

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported): December 2, 2016

Alico, Inc.

(Exact name of registrant as specified in its charter)

Florida

**(State or other jurisdiction of
incorporation)**

0-261

(Commission File Number)

59-0906081

(I.R.S. Employer Identification No.)

10070 Daniels Interstate Court, Suite 100, Fort Myers, FL 33913

(Address of principal executive offices)(Zip Code)

239-226-2000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 C.F.R. 230.425)
- Soliciting Material pursuant to Rule 14a-12 under the Exchange Act (17 C.F.R. 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14D-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 C.F.R. 240.13e-4(c))
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Section 2 Financial Information
Item 2.02 Results of Operations and Financial Condition

On December 2, 2016, Alico, Inc. issued a press release announcing its financial results for the three and twelve months ended months ended September 30, 2016.

A copy of the press release is furnished within this report as Exhibit 99.1.

The information contained in Item 2.02 of this report and in the exhibit attached to this report is being furnished to the Securities and Exchange Commission and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Section 5 Corporate Governance and Management
Item 5.02 Departure of Directors or Certain Officers; Election of Directors;
Appointment of Certain Officers; Compensatory Arrangements of
Certain Officers

Alico Inc. has begun to realign its management structure to optimize the financial returns on the assets of its Orange Co. and Conservation and Environmental Resources divisions. Remy W. Trafelet will become President and Chief Executive Officer of the parent holding company, Alico Inc., on January 1, 2017. He has led the Company's Executive Committee as Chairman since 2013. George Brokaw will become Executive Vice Chairman for Alico Inc., while Hank Slack will serve as Executive Chairman. Clay Wilson will step down as Chief Executive Officer on December 31, 2016. Mr. Wilson will continue to serve as a member of the Alico Board of Directors. The compensatory arrangements and other terms are still being negotiated and will be disclosed when available.

Mr. Trafelet, age 46, has served on the Board of Directors since November 19, 2013. Mr. Trafelet is Managing Partner and Portfolio Manager of Trafelet Brokaw & Company, LLC, a New York-based private investment management firm. Mr. Trafelet also serves as Managing Partner of Trafelet Capital Management, LP, Manager of 734 Agriculture, LLC and previously served as the Chairman of 734 Citrus Holdings, LLC, d/b/a Silver Nip Citrus ("Silver Nip Citrus"), a grower of Florida citrus products. He currently serves as Chairman of HazelTree Treasury Management Solutions, which Mr. Trafelet founded in 2009.

Mr. Brokaw, age 49, has served on the Board of Directors since November 19, 2013 and has brought to the Board extensive knowledge and experience in the areas of business, finance and capital markets. Mr. Brokaw is Managing Partner at Trafelet Brokaw & Company, LLC, a New York-based private investment management firm, and a director of DISH Network Corporation. He previously served as the Managing Director of the Highbridge Growth Equity Fund at Highbridge Principal Strategies, LLC.

Mr. Slack, age 66, has served on the Board of Directors since November 19, 2013 and has brought to the Board extensive experience in the areas of business, finance and capital markets. Mr. Slack served as Chairman of Terra Industries, an international nitrogen-based fertilizer company, from 2001 until 2010, and as a director of Terra Industries from 1983 to 2010. He is currently the senior partner of Quarterwatch, LLC. Additionally, Mr. Slack is Chairman of the Advisory Board of Blakeney Limited Partners. He has also served as a director of E. Oppenheimer and Son International Limited, a private investment and holding company, since 1979 and sits on its Investment Committee.

Messrs. Trafelet, Brokaw and Slack are party to the following related party transactions, all of which have been previously disclosed in Alico Inc.'s SEC filings:

734 Investors and 734 Agriculture

On November 19, 2013, 734 Agriculture and its affiliates, including 734 Investors, acquired all of the approximately 51% of Alico's common stock then owned by Atlantic Blue Group, Inc. (the "Share Purchase"). 734 Investors now beneficially owns, directly or indirectly, approximately 58% of the outstanding shares of the Company's common stock and possesses the voting power to control the election of the Company's Directors and any other matter requiring the affirmative vote or consent of the Company's shareholders. 734 Agriculture is the sole managing member of 734 Investors. By virtue of their ownership percentage,

734 Investors and 734 Agriculture are able to elect all of the Directors and, consequently, control Alico. Messrs. Brokaw and Trafelet, who are directors of Alico, are the two controlling persons of 734 Agriculture.

Silver Nip Citrus Merger Agreement

Common Control Acquisition between the Company and 734 Citrus Holdings, LLC

Effective February 28, 2015, Alico completed the merger ("Merger") with 734 Citrus Holdings, LLC ("Silver Nip Citrus") pursuant to an Agreement and Plan of Merger, dated as of December 2, 2014 (the "Merger Agreement") with 734 Sub, LLC, a wholly owned subsidiary of Alico ("Merger Sub"), Silver Nip Citrus and, solely with respect to certain sections thereof, the equity holders of Silver Nip Citrus. The ownership of Silver Nip Citrus was held by 734 Agriculture, 74.89%, Mr. Clay Wilson, Alico's Chief Executive Officer, 5% and an entity controlled by Mr. Clay Wilson owned 20.11%. Silver Nip Citrus entities include 734 Harvest, LLC, 734 Co-op Groves, LLC, 734 LMC Groves, LLC and 734 BLP Groves, LLC.

At closing of the Merger, Merger Sub merged with and into Silver Nip Citrus, with Silver Nip Citrus and its affiliates surviving the Merger as wholly-owned subsidiaries of Alico. Pursuant to the Merger Agreement, at closing, Alico issued 923,257 shares of the Company's common stock, par value \$1.00 per share, to the holders of membership interests in Silver Nip Citrus. Silver Nip Citrus' outstanding net indebtedness at the closing of the Merger was approximately \$40,278,000 and other liabilities totaled \$8,446,000. Alico acquired assets with a book value of \$65,739,000 and total net assets of \$17,015,000. The common shares issued were recorded at the carrying amount of the net assets transferred.

The former holders of membership interests (the "Members") in Silver Nip Citrus subsequently earned an additional 148,705 shares of Alico common stock pursuant to the Merger Agreement. The additional purchase consideration was based on the value of the proceeds received to date by the Company from the sale of citrus fruit harvested on Silver Nip Citrus' citrus groves following the conclusion of the 2014-2015 citrus harvest season. The Members will receive additional Company common shares based on any additional proceeds received by Alico related to the 2014-2015 harvest season.

Shared Services Agreement

Effective January 1, 2015, Alico and Trafelet Brokaw Capital Management, L.P. ("TBCM") entered into a shared services agreement under which TBCM provides shared office space at TBCM's offices in New York, New York and certain related administrative support services to Alico. Messrs. Brokaw and Trafelet, who are directors of Alico, are Managing Partners of TBCM. Alico reimburses TBCM for TBCM's actual costs of providing office space and providing such administrative services (including internal allocations), in consultation with Alico. The agreement has an initial term ending on June 1, 2016 and is thereafter automatically renewed for additional 1-year periods unless terminated by Alico. During the fiscal years 2016 and 2015, Alico paid approximately \$479,000 and \$379,000, respectively, to TBCM pursuant to the shared services agreement.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 Alico, Inc. Press Release dated December 2, 2016 (furnished herewith but not filed pursuant to Item 2.02).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 2, 2016

ALICO, INC.

By: /s/ John E. Kiernan

John E. Kiernan
Senior Vice President and Chief Financial Officer



For immediate release:

Alico, Inc. Announces Financial Results for Fiscal Year 2016 of \$7.0 million of Net Income, \$37.8 million of EBITDA and \$30.4 million of Net Cash Provided by Operating Activities for the fiscal year.

Fort Myers, FL, December 2, 2016 - Alico, Inc. ("Alico" or the "Company") (NASDAQ:ALCO) today announces financial results for the fourth quarter and fiscal year ended September 30, 2016. For the fiscal year, the Company earned \$0.84 per diluted common share compared to \$1.64 per diluted common share in the prior year. When both periods are adjusted for one-time items related to prior acquisitions including transaction costs, litigation, consulting fees, acquired inventory and real estate gains, the Company earned \$0.94 per diluted common share in fiscal year 2016 and \$1.73 per diluted common share in fiscal year 2015 primarily due to lower citrus production volume.

(in thousands except for per share amounts)

	Three Months Ended September 30,				Fiscal Year Ended September 30,			
	2016	2015	Change		2016	2015	Change	
Net income (loss)	\$ (3,416)	\$ (5,426)	\$ 2,010	37.0 %	\$ 6,959	\$ 13,183	\$ (6,224)	(47.2)%
EBITDA	\$ 430	\$ 698	\$ (268)	(38.4)%	\$ 37,789	\$ 47,217	\$ (9,428)	(20.0)%
Earnings (loss) per diluted common share	\$ (0.41)	\$ (0.65)	\$ 0.24	36.9 %	\$ 0.84	\$ 1.64	\$ (0.80)	(48.8)%
Net cash (used in) provided by operating activities	\$ (3,828)	\$ (2,623)	\$ (1,205)	(45.9)%	\$ 30,357	\$ 33,726	\$ (3,369)	(10.0)%

Alico Executive Management Changes

The Board of Directors and management recognize that the three strategic acquisitions in fiscal years 2015 and 2014 have yet to be fully integrated. As part of this next phase of integration, Alico is conducting cost savings programs, restructuring activities, and strategic initiatives in each division and at the corporate G&A level to improve its profitability and efficiency. Alico Inc. has also begun to realign its management structure to optimize the financial returns on the assets of its Orange Co. and Conservation and Environmental Resources divisions. Remy W. Trafelet will become President and Chief Executive Officer of the parent holding company, Alico Inc., on January 1, 2017. He has led the Company's Executive Committee as Chairman since 2013. George Brokaw will become Executive Vice Chairman for Alico Inc., while Hank Slack will become Executive Chairman. Clay Wilson will step down as Chief Executive Officer on December 31, 2016. Mr. Wilson will continue to serve as a member of the Alico Board of Directors. He will continue to share his lifetime of experience with the Alico team and remains committed to his vision of strengthening Alico's role within the Florida citrus industry. Jerry Newlin, VP for Citrus Operations, will oversee the operational management of Orange Co. Mr. Newlin previously supervised citrus operations for Orange-Co, LP prior to Alico's acquisition of its assets in 2014 and has worked for Alico, Orange-Co, LP and predecessor companies in various capacities since 1978. John Kiernan, CFO of the parent holding company, Alico Inc., will assume administrative duties for Orange Co. until a new General Manager for the Orange Co. division is recruited. To improve the performance of our Conservation and Environmental Resources division, David L. Genho has been appointed President and General Manager, after successfully serving as Operations Manager during a 10-year career at Deseret Cattle & Citrus in St. Cloud, Florida.

Orange Co. Division Results

Orange Co.'s financial results declined during the year due to lower citrus production volume, a decline in pound solids per box and flat production costs compared to the prior year resulting in higher per unit costs, partially offset by higher prices.

Orange Co.'s 2016 crop production was lower by 17.4% on a pound solids basis and by 11.9% on a box basis for the year ended September 30, 2016. The USDA estimated the Florida orange crop decreased by approximately 15.8% this past season as measured by total boxes produced. Orange Co.'s early and mid-season pound solids decreased by 22.8% and boxes decreased by 18.2%; its late season Valencia pound solids decreased by 13.4% and boxes decreased by 6.7%. These declines were due to numerous factors including unusual weather patterns, such as El Nino and higher than normal temperatures during the early and mid-season harvest, and citrus greening resulting in a higher than normal level of drop and more unharvested fruit. The declines were partially mitigated by the acceleration of the Company's late season harvesting activities to address premature fruit drop. Additionally, fruit quality was impacted as pound solids per box decreased from 6.21/box last year to 5.82/box. Citrus production for the years ended September 30, 2016 and 2015 is summarized in the following table.

(boxes and pound solids in thousands)

	Fiscal Year Ended September 30,		Change	
	2016	2015	Unit	%
Boxes Harvested:				
Early and Mid-Season	3,634	4,445	(811)	(18.2)%
Valencias	5,195	5,569	(374)	(6.7)%
Total Processed	8,829	10,014	(1,185)	(11.8)%
Fresh Fruit	402	466	(64)	(13.7)%
Total	9,231	10,480	(1,249)	(11.9)%
Pound Solids Produced:				
Early and Mid-Season	20,167	26,139	(5,972)	(22.8)%
Valencias	31,237	36,083	(4,846)	(13.4)%
Total	51,404	62,222	(10,818)	(17.4)%
Average Pound Solids Per Box	5.82	6.21	(0.39)	(6.3)%
Price per Pound Solids:				
Early and Mid-Season	\$ 2.18	\$ 1.99	\$ 0.19	9.5 %
Valencias	\$ 2.41	\$ 2.12	\$ 0.29	13.7 %

Orange Co. costs of production on a per pound solids basis increased 18.9% from \$1.06 to \$1.26 because of lower volumes supporting the cost base. Those costs remained flat from the prior year, despite the challenges of unusual weather and disease, with cost of sales of \$64.8 million compared to \$65.6 million in 2015 (excluding an \$8.1 million adjustment of the fair market value of acquired inventory).

Conservation and Environmental Resources Division Results

Operating (loss) income for the Conservation and Environmental Resources ("CER") division was (\$0.7) million in fiscal year 2016 compared to \$0.6 million in the prior year, a decrease of \$1.3 million. EBITDA for the cattle and ranch operations of the CER division declined from approximately \$4.0 million in fiscal year 2015 to approximately \$2.1 million primarily due to lower cattle prices. CER financial results were negatively affected by \$2.3 million in 2016 and \$2.1 million in 2015 of operating costs related to the dispersed water storage project. Funding for the water project was included in the approved state budget in March 2016, but we are currently pursuing permits needed to commence construction.

Other Corporate Financial Information

Over the past year, Alico began to restructure its business by investing in information technology and management talent while still evaluating strategic acquisitions. These initiatives increased its general and administrative costs on a recurring basis by \$1.1 million. Corporate G&A expenses for the year ended September 30, 2016 totaled \$13.2 million compared to \$16.5 million for the year ended September 30, 2015, a decrease of \$3.3 million. The decrease relates primarily to \$4.7 million in non-recurring professional and legal fees associated with the Orange-Co, LP asset acquisition and the Silver Nip acquisition and \$0.3 million in non-recurring consulting expenses in fiscal year 2015 offset by certain fiscal year 2016 expenses including \$0.5 million in legal fees related to the shareholder litigation, \$0.4 million in prior year bonus payments and \$0.2 million in stock compensation.

Other (expense) income, net for the year ended September 30, 2016 was (\$9.4) million compared to \$4.6 million for the year ended September 30, 2015. The decrease of \$14.0 million is primarily attributable to a \$12.9 million decrease in partial gain recognition on the sale of the sugarcane land, a \$1.1 million decrease in bargain purchase gains and a \$1.5 million increase in interest expense offset by non-recurring fiscal year 2015 losses, including a \$1.0 million loss on extinguishment of debt and a \$0.5 million asset impairment.

The Company paid a fourth quarter cash dividend of \$0.06 per share on its outstanding common stock on October 14, 2016, to shareholders of record at September 30, 2016. Dividends for the year totaled \$0.24 per share.

The Company ended the year with term debt, net of cash and cash equivalents, of \$190.6 million.

About Alico

Alico Inc. is a holding company with assets and related operations in agriculture and environmental resources, including citrus, cattle ranching, water management, and mining. Our mission is to create value for shareholders by managing existing assets to their optimal current income and total returns, opportunistically acquiring new assets and producing high quality agricultural products while exercising responsible environmental stewardship. Learn more about Alico (NASDAQ: ALCO) at www.alicoinc.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on Alico's current expectations about future events and can be identified by terms such as "plans," "expect," "may," "anticipate," "intend," "should be," "will be," "is likely to," "believes," and similar expressions referring to future periods.

Alico believes the expectations reflected in the forward-looking statements are reasonable but cannot guarantee future results, level of activity, performance or achievements. Actual results may differ materially from those expressed or implied in the forward-looking statements. Therefore, Alico cautions you against relying on any of these forward-looking statements. Factors which may cause future outcomes to differ materially from those foreseen in forward-looking statements include, but are not limited to: changes in laws, regulation and rules; weather conditions that affect production, transportation, storage, demand, import and export of fresh product and its by-products, increased pressure from diseases including citrus greening and citrus canker, as well as insects and other pests; disruption of water supplies or changes in water allocations; pricing and supply of raw materials and products; market responses to industry volume pressures; pricing and supply of energy; changes in interest rates; availability of financing for land development activities and other growth opportunities; onetime events; acquisitions and divestitures, including our ability to achieve the anticipated results of the Orange-Co acquisition and Silver Nip merger; seasonality; labor disruptions; inability to pay debt obligations; inability to engage in certain transactions due to restrictive covenants in debt instruments; government restrictions on land use; changes in agricultural land values; and market and pricing risks due to concentrated ownership of stock. Other risks and uncertainties include those that are described in Alico's SEC filings, which are available on the SEC's website at <http://www.sec.gov>. Alico undertakes no obligation to subsequently update or revise the forward-looking statements made in this press release, except as required by law.

Investor Contact:

John E. Kiernan
Senior Vice President and Chief Financial Officer
(239) 226-2000
JKiernan@alicoinc.com

Non-GAAP Financial Measures**Adjusted EBITDA***(in thousands)*

	Three Months Ended September 30,		Year Ended September 30,	
	2016	2015	2016	2015
Net (loss) income attributable to common stockholders	\$ (3,411)	\$ (5,395)	\$ 6,993	\$ 13,214
Interest expense	2,445	2,627	9,893	8,366
Provision for income taxes	(1,898)	(629)	5,521	10,905
Depreciation and amortization	3,294	4,095	15,382	14,732
EBITDA	\$ 430	\$ 698	\$ 37,789	\$ 47,217
Acquired citrus inventory fair value adjustments	—	826	—	8,051
Asset impairment	—	—	—	541
Gain on bargain purchase	—	(1,145)	—	(1,145)
Gains on sale of real estate	—	(119)	(618)	(13,590)
Litigation expenses related to shareholder lawsuit	96	—	506	—
Loss on extinguishment of debt	—	—	—	1,051
Payments on consulting agreements	50	430	605	1,893
Stock compensation expense	150	—	150	—
Transaction costs	342	591	892	4,592
Adjusted EBITDA	\$ 1,068	\$ 1,281	\$ 39,324	\$ 48,610

Adjusted Earnings Per Common Share*(in thousands)*

	Three Months Ended September 30,		Year Ended September 30,	
	2016	2015	2016	2015
Net (loss) income attributable to common stockholders	\$ (3,411)	\$ (5,395)	\$ 6,993	\$ 13,214
Acquired citrus inventory fair value adjustments	—	826	—	8,051
Asset impairment	—	—	—	541
Gain on bargain purchase	—	(1,145)	—	(1,145)
Gains on sale of real estate	—	(119)	(618)	(13,590)
Litigation expenses related to shareholder lawsuit	96	—	506	—
Loss on extinguishment of debt	—	—	—	1,051
Payments on consulting agreements	50	430	605	1,893
Stock compensation expense	150	—	150	—
Transaction costs	342	591	892	4,592
Tax impact	(305)	(321)	(679)	(631)
Adjusted net (loss) income	\$ (3,078)	\$ (5,133)	\$ 7,849	\$ 13,976
Diluted common shares	8,315	8,328	8,311	8,061
Adjusted Earnings (Loss) per Diluted Common Share	\$ (0.37)	\$ (0.62)	\$ 0.94	\$ 1.73

Adjusted Free Cash Flow*(in thousands)*

	Three Months Ended		Year Ended September 30,	
	September 30,		2016	2015
	2016	2015	2016	2015
Net cash (used in) provided by operating activities	\$ (3,828)	\$ (2,623)	\$ 30,357	\$ 33,726
Adjustments for non-recurring items:				
Litigation expenses related to shareholder lawsuit	96	—	506	—
Payments on consulting agreements	50	430	605	1,893
Transaction costs	342	591	892	4,592
Tax impact	(254)	(845)	(886)	(2,936)
Capital expenditures	(5,190)	(2,214)	(14,305)	(11,523)
Adjusted Free Cash Flow	<u>\$ (8,784)</u>	<u>\$ (4,661)</u>	<u>\$ 17,169</u>	<u>\$ 25,752</u>

Alico utilizes the non-GAAP measures Adjusted EBITDA, Adjusted Earnings per Diluted Common Share and Adjusted Free Cash Flow among other measures, to evaluate the performance of its business. Due to significant depreciable assets associated with the nature of our operations and, to a lesser extent, interest costs associated with our capital structure, management believes that Adjusted EBITDA, Adjusted Earnings per Diluted Common Share, and Adjusted Free Cash Flow are important measures to evaluate our results of operations between periods on a more comparable basis and to help investors analyze underlying trends in our business, evaluate the performance of our business both on an absolute basis and relative to our peers and the broader market, provides useful information to both management and investors by excluding certain items that may not be indicative of our core operating results and operational strength of our business and helps investors evaluate our ability to service our debt. Such measurements are not prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and should not be construed as an alternative to reported results determined in accordance with U.S. GAAP. The non-GAAP information provided is unique to Alico and may not be consistent with methodologies used by other companies. Adjusted EBITDA is defined as earnings before interest expense, provision for income taxes, depreciation and amortization adjusted for non-recurring transactions or transactions that are not indicative of our core operating results such as gains or losses on sales of real estate. Adjusted Earnings per Diluted Common Share is defined as earnings adjusted for non-recurring transactions divided by diluted common shares. Adjusted Free Cash Flow is defined as cash provided by operations adjusted for non-recurring transactions less capital expenditures. The Company uses Adjusted Free Cash Flow to evaluate its business and this measure is considered an important indicator of the Company's liquidity, including its ability to reduce net debt, make strategic investments, and pay dividends to common stockholders. The Company's definition of Adjusted Free Cash Flow does not represent residual cash flows available for discretionary spending.

ALICO, INC.
CONSOLIDATED AND COMBINED BALANCE SHEETS
(in thousands, except share amounts)

	September 30,	
	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,625	\$ 5,474
Accounts receivable, net	4,740	3,137
Inventories	58,469	58,273
Income tax receivable	1,013	2,088
Prepaid expenses and other current assets	2,261	1,791
Total current assets	73,108	70,763
Property and equipment, net	379,247	381,099
Goodwill	2,246	2,246
Deferred financing costs, net of accumulated amortization	2,369	2,978
Other non-current assets	1,692	3,002
Total assets	\$ 458,662	\$ 460,088
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,975	\$ 4,407
Accrued liabilities	6,920	13,813
Long-term debt, current portion	4,493	4,511
Deferred tax liability, current portion	53	151
Obligations under capital leases, current portion	288	277
Other current liabilities	1,002	975
Total current liabilities	18,731	24,134
Long-term debt	192,726	200,970
Lines of credit	5,000	—
Deferred tax liability	31,004	25,629
Deferred gain on sale	28,440	29,122
Deferred retirement obligations	4,198	4,134
Obligations under capital leases	300	588
Total liabilities	280,399	284,577
Stockholders' equity:		
Preferred stock, no par value, 1,000,000 shares authorized; none issued	—	—
Common stock, \$1.00 par value, 15,000,000 shares authorized; 8,416,145 and 8,416,145 shares issued and 8,315,535 and 8,325,580 shares outstanding at September 30, 2016 and September 30, 2015, respectively	8,416	8,416
Additional paid in capital	18,155	19,795
Treasury stock, at cost, 100,610 and 90,565 shares held at September 30, 2016 and September 30, 2015, respectively	(4,585)	(3,962)
Retained earnings	151,504	146,455
Total Alico stockholders' equity	173,490	170,704
Noncontrolling interest	4,773	4,807
Total stockholders' equity	178,263	175,511
Total liabilities and stockholders' equity	\$ 458,662	\$ 460,088

ALICO, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands, except per share amounts)

	Fiscal Year Ended September 30,		
	2016	2015	2014
Operating revenues:			
Orange Co.			
Conservation and Environmental Resources	\$ 137,282	\$ 146,147	\$ 74,768
Other Operations	5,669	5,394	8,172
Total operating revenues	1,245	1,585	21,063
	<u>144,196</u>	<u>153,126</u>	<u>104,003</u>
Operating expenses:			
Orange Co.			
Conservation and Environmental Resources	102,347	110,236	54,956
Other Operations	6,393	4,808	6,123
Total operating expenses	397	2,083	21,730
	<u>109,137</u>	<u>117,127</u>	<u>82,809</u>
Gross profit	35,059	35,999	21,194
General and administrative expenses	13,213	16,494	11,811
	<u>21,846</u>	<u>19,505</u>	<u>9,383</u>
Other (expense) income:			
Investment and interest income, net	—	2	131
Interest expense	(9,893)	(8,366)	(2,368)
Gain on bargain purchase	—	1,145	—
Gain on sale of real estate	618	13,590	7,748
Gain on settlement of contingent consideration arrangement	—	—	6,000
Loss on extinguishment of debt	—	(1,051)	—
Impairment of asset held for sale	—	(541)	—
Other expense, net	(91)	(196)	(16)
Total other (expense) income, net	<u>(9,366)</u>	<u>4,583</u>	<u>11,495</u>
Income before income taxes	12,480	24,088	20,878
Provision for income taxes	5,521	10,905	11,383
	<u>6,959</u>	<u>13,183</u>	<u>9,495</u>
Net income	6,959	13,183	9,495
Net loss attributable to noncontrolling interests	34	31	—
Net income attributable to Alico, Inc. common stockholders	6,993	13,214	9,495
Comprehensive income attributable to noncontrolling interests	—	—	—
Comprehensive income attributable to Alico, Inc. common stockholders	<u>\$ 6,993</u>	<u>\$ 13,214</u>	<u>\$ 9,495</u>
Per share information attributable to Alico, Inc. common stockholders:			
Earnings per common share:			
Basic	\$ 0.84	\$ 1.64	\$ 1.29
Diluted	\$ 0.84	\$ 1.64	\$ 1.29
Weighted-average number of common shares outstanding:			
Basic	8,303	8,056	7,336
Diluted	8,311	8,061	7,354
Cash dividends declared per common share	\$ 0.24	\$ 0.24	\$ 0.24

ALICO, INC.
CONSOLIDATED AND COMBINED STATEMENT OF CASH FLOWS
(in thousands)

	Fiscal Year Ended September 30,		
	2016	2015	2014
Cash flows from operating activities:			
Net income	\$ 6,959	\$ 13,183	\$ 9,495
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of sugarcane land	(618)	(13,734)	—
Depreciation and amortization	15,382	14,732	9,638
Loss (gain) on breeding herd sales	296	(183)	(555)
Deferred income tax expense	5,277	12,350	6,806
Cash surrender value	(20)	(27)	202
Deferred retirement benefits	65	623	(173)
Magnolia Fund undistributed loss (earnings)	103	(57)	(163)
Loss (gain) on sale of property and equipment	147	(290)	(6,742)
Impairment of asset held for sale	—	541	—
Loss on extinguishment of debt	—	457	—
Non-cash interest expense on deferred gain on sugarcane land	1,406	607	—
Stock-based compensation expense	925	952	1,835
Other	—	245	—
Changes in operating assets and liabilities:			
Accounts receivable	(1,707)	5,983	(2,676)
Inventories	(196)	8,659	9,985
Prepaid expenses	(1,759)	(1,347)	—
Income tax receivable	1,074	—	3,401
Other assets	821	465	523
Accounts payable and accrued expenses	3,720	(522)	(8,599)
Income tax payable	—	(6,660)	—
Other liabilities	(1,518)	(2,251)	2,086
Net cash provided by operating activities	<u>\$ 30,357</u>	<u>\$ 33,726</u>	<u>\$ 25,063</u>
Cash flows from investing activities:			
Acquisition of citrus businesses, net of cash acquired	\$ —	\$ (265,587)	\$ (32,769)
Proceeds on sale of sugarcane land	—	97,151	—
Purchases of property and equipment	(14,305)	(11,523)	(13,280)
Return on investment in Magnolia Fund	171	675	3,814
Proceeds from sale of assets	799	1,963	14,473
Proceeds from surrender of life insurance policies	297	—	—
Proceeds from sale of real estate	—	—	5,764
Other	4	264	10
Net cash used in investing activities	<u>\$ (13,034)</u>	<u>\$ (177,057)</u>	<u>\$ (21,988)</u>

Cash flows from financing activities:

Borrowings notes payable	\$	—	\$	—	\$	11,000
Proceeds from term loans		2,500		184,500		—
Repayments on revolving line of credit		(53,882)		(87,031)		(2,400)
Borrowings on revolving line of credit		58,882		81,031		3,641
Repayment of term loan		—		(34,000)		—
Principal payments on term loans		(10,761)		(17,870)		(3,208)
Contingent consideration paid		(7,500)		—		—
Financing costs		—		(2,834)		—
Treasury stock purchases		(3,141)		(4,013)		(4,844)
Dividends paid		(1,993)		(1,877)		(2,780)
Distributions to members		—		—		(605)
Capital lease obligation payments		(277)		(231)		—
Net cash (used in) provided by financing activities	\$	<u>(16,172)</u>	\$	<u>117,675</u>	\$	<u>804</u>
Net increase (decrease) in cash and cash equivalents	\$	1,151	\$	(25,656)	\$	3,879
Cash and cash equivalents at beginning of the period		<u>5,474</u>		<u>31,130</u>		<u>27,251</u>
Cash and cash equivalents at end of the period	\$	<u>6,625</u>	\$	<u>5,474</u>	\$	<u>31,130</u>