



# LIMONEIRA

SINCE 1893

**Investor Presentation**

June 2018

# Cautionary Statement



The following information and the statements made during this presentation contain forward-looking statements. These forward-looking statements are based on Management's current expectations and beliefs, as well as a number of assumptions concerning future events. Forward-looking statements include information concerning our possible or assumed future results of operations, weather-related phenomena, pricing and supply of raw materials, industry environment, business strategies, financing plans for land development activities, the effects of regulation, and labor disruptions. These statements are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside Management's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements including those set forth under the heading "Risk Factors" in the Company's filings with the Securities and Exchange Commission (SEC). All forward-looking statements in this presentation speak only as of the date of this presentation. The Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statements.

This document may also contain non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP financial measures presented in this document see the Appendix to this presentation.

# Experienced Senior Management Team

## Limoneira's Senior Management Team has an Average of 26 Years of Industry Expertise



**Harold Edwards**  
President / CEO

- 28 years industry experience
- Joined Limoneira in 2003
- Edwards is a member of one of the farming families associated with the Company over its long history

• Previous experience includes:



**Mark Palamountain**  
Chief Financial Officer

- 20 years finance experience
- Joined Limoneira in 2012
- Promoted to CFO in January 2018

• Previous experience includes:

**Broadpoint.Capital**



HAMBRECHT & QUIST

Thomas Weisel Partners



**Alex Teague**  
Senior Vice President / COO

- 31 years industry experience
- Joined Limoneira in 2004
- Great-grandson of C.C. Teague, Limoneira's first General Manager

• Previous experience includes:



Mayflower / TCLA  
Royal Citrus SA

Salinas Land Company



California Orchard Company

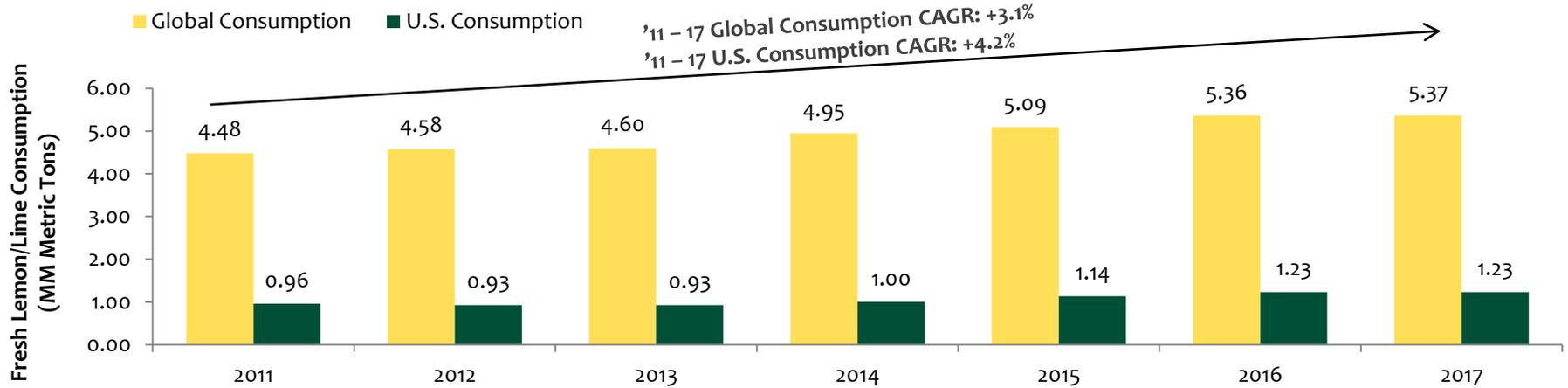
Citrus View Blue Anchor, Inc.

# Global Demand for Fresh Citrus Continues to Grow

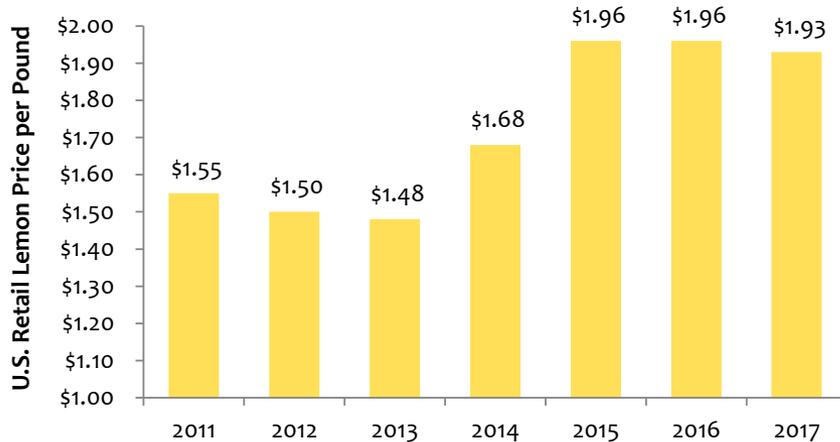


## Attractive & Growing Global Market for Fresh Citrus

### Fresh Lemon/Lime Consumption on the Rise



### Growing Demand Supports Higher Prices



### Drivers of Increased Consumption

- Increased consumer focus on health and wellness
- Changing consumer preferences for whole fresh food
- Increasing disposable income globally
- Food away from home – 70% of lemon consumption is generated through the foodservice industry



Health



Beauty



Lifestyles



Cleaning

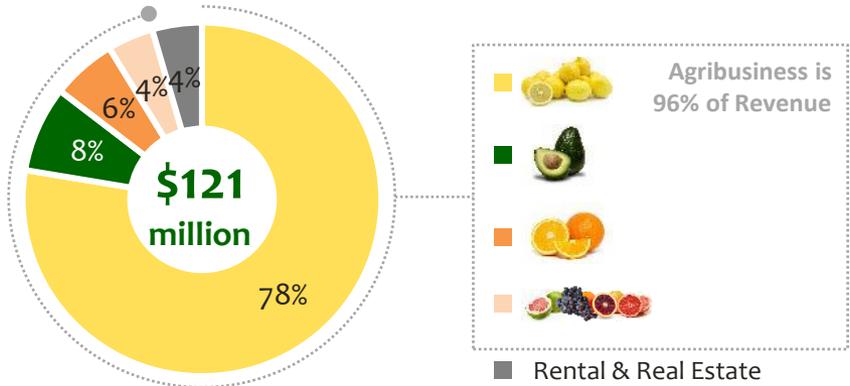


Recipes

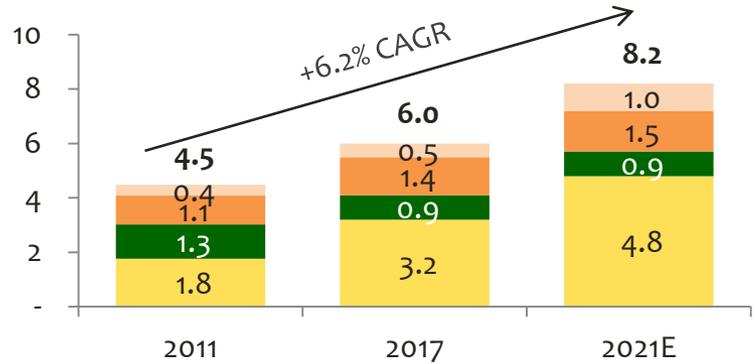
Source: USDA.

## From Our Groves to Your Home bringing you the best since 1893

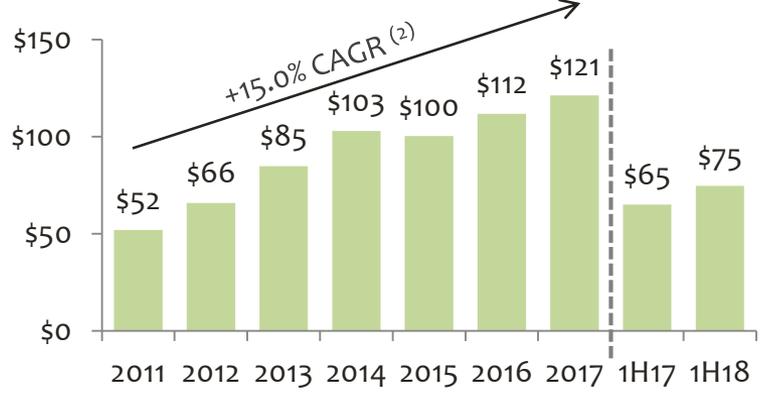
**Diverse and On-Trend Citrus**  
(revenue by product)



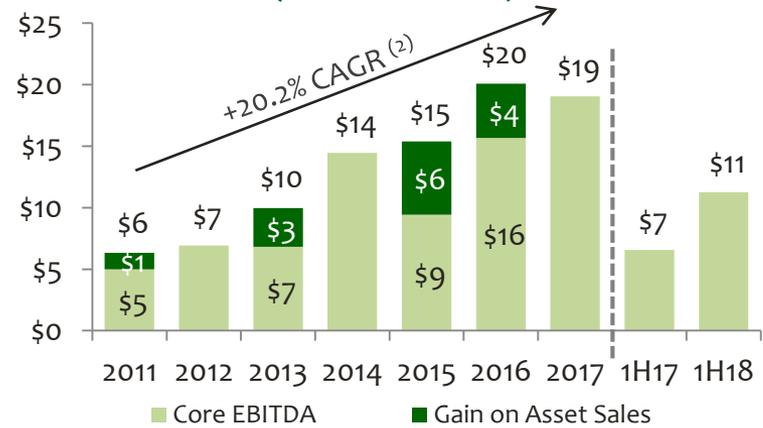
**U.S. Fruit Bearing Acres (1)**  
(in thousands)



**Revenue**  
(dollars in millions)



**Adj. EBITDA**  
(dollars in millions)



(1): 2021E figures include agricultural acres that are currently planted and are expected to bear fruit.

(2): Compound annual growth rate from FY2011 to FY2017.

# Vertically Integrated Player Within a Highly Fragmented Space

## Integrated. Scaled. Global.

sitting between highly fragmented growers and diverse end markets



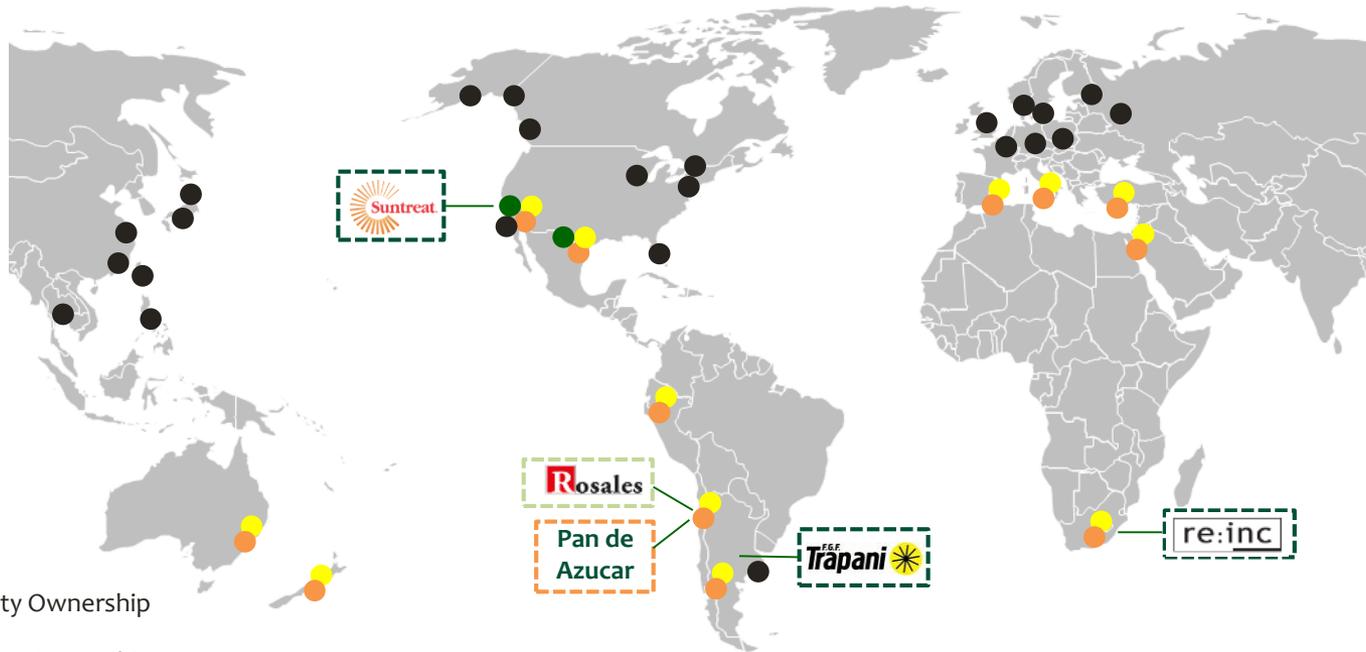
- Limoneira delivers:
  - High-quality products
  - Integrated farm-to-customer supply chain
  - Low cost production
  - Diverse global sourcing and distribution network
  - Superior product mix
  - Global scale and customer base
- Limoneira's vertical integration and scale enable:
  - Increased operating leverage and flexibility
  - Enhanced customer service and satisfaction
  - Higher growth and margins

# One World of Citrus™ – Global Reach With Year Round Supply

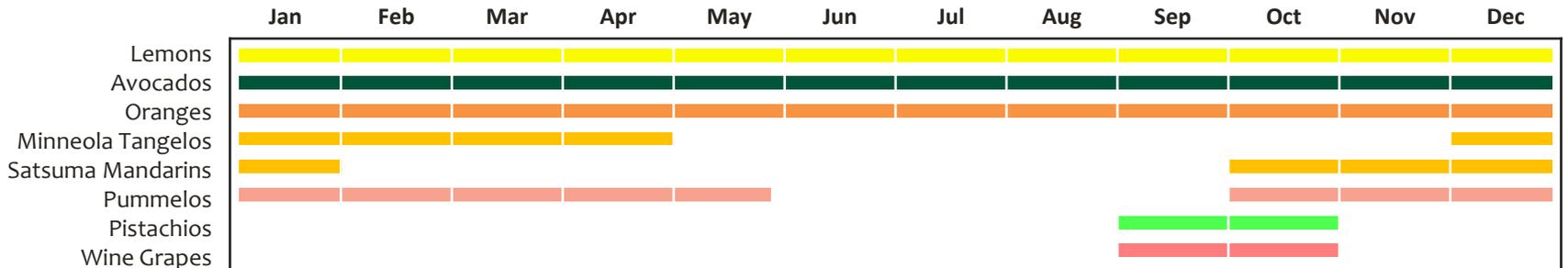
## Limoneira's U.S. Lemon Supply:

73% Domestic Sales / 23% Domestic Exporter Sales / 4% Direct International Sales

● Lemons ● Avocados ● Oranges ● Global End Markets



## Year Round Production and Sourcing Capabilities

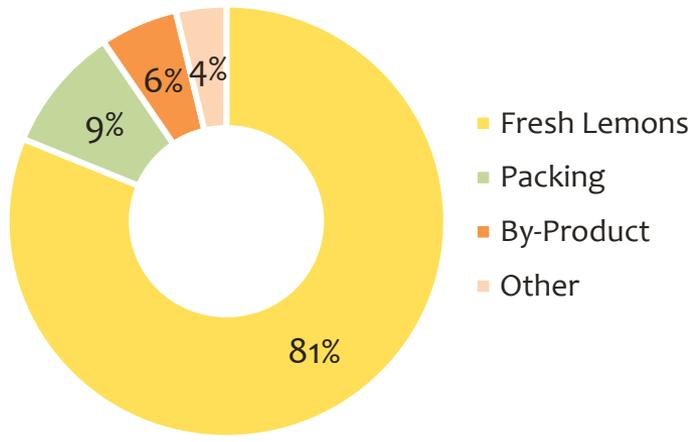


# Diversified U.S. Lemon Production Platform



## Locations Across Key Growing Regions provides low cost access to grower base and key customers

### LMNR Lemon Revenue by Product



- In 2017, 80% of U.S. lemons were utilized in the fresh market, up from 58% of lemons in 2009
- The fresh market is significantly more profitable than the processed market

### LMNR Growing Regions



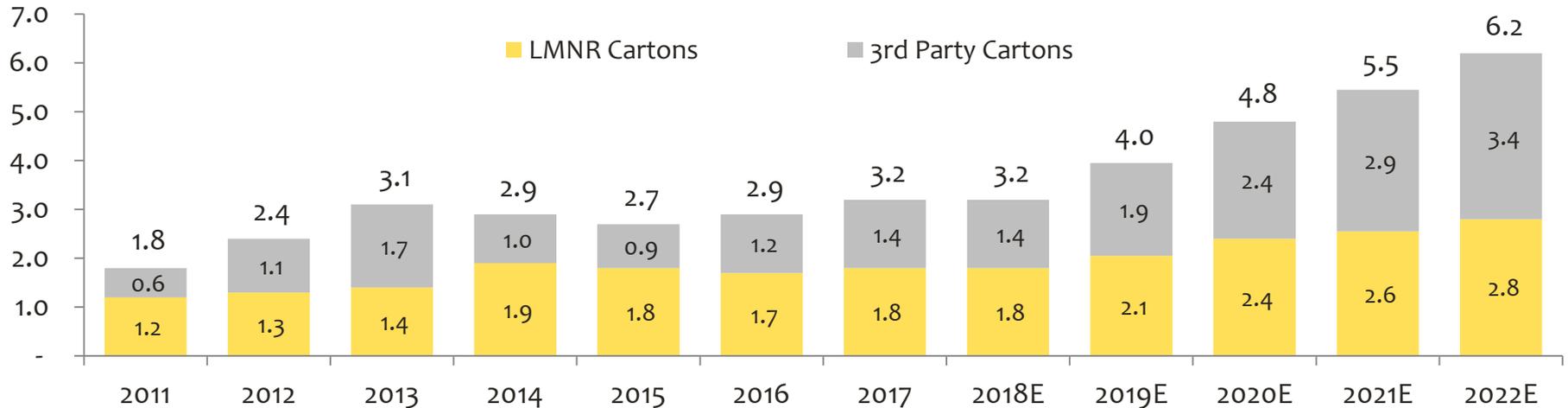
Source: USDA.

# State of the Art Lemon Packing Facility – Investing for the Future



## Highly Automated Packing Platform is a Source of Continued Growth \$29 million lemon packing facility enhancement in 2016

### Millions of U.S. of Lemon Cartons Packed & Sold <sup>(1)</sup>



- Approximately 10% more lemons packed in FY 2017 vs. FY 2016
- Limoneira's lemon prices increased by approximately 100% from 2009 – 2017
- Opportunity to produce increased volumes of Limoneira grown lemons (on currently-owned and to-be-acquired acreage) to increase margins and profitability
- 3<sup>rd</sup> Party fruit volumes allow Limoneira to maximize utilization of its packing facility and provide a buffer to offset fixed costs, without exposing Limoneira to pricing risk

### Maturing Owned Acreage Drives Profit Growth

	LMNR	3rd Party
Price	\$24.50	NM
Cost per Carton	\$14.00	NM
<b>Margin</b>	<b>\$10.50</b>	<b>\$2.00</b>
2017 Quantity (mm cartons)	1.8	1.4

(1): 2018E – 2022E projections assume Limoneira contributes 1.0mm additional cartons from currently non-bearing LMNR acreage coming online. Projections also assume Limoneira adds 500k additional 3<sup>rd</sup> Party cartons in each year from 2019 through 2022.

## Accelerating Opportunity to Consolidate a Fragmented Space

- Limoneira has successfully completed and integrated 6 acquisitions over the past 5 years
- Over 25+ qualified targets in the pipeline representing over \$250 million of enterprise value
- The goal is to continue to increase the Company’s global lemon market share
- Limoneira anticipates continued sector consolidation in the next 3-5 years and beyond
  - 87% of U.S. farms are owned by families with fewer members of subsequent generations choosing to be farmers
  - 65% of all U.S. farmers are over age 54
  - With a public currency and strong balance sheet, we expect to actively participate

M&A & Partnership Considerations	
<b>Asset Types</b>	<ul style="list-style-type: none"> <li>• Production Acreage</li> <li>• Packing Facilities</li> <li>• Distribution Networks</li> </ul>
<b>Asset Quality</b>	<ul style="list-style-type: none"> <li>• Producing acreage</li> <li>• Adequate water source</li> <li>• Warm micro-climate</li> <li>• Well-draining soils</li> </ul>
<b>Geographies</b>	<ul style="list-style-type: none"> <li>• California</li> <li>• Arizona</li> <li>• Chile</li> <li>• Argentina</li> <li>• South Africa</li> <li>• Mexico</li> <li>• Spain</li> </ul>
<b>Fruit Types</b>	<ul style="list-style-type: none"> <li>• Focus on lemon producing properties</li> <li>• Land not suitable for lemons is typically planted with oranges, avocados and specialty citrus</li> <li>• Wine grapes</li> </ul>

Source: USDA.

## Overview of San Pablo Acquisition

# Overview of San Pablo Acquisition

## San Pablo -- \$15.8 Million All-in Capital Required

### Overview

- Frutícola San Pablo S.A. (“San Pablo”) produces and sells lemons, as well as navel and Valencia oranges. The business is located near La Serena, Chile, near Limoneira’s existing assets in Chile
- Limoneira is acquiring San Pablo, including 3,317 acres of land across two parcels, along with related rights to use groundwater
  - 247 bearing lemon acres
  - 61 bearing orange acres
  - 120 acres planned for planting lemons in 2019
  - 500 acres “potential” for avocados or other fruit on hillside depending on increased water access
- San Pablo is majority owned by Activa Alternative Assets S.A. (“Activa”), a diversified Chilean private equity firm
  - In 2017, Limoneira also purchased from Activa approximately 210 acres of lemon and orange groves near La Serena, known as Pan de Azucar S.A.
- Limoneira also owns 47% of Rosales S.A., a nearby citrus packing and marketing company

### Terms

- All-in capital required of \$15.8 million
  - \$13.0 million total purchase price for 100% of San Pablo
  - Limoneira plans to invest \$2.8 million in San Pablo within 18 months (\$1.8 million for new groundwater wells and related equipment, and \$1.0 million on new lemon plantings)
- Limoneira expects to capture ~60% of the FY2018 San Pablo results

### Valuation and Financing

- Expected to be \$0.02 - \$0.03 per share accretive in FY2018 and \$0.06 - \$0.08 per share accretive in FY2019
- Earnings potential will continue to improve with the maturation of existing trees and with the additional planned plantings
- Financed through equity offering proceeds. We have adequate cash and debt financing available should the equity offering not take place

### Timing

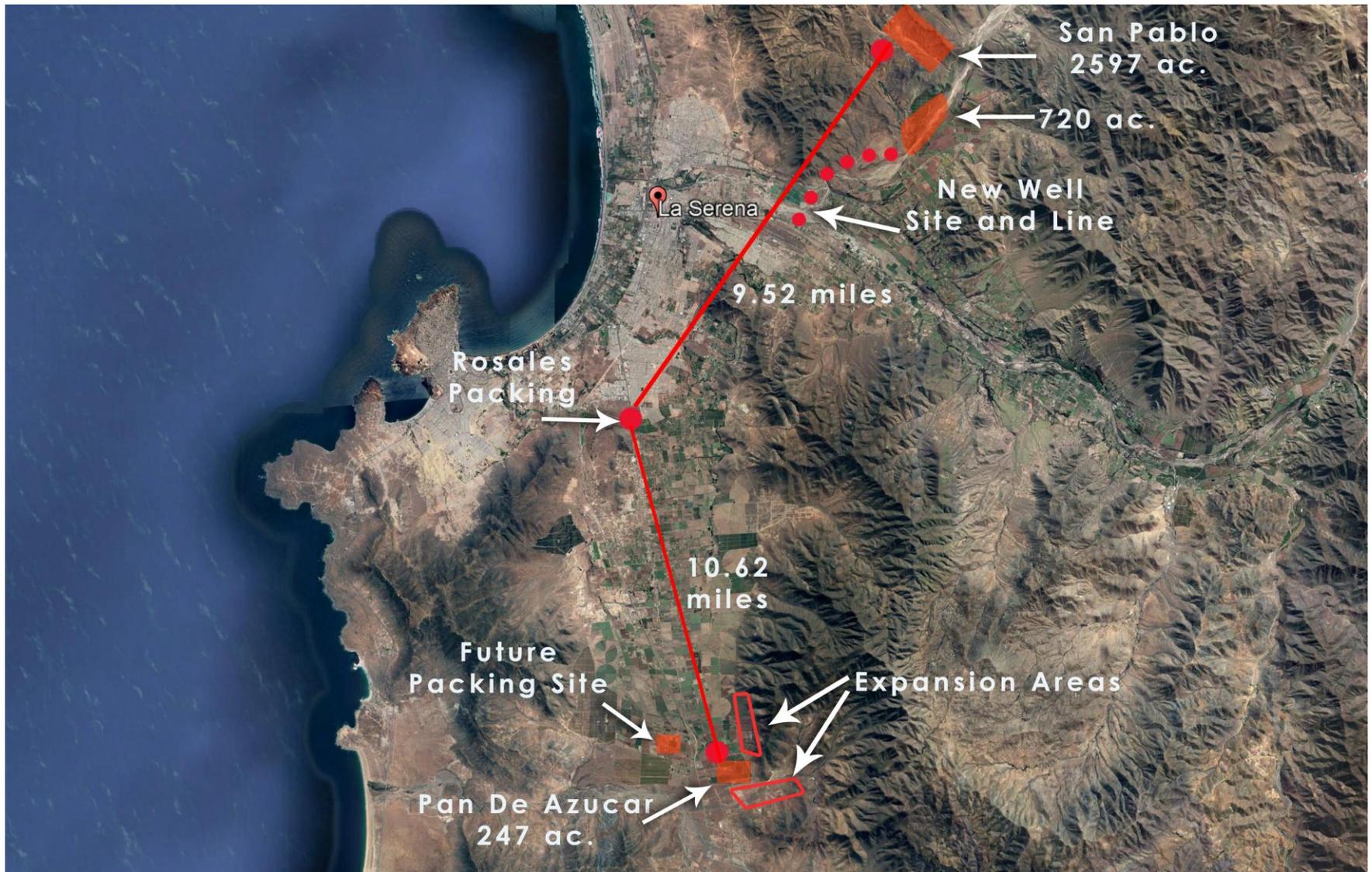
- Binding Memorandum of Understanding signed on June 18, 2018
- Expect to close in July to take advantage of the 2018 Chilean citrus growing season

# Frutícola San Pablo – Aerial View



Note: Aerial photograph taken circa 2015.

# Frutícola San Pablo – Acreage Map



# Frutícola San Pablo – Acquisition Rationale

- High-quality lemon and orange grove acreage
- Modern production technology, including precision irrigation and fertilization. Much of the operation can be managed from a digital tablet
- Enhances Limoneira’s “One World of Citrus” capability with additional Southern Hemisphere production complementary to U.S. production season
- Strong export markets (principally in Asia), with additional domestic sales in Chile
- Strategic operational and geographic fit with Limoneira’s existing operations:
  - Rosales S.A. – packing and marketing operation (~10 miles from San Pablo)
  - Pan de Azucar – lemon and orange production (~15 miles from San Pablo)
- Expected to drive significant production increases:
  - San Pablo’s current acreage returns to fully bearing (after drought that ended in 2015)
  - Additional 120 acres of lemons to be planted in 2019, producing in 2022 and fully bearing in 2025
  - San Pablo and Pan de Azucar expected to produce 1+ million cartons per year within 5-7 years
  - Goal of 3 million cartons per year in Chile with additional investment
- Expected to be \$0.02 - \$0.03 per share accretive in FY2018 and \$0.06 - \$0.08 per share accretive in FY2019



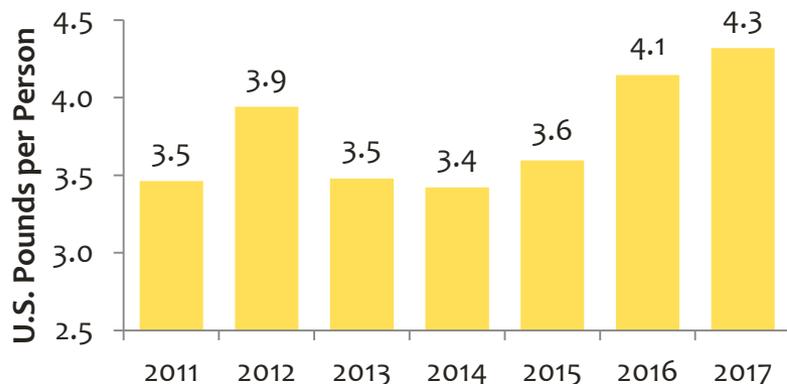
## Limoneira Overview

# Continued Growth in Core Segments: Lemons



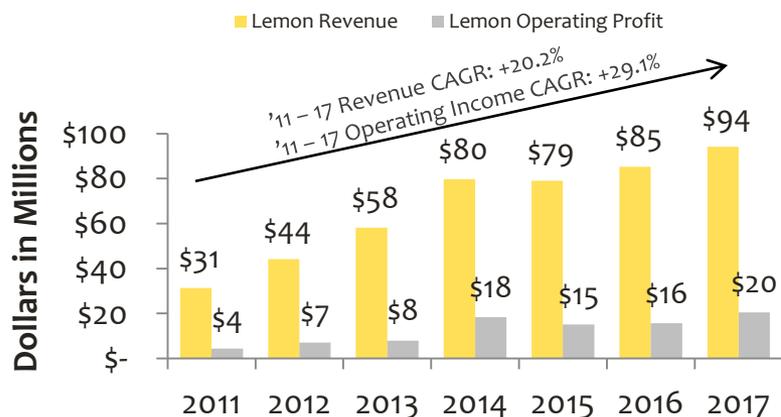
## One of the Largest Growers, Packers, Marketers & Distributors of lemons in the U.S.

### Fresh Lemon Consumption



### Consistent Revenue Growth

#### Limoneira Global Lemon Sales and Operating Profit



Source: USDA.

### Lemon Segment Highlights

% of Agri. Revenue	81.3%
Fresh Market Size	35.6 million cartons
% U.S. Market Share	7.2%
Planted Acres	4,800
Current Producing Acres	3,200
Additional Producing Acres by 2021	<ul style="list-style-type: none"> <li>1,600 - estimated to produce ~1.0 million additional cartons annually (+&gt;30%)</li> </ul>
Varieties	<ul style="list-style-type: none"> <li>Eureka, Lisbon, Seedless, Pink, Meyer</li> </ul>
Customers	<ul style="list-style-type: none"> <li>&gt;200 U.S. and international foodservice, wholesale and retail customers</li> <li>No customer represents more than 5% of our lemon revenue</li> </ul>
U.S. Lemon Sales	<ul style="list-style-type: none"> <li>73% domestic</li> <li>23% domestic exporters</li> <li>4% direct international</li> </ul>
Grower Relationships	<ul style="list-style-type: none"> <li>75+ third-party grower relationships</li> <li>No third-party grower represents more than 15% of our sourced lemon volume</li> </ul>

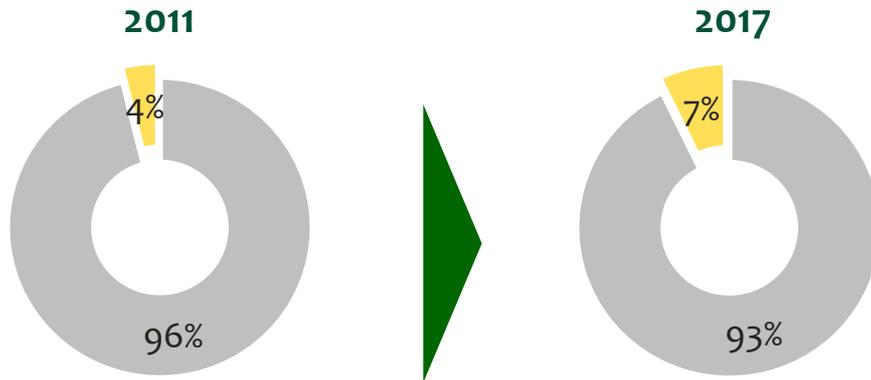
# A Leader in the Highly Fragmented Lemon Industry



**History. Tradition. Trust.**  
delivering the finest citrus for over a century

## Growing Market Share

■ LMNR Distribution    ■ Other U.S. Distribution



- In 2017, LMNR marketed & distributed 7.2% of the U.S. lemon crop, compared to 3.9% in 2011 – up 84.6% (or 9.1% CAGR)
- Limoneira provides a critical link between highly fragmented lemon growers and diverse end markets
  - Individual citrus growers do not have leverage over any end market
- Focus on quality and operational excellence results in increased customer satisfaction and loyalty

## Proprietary Brands



Source: USDA.

# State of the Art Packing Facility – Investing for the Future



## Highly Automated Packing Platform is a Source of Continued Growth \$29 million lemon packing facility enhancement in 2016

### Previous Packing Facility



### Current Packing Facility



### 2017 Results (vs. 2016)

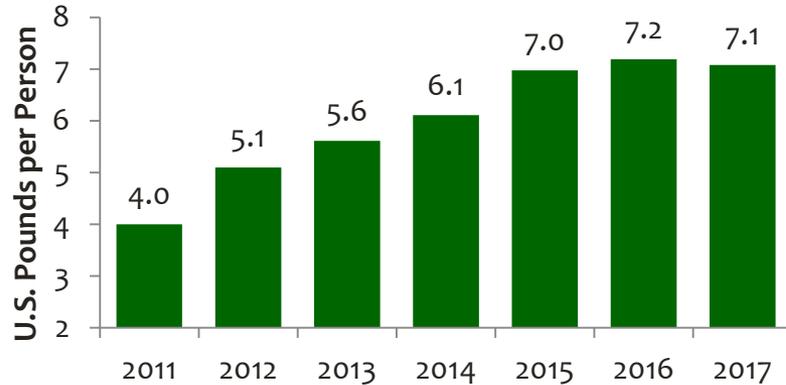
- Current packinghouse processes 3 times the amount of fruit in the same amount of time with 70% of the pre-existing labor
  - The previous facility processed 720 cartons/hour
  - The new facility processes 2,300 cartons/hour
- Cost / Carton down 11%
- 10% more lemons packed
- 17% increase in 3<sup>rd</sup> Party packings
  - 3<sup>rd</sup> Party packing projected to grow by 500,000 cartons per year through 2021
- Currently operating at ~40% capacity
  - Available growth for additional packing of 3<sup>rd</sup> Party fruit or additional Limoneira citrus

# Continued Growth in Core Segments: Avocados

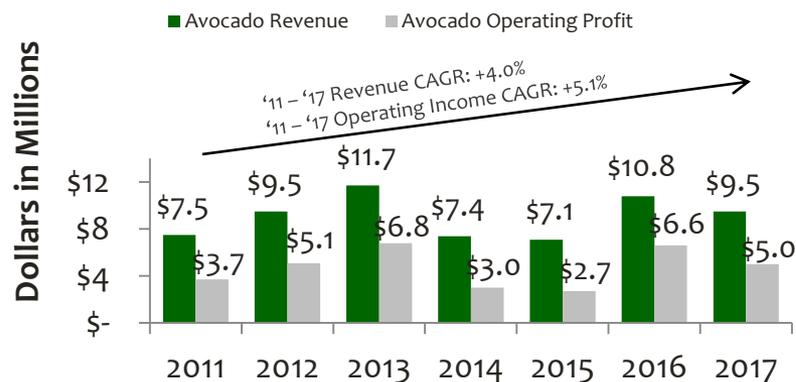


## 103% Consumption Growth in Avocados in the past 10 years

### Avocado Consumption



### Revenue



Source: USDA.

### Avocado Highlights

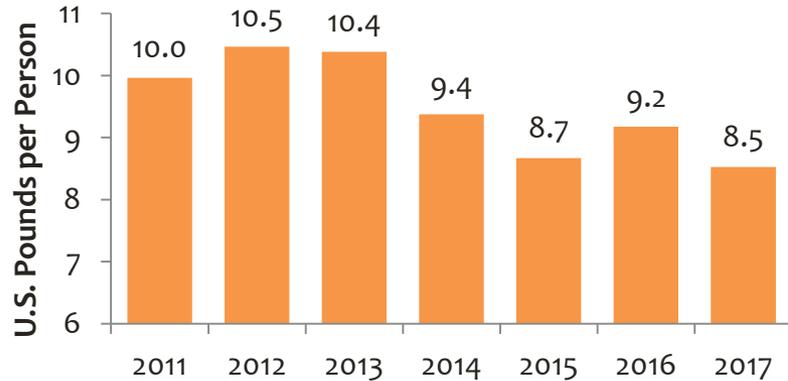
% of Agri. Revenue	8.2%
% U.S. Market Share	2.2%, one of the largest growers
Planted Acres	900
Current Producing Acres	900
Varieties	98% Hass
Packinghouse/Customer(s)	Calavo Growers (100%)
Other	<ul style="list-style-type: none"> <li>The California avocado crop typically experiences alternating years of high and low production due to plant physiology</li> </ul>

# Continued Growth in Core Segments: Oranges

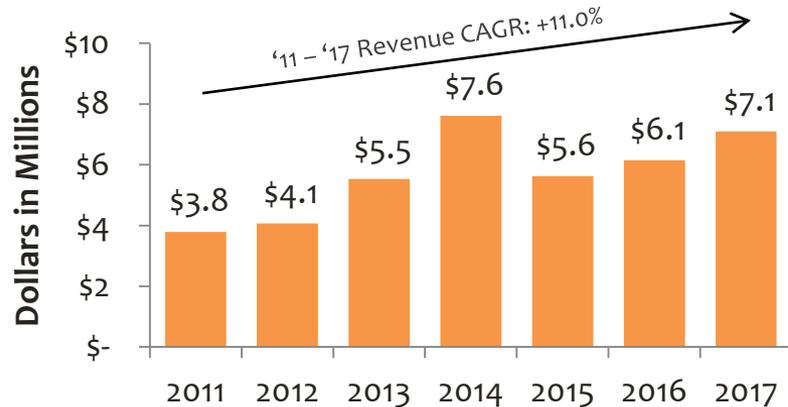


## Oranges Provide Crop Diversity and Represent a Key Aspect of Limoneira's One World of Citrus Program

### Orange Consumption



### Revenue



Source: USDA.

### Orange Highlights

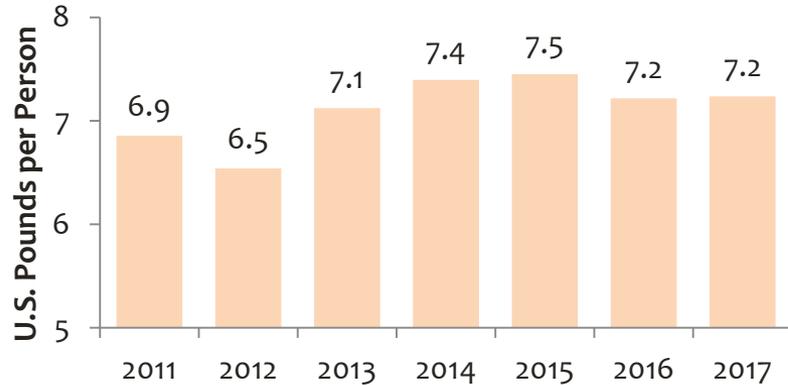
% of Agri. Revenue	6.1%
% U.S. Market Share	1.0%
Planted Acres	1,500
Current Producing Acres	1,400
Additional Producing Acres by 2021	100
Varieties	Valencia, Navel
Packinghouse/Customer(s)	Suntreat (100%)
Other	<ul style="list-style-type: none"> <li>California produces approximately 40% of U.S. oranges, with over 83% going to the more-profitable fresh market</li> <li>95+% of Florida oranges go to juice and other less profitable by-product markets</li> <li>Orange revenues increased primarily due to higher prices, partially offset by lower volumes</li> </ul>

# Continued Growth in Core Segments: Specialty Citrus

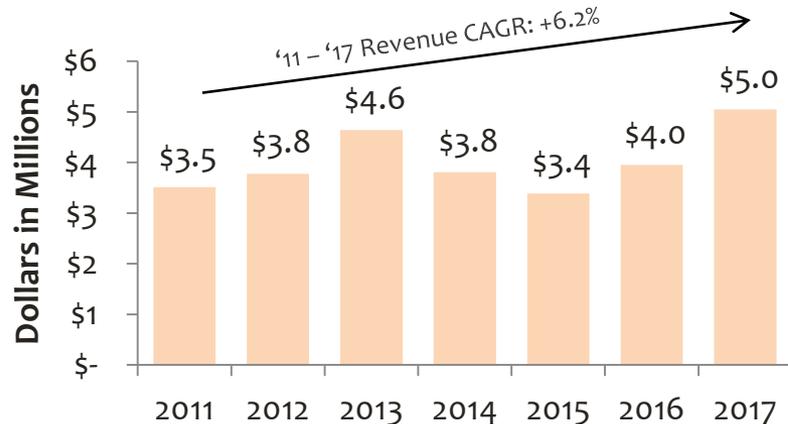


## Global Consumers Expect Variety and New Flavors

### Specialty Citrus Consumption



### Revenue<sup>(1)</sup>



Source: USDA.

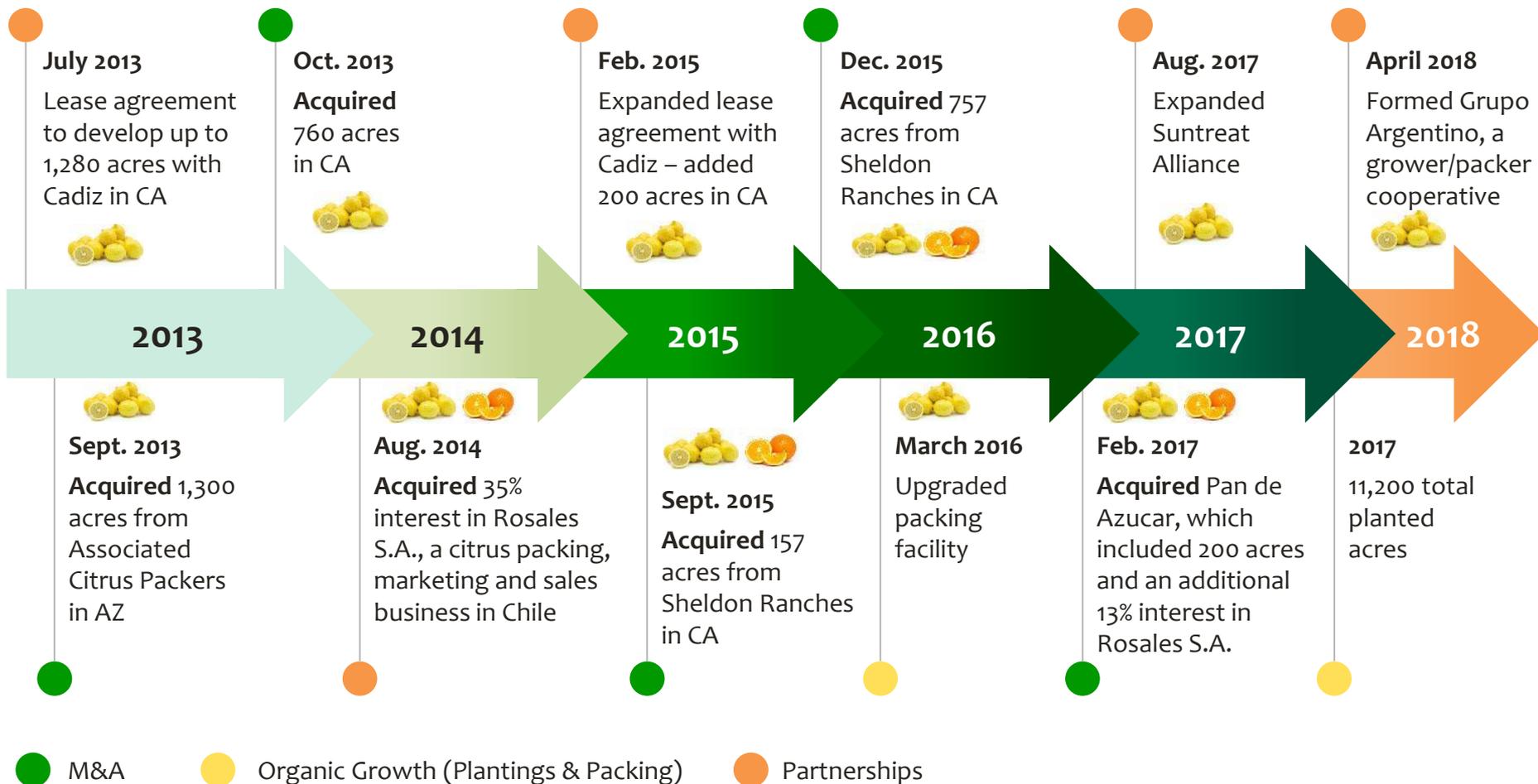
(1) See crops / varieties in table on the right for items that are included in specialty citrus.

### Specialty Citrus & Other Crops Highlights

% of Agri. Revenue	4.4%
% U.S. Market Share	NA
Planted Acres	1,000
Current Producing Acres	700
Crops / Varieties	Grapefruit, Pummelo, Wine Grapes, Blood Oranges, Tangelos, Pistachios
Packinghouse/Customer(s)	Suntreat, CA wine producers
Other	<ul style="list-style-type: none"> <li>In FY 2017, we sold ~800 tons of wine grapes for \$1.2 million, up from ~200 tons for \$0.3 million in FY 2016</li> </ul>

# Significant Investment to Grow Our Platform

Limoneira has made significant investments to ensure that customers receive a consistent supply of high quality citrus year-round, which many of our competitors are unable to supply



# Avenues of Continued Growth and Margin Expansion

1

Expand U.S. and international platform for production, packing, marketing and distribution of lemons

2

Acquire and invest in citrus producing properties

3

Increase owned and third-party lemon volumes packed at our new highly-efficient facility

4

Apply success in lemons to other specialty citrus varieties

5

Expand and diversify global plantings and production capabilities

6

Maintain and grow global partnerships, as well as our global customer base

7

Realize value of Non-Core accelerators

Further growth in the citrus division can be funded with incremental cash flows from these and other ongoing development projects

## HARVEST at LIMONEIRA

- Limoneira entered a partnership with the Lewis Group of Companies to develop “Harvest at Limoneira”, a marquee residential and commercial real estate development project to monetize non-core agribusiness land

Project Status	
Cash Flow Potential	<ul style="list-style-type: none"><li>• Approximately \$100 million over the next 7-10 years (of which \$20 million has already been received)</li></ul>
Lot Sales	<ul style="list-style-type: none"><li>• First closings and GAAP Sales in FQ1 2019</li></ul>
Acres	<ul style="list-style-type: none"><li>• 550</li></ul>
Total Expected Units	<ul style="list-style-type: none"><li>• 1,500 units</li></ul>



## HARVEST at LIMONEIRA

- Residential zone (East Area 1)
- Commercial zone (East Area 2) to be developed at a later date



Residential (East Area 1)



Commercial (East Area 2)

## Additional Ancillary Cash Flows

### Rental Operations

- Rental properties provide steady cash flow and support expansion in the citrus division
- 245 farm worker housing units
- Stable tenant base – majority of tenants are Company employees
- Rental operations are an important mitigant to workforce attrition
- 4% of 2017 revenue



### Water Rights

- ~28,000 acre feet of owned water rights, usage rights, and pumping rights to the water associated with Limoneira land
  - Recent water rights sales have priced at \$20,000 per acre foot<sup>(1)</sup>
- Substantial investments made in water companies to support and exceed farming needs
- Established partnership for potential monetization of Colorado River water rights

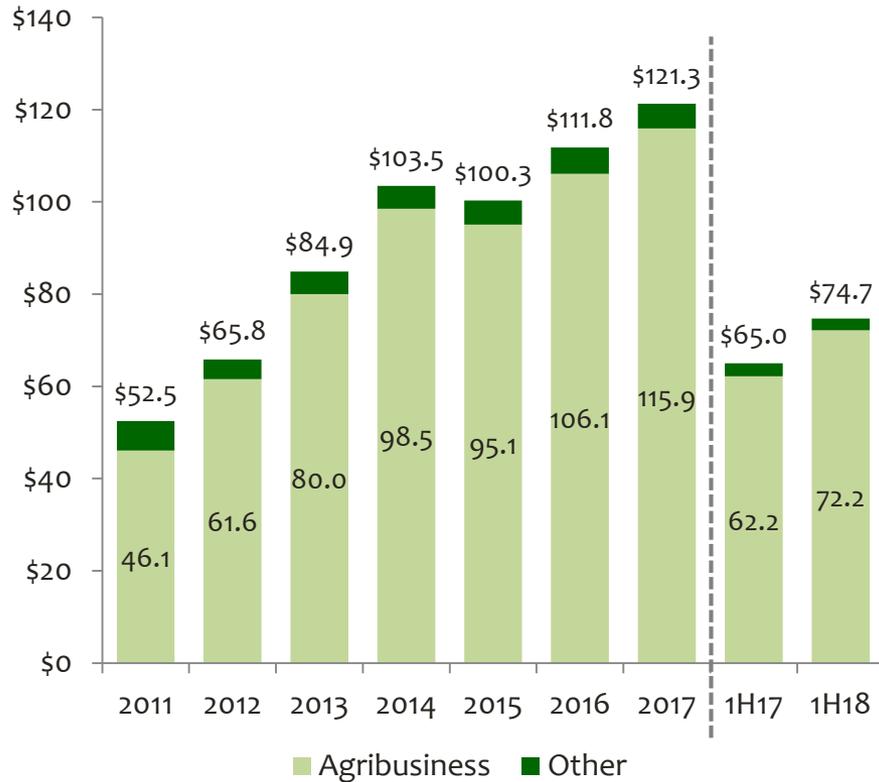


(1): Santa Paula Basin Pumper's Association.

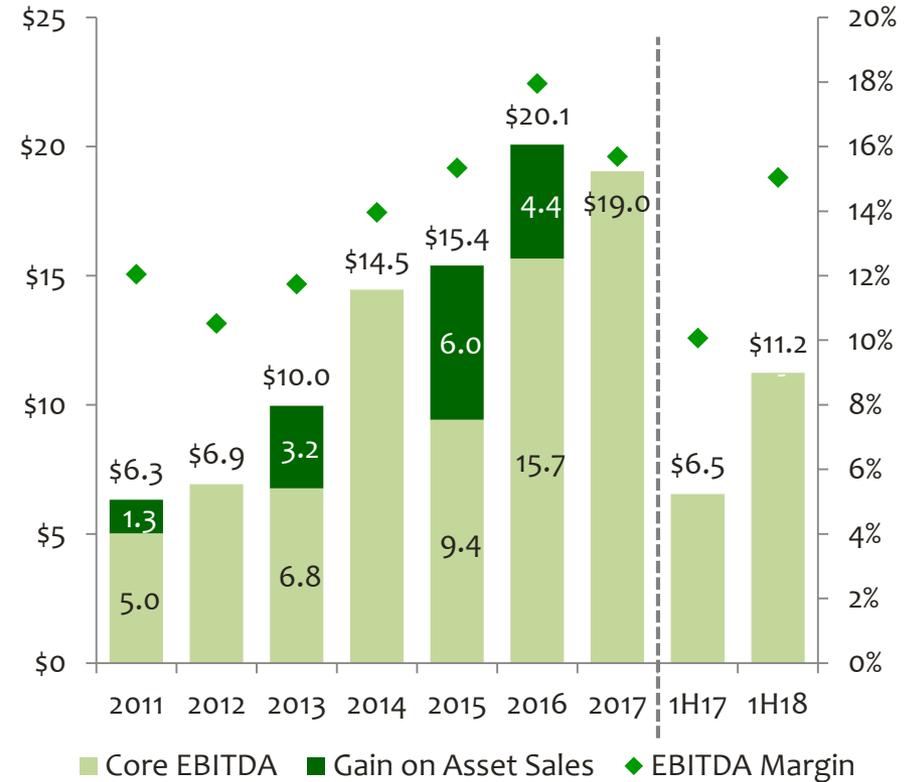
# Financial Performance

# Strong Financial Performance

## Revenue Dollars in Millions



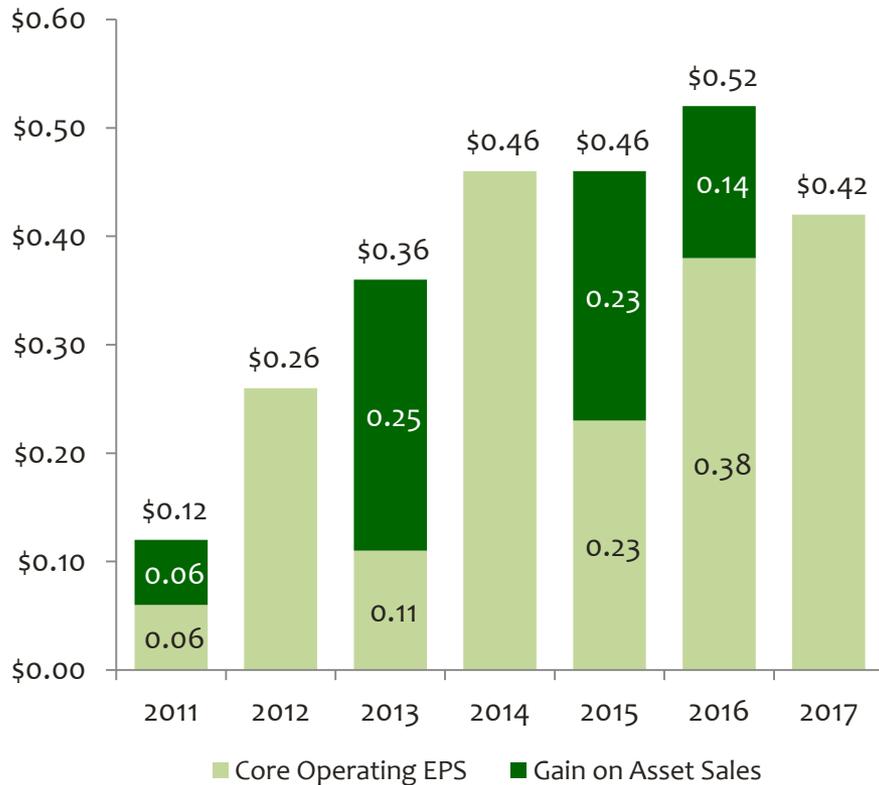
## Adj. EBITDA <sup>(1)</sup> Dollars in Millions



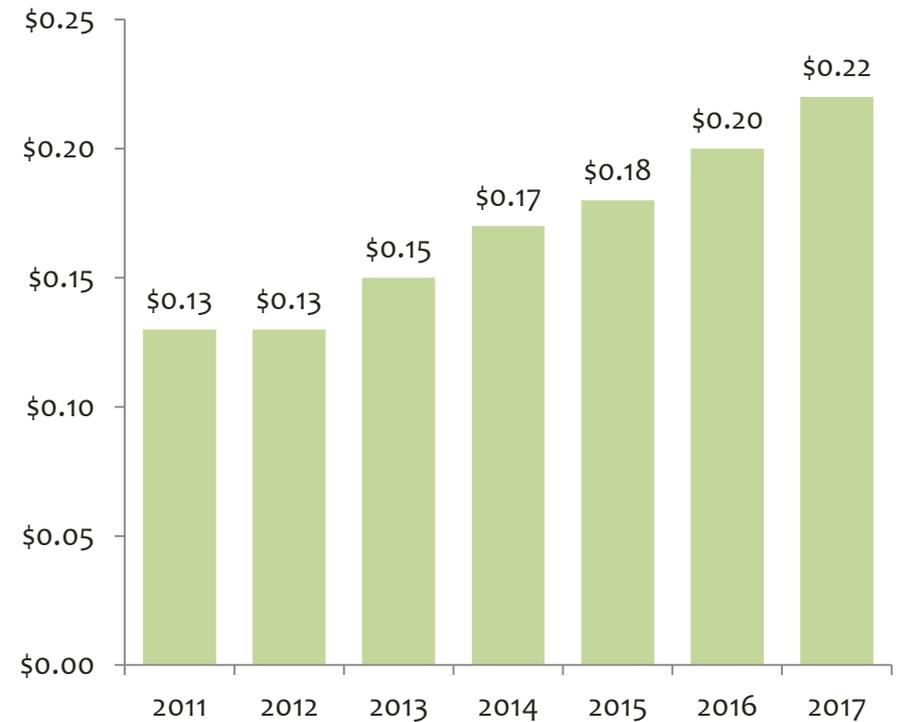
(1): FY 2016 adj. EBITDA includes one-time gain from Calavo stock sale.

# Revenue Growth & Operational Efficiencies Driving EPS & DPS Growth

## Earnings Per Share <sup>(1)</sup>



## Dividends Per Share



(1): Core Operating EPS excludes gain on sale proceeds from asset sales included in other income, net.

# Adjusted EBITDA Reconciliation

(Dollars in Thousands)

	Fiscal Year Ended October 31,							6 Months Ended April 30,	
	2011	2012	2013	2014	2015	2016	2017	2017	2018
Net Income	\$ 1,598	\$ 3,150	\$ 4,906	\$ 6,991	\$ 7,082	\$ 8,058	\$ 6,595	\$ 1,468	\$ 15,224
Interest Expense	619	(335)	(672)	(60)	148	1,409	1,778	851	794
Income Taxes	707	1,978	3,235	3,573	3,974	5,267	4,077	918	(8,207)
Depreciation & Amortization	2,207	2,131	2,403	3,516	4,184	5,339	6,467	3,191	3,434
EBITDA	\$ 5,131	\$ 6,924	\$ 9,872	\$ 14,020	\$ 15,388	\$ 20,073	\$ 18,917	\$ 6,428	\$ 11,245
Impairment of Real Estate Assets	1,196	-	95	435	-	-	120	120	-
<b>Adjusted EBITDA</b>	<b>\$ 6,327</b>	<b>\$ 6,924</b>	<b>\$ 9,967</b>	<b>\$ 14,455</b>	<b>\$ 15,388</b>	<b>\$ 20,073</b>	<b>\$ 19,037</b>	<b>\$ 6,548</b>	<b>\$ 11,245</b>

Non-GAAP Financial Measures: Due to significant depreciable assets associated with the nature of our operations and interest costs associated with our capital structure, management believes that earnings before interest, income taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA, which excludes impairments on real estate development assets when applicable, is an important measure to evaluate our Company's results of operations between periods on a more comparable basis. Such measures are widely used by analysts, investors and lenders as well as by management in assessing our Company's financial performance and business trends relating to our results of operations and financial condition. These measurements are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and should not be construed as an alternative to reported results determined in accordance with GAAP. The non-GAAP information provided is unique to our Company and may not be consistent with methodologies used by other companies.