

Canopy Growth Corporation

08:40 14 Nov 2018

Canopy Growth loss widens in fiscal 2Q as revenue misses estimates

Shares of Canopy Growth (TSX:WEED; NYSE:CGC) slipped before Wednesday's opening bell after the Canadian cannabis company posted a widening of its losses in its fiscal second-quarter and revenue that missed Wall Street's estimates.

For the three months ended on September 30, Canopy's net loss came to C\$330.61 million, or \$1.52 per share, compared with a loss of \$1.61 million or \$0.01 per share in the corresponding period last year. The company said that \$115.7 million in expenses accounted for \$0.52 of the reported \$1.52 loss in the quarter.

Its revenue, meanwhile, came in at \$23.3 million, falling short of the consensus estimate of \$59 million.

Disappointed by the results, investors sent Canopy Growth shares down 8.5% to \$35.22 in pre-market trading.

Sales of oils, including Canopy's softgel capsules, accounted for 34% of its product revenue, up from 18% in the corresponding period last year.

READ: Canopy Growth acquires assets of Colorado-based Ebbu to speed up cannabis research programs

During the quarter, Canopy sold 2,197 kilograms and kilogram equivalents of cannabis at an average sale price of \$9.87, up from 2,020 kilograms and kilogram equivalents at an average price of \$7.99 in the prior year period. Kilograms of cannabis produced from harvests, meanwhile, soared 265% to 15,127.

"With extensive investments over the past year, including most notably in the second quarter, in branding and retail development, our entrance into the retail cannabis market has been a success with our SKU assortment obtaining over 30% listings market share in multi-store physical retail store networks nationwide," chairman and co-CEO Bruce Linton said in a statement.

READ: Why Canopy Growth's deal with Constellation was the best - and worst - thing for the shares

"With substantial product inventories on hand, new product formats coming to market as planned, a captive sales force driving increased demand through physical retail stores and increasing internal and channel efficiencies, we believe based on market conditions today that we will attain significant and sustainable market share of the Canadian recreational market," Linton added.

The company ended the second quarter with supply commitments to Canada's provinces and territories of 70,000 kg, not including Ontario.

During the quarter, Canopy was on the receiving end of a \$5 billion investment from the US beverage company and

Price: 18.78

Market Cap: \$6.54 billion

1 Year Share Price Graph



November 2018 May 2019 November 20

Share Information

Code: WEED

Listing: TSX

52 week High Low
70.98 18.725

Sector: Cannabis

Website: canopygrowth.com

Company Synopsis:

Our vision is to be the number one cannabis company in the world. From product and process innovation to market execution and everything in between, we are driven by a passion for leadership, a commitment to drive the industry forward, and above all else, providing medical and recreational cannabis consumers the best possible experience.

action@proactiveinvestors.com

maker of Corona beer Constellation Brands, which closed subsequent to the quarter. The funds will be spent on intellectual property development and replicating Canopy's Canadian platform across a number of international markets.

Contact Ellen Kelleher at ellen@proactiveinvestors.com

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.