

ModernGraham Valuation

Company Name:

Calavo Growers, Inc.

Company Ticker CVGW

Date of Analysis

3/20/2017



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$988,471,705	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.00	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	121.19%	Pass
5. Earnings Growth	PEmg < 20	36.44	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.72	Fail
7. Moderate Price to Assets			

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.00	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-0.70	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.62
MG Growth Estimate	15.00%
MG Value	\$62.45
MG Value based on 3% Growth	\$23.52
MG Value based on 0% Growth	\$13.79
Market Implied Growth Rate	13.97%

MG Opinion

Current Price	\$59.10
% of Intrinsic Value	94.64%
Opinion	Fairly Valued
MG Grade	D

Stage 3: Information for Further Research

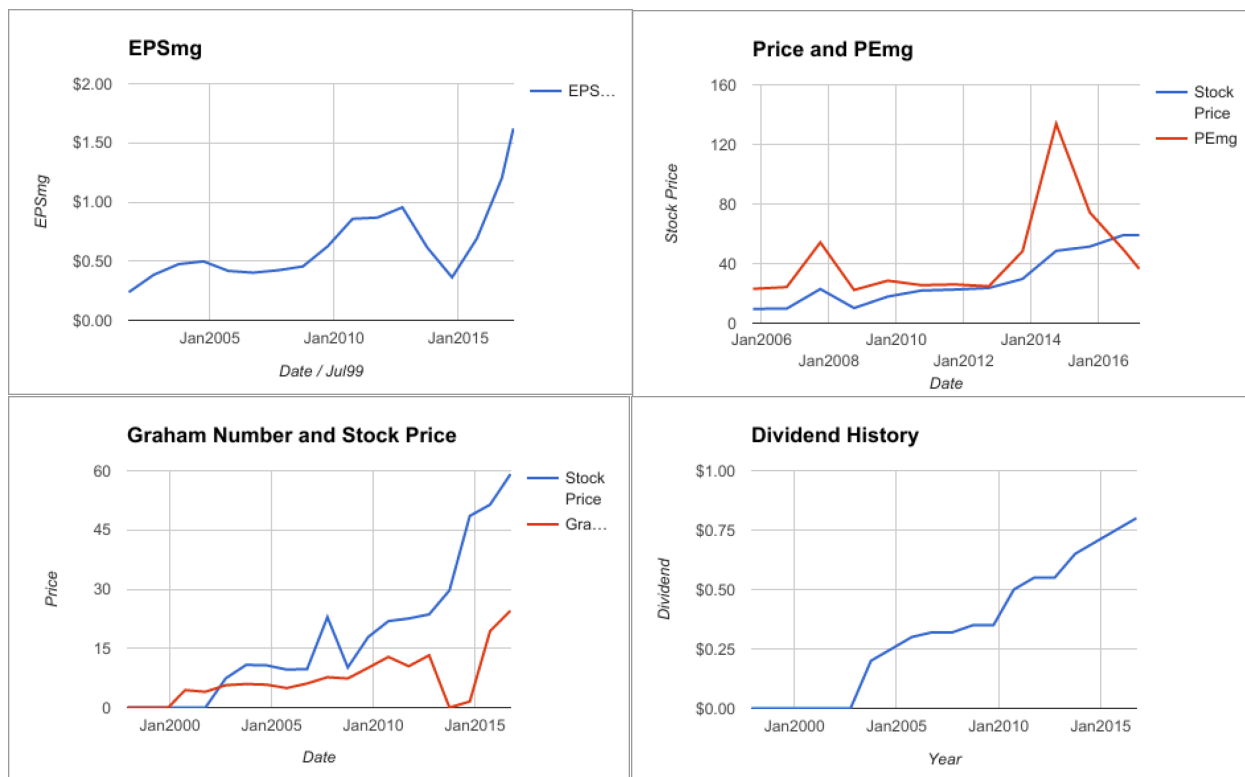
Net Current Asset Value (NCAV)	-\$0.29
Graham Number	\$24.83
PEmg	36.44
Current Ratio	1.00
PB Ratio	4.72
Current Dividend	\$0.90
Dividend Yield	1.52%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$2.20		\$1.62
Oct2016	\$2.18	Oct2016	\$1.20
Oct2015	\$1.57	Oct2015	\$0.69
Oct2014	\$0.01	Oct2014	\$0.36
Oct2013	-\$0.12	Oct2013	\$0.62
Oct2012	\$1.05	Oct2012	\$0.95
Oct2011	\$0.75	Oct2011	\$0.87
Oct2010	\$1.22	Oct2010	\$0.86
Oct2009	\$0.94	Oct2009	\$0.63
Oct2008	\$0.53	Oct2008	\$0.46
Oct2007	\$0.51	Oct2007	\$0.42
Oct2006	\$0.40	Oct2006	\$0.40
Oct2005	\$0.24	Oct2005	\$0.42
Oct2004	\$0.46	Oct2004	\$0.50
Oct2003	\$0.55	Oct2003	\$0.47
Oct2002	\$0.60	Oct2002	\$0.38
Oct2001	\$0.37	Oct2001	\$0.24
Oct2000	\$0.43	Balance Sheet Information	
Dec1999	\$0.00	1/1/2017	
Dec1998	\$0.00	Total Current Assets	\$123,777,000
Dec1997	\$0.00	Total Current Liabilities	\$124,374,000
		Long-Term Debt	\$417,000
		Total Assets	\$347,025,000
		Intangible Assets	\$21,338,000
		Total Liabilities	\$128,794,000
		Shares Outstanding (Diluted Average)	17,430,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

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[Lancaster Colony Corp Valuation – Initial Coverage \\$LANC](#)
[J M Smucker Co Valuation – February 2017 \\$SJM](#)
[Kraft Heinz Co Valuation – Initial Coverage \\$KHC](#)
[Dr Pepper Snapple Group Inc Valuation – January 2017 \\$DPS](#)
[J&J Snack Foods Corp Valuation – Initial Coverage \\$JJSE](#)
[Sysco Corporation Valuation – January 2017 \\$SYY](#)
[General Mills Inc Valuation – January 2017 \\$GIS](#)
[Coca-Cola European Partners PLC Valuation – January 2017 \\$CCE](#)
[Archer Daniels Midland Company Valuation – January 2017 \\$ADM](#)