

Cronos Group Inc

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Cronos shares sink as it reports wider loss and revenue miss in 1Q

Cronos Group Inc (NASDAQ:CRON) (TSE:CRON) shares dipped Thursday, after the cannabis producer announced earnings results that showed it widened its loss and missed on revenue in the first quarter of 2019.

Shares sank on Thursday, down 8.1% at C\$19.05 in Toronto, down 8.9% at US\$14.09 in New York by midday on Thursday.

The firm's net loss in 1Q widened to C\$9 million, compared to C\$1.5 million in the same period a year ago. Cronos reported revenue of C\$6.5 million, which didn't meet the \$7 million that analysts predicted.

READ: Buds & Duds: Cannabis stocks tumble led by Cronos 1Q earnings that miss the mark

"In the first quarter of 2019, the business performed in line with our expectations. We continue to stay laser-focused on our strategy of building our supply chain, distribution, intellectual property and brand portfolios," said CEO Mike Gorenstein in a statement.

In an earnings call on Thursday, Cronos also said it expected adjusted earnings to decline over 2019.

"As we continue to invest in our business, our brands and R&D initiatives, our adjusted EBITDA will likely decline over 2019 but position the company for accelerated growth in 2020," Chief Financial Officer Jerry Barbato said on the company's earnings call, as reported by Bloomberg.

Cronos also pointed to the fact that the company is aiming to find a balance between supplying the Canadian market currently, while also making sure it's ready when edibles and vaporizers come available in 4Q 2019.

"Additionally, the launch of Cronos Device Labs announced earlier this week is an exciting next step on our journey to become a leader in cannabinoid innovation. Vaporizers have become one of the most popular forms of cannabis consumption, and we see a clear opportunity for Cronos Group to bring the next generation of vaporizer products designed specifically for cannabinoids."

Cronos sells more cannabis in 1Q

Cronos reported that 1111 kilograms of cannabis was sold in the first quarter 2019, marking a 122% increase, compared to 501 kilograms sold in the first quarter of 2018, driven by a boost in cannabis production and the launch of Canada's recreational market.

The firm also reported that it experienced growth in cannabis oil sales, which represented 23% of its net product revenue in 1Q 2019, as compared to 9% in the same period in 2018.

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Price: \$10.96

Market Cap: \$3.68 billion

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: CRON

Listing: NASDAQ

| 52 week | High | Low |
|---------|------|-----|
| | 25.1 | 6.5 |

Sector: Pharma & Biotech

Website: thecronosgroup.com

Company Synopsis:

A geographically diversified and vertically integrated cannabis group that operates within Health Canada's Access to Cannabis for Medical Purposes Regulations and distributes globally.

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