

Calavo Growers (Nasdaq-GS: CVGW) has reported "sharply higher" fourth-quarter results year-on-year, capping off an "outstanding year".

Net income for the period ending Oct. 31 rose to US\$5.2m, versus a loss of US\$1.3m in the same period last year. Meanwhile, gross profit rose by 11% to US\$24.6m and revenues grew by 4% to US\$292.2m.

Overall in the fiscal year 2019, Calavo's net income rose by 14% to US\$36.6 million, while revenues rose by 10% to a record US\$1.2bn.

"I am enormously gratified to report that Calavo posted another outstanding year in fiscal 2019, shattering multiple records," said chairman, president and CEO Lee E. Cole.

"This was paced by a final period performance during which revenues rose in each of the company's three business segments, total gross profit grew by double digits, and adjusted net income advanced by 60 percent—a strong showing indeed."

Calavo's Fresh segment - which contains the core avocado business - paced the performance in the quarter and for the year, he explained.

"Once again during the fourth quarter, we ably managed shifting market conditions, growing both segment sales and gross profit year over year while industry avocado prices moderated significantly," he said.

"As indication of the fundamental strength in this business, for the full year Fresh segment sales grew by double digits, while gross profit soared by nearly 60 percent from \$54 million to over \$86 million."

The Renaissance Food Group (RFG) segment continues to make "significant inroads" in reducing its reliance on co-packing partners and bringing production under direct company control. The division's revenues in 2019 grew by high single digits by nearly US\$40 million.

And the Calavo Foods segment trended positively, with gross profit margins tracking upward toward historic levels and with positive sales growth year-over-year.

Beginning 2020 in an "enviable position"

Commenting on the course ahead, Cole stated: "Building upon our record-setting year, Calavo begins fiscal 2020 in an enviable position - financially, operationally and through our depth of human capital and other resources - from which we can continue to drive the

company's growth moving forward.

"The extended upward arc in consumer demand for fresh avocados is expected to be met in 2020 with an all-source U.S. supply that, by early industry estimates, should be more than 10 percent above the recently concluded year.

"With ample supply, we anticipate considerable opportunities to boost Calavo's avocado sales both domestically and abroad while continuing to leverage our ability to execute across a range of industry conditions."

In the RFG segment, the company expects greater profits and positive sales growth overall. With an anticipated improved manufacturing performance, it is forecasting over 60% growth in gross profit.

For the Calavo Foods division, he expects that a larger avocado crop and manufacturing efficiencies derived from several internal initiatives largely completed during our most recent quarter will drive considerable improvement in gross profit.

"And while sales growth fell short of expectations in fiscal 2019, we believe growth will once again reach the double-digit levels experienced in the past," he said.

"Combining these two factors, we are anticipating more than 40 percent growth in gross profit in fiscal 2020."

Concluding, he said Calavo's strategic blueprint continues to serve the company well, and it will continue to build upon this foundation.

"Our multiple revenue and profit engines are going to continue driving this success, and I am confident that Calavo will once again post a record top line and double-digit growth in adjusted diluted earnings per share in the current year," he said.