our strawberry growing regions in California have experienced extreme warm weather followed by unusual cold weather and now warm weather again.

"As for full year 2013, we expect the overall lower earnings in the bananas and berries product lines to put pressure on our expected Adjusted EBITDA at the low end of the guidance range."

Debt issues and the European Commission fine

Debt reduction was a key topic in the company's financial announcement.

"This capital structure, together with the proceeds of the sales transaction enabled us to pay off Dole's previous indebtedness of approximately US$1.7 billion, which included the settlement in full of approximately US$50 million in existing capital lease obligations related to two of our vessels," Carter said.

"Our new capital structure also permits us to resolve some long-standing legacy exposures while also providing needed financial flexibility to enhance shareholder value."

The company's new debt value will come out at around US$440 million with a resulting net leverage ratio of approximately 2.9 times based on Dole’s 2013 adjusted EBITDA guidance.

Several factors will impact the debt value, including Japanese yen hedges, the resolution of a Honduras tax case and the European Commission’s fine of €45.6 million (US$59.6 million).

The fine took a notable toll on earnings.

"Excluding an additional US$34 million charged due to the previously announced EU general court anti-trust decision, adjusted EBITDA improved to US$68 million compared to US$44 million in the first quarter 2012," Carter said.

"First quarter adjusted EBITDA from both of our remaining lines of business exceeded last year. Dole’s first quarter performance is in line with our full year expectations for 2013 at the low end of the guidance range of US$150-170 million."

Fresh fruit revenue saw an increase, attributed to higher banana and other fresh fruit sales in Europe, improved pricing and higher volume, among other factors. In contrast, North America saw lower banana pricing. Both North America and Europe experienced lower volume for pineapples.

Revenue for fresh vegetables increased 21% due in part to better pricing for fresh packaged products.

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