

Hexo Corporation

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HEXO sees huge revenue jump in the third quarter but still misses estimates

HEXO Corp (NYSEAMERICAN:HEXO) (TSE:HEXO) announced fiscal third-quarter results Wednesday that showed surging revenue thanks to the ongoing rollout of a legalized cannabis market in Canada.

The cannabis producer of packaged goods creates and distributes products to serve the global cannabis market. The firm currently has agreements to supply four provinces: Quebec, Ontario, Alberta, and British Columbia.

For the three-month period ended April 20, HEXO posted revenue of C\$13 million compared to C\$1.2 million in the year-ago quarter with a net loss of C\$7.8 million, or C\$0.04 per share, compared to its C\$1.2 million net loss a year earlier.

READ: HEXO Corp steps up to help Quebec food charity Moisson Outaouais Analysts were predicting a net loss of C\$0.04 per share. Revenue was expected to come in at C\$14 million.

"The past five years have seen the cannabis industry landscape, and our company, evolve significantly," said HEXO CEO and co-founder Sebastien St-Louis.

"This evolution continues at a staggering pace, as HEXO ramps up production effort and significantly increases its inventory, further contributing to our capacity to meet the demand and to reach our sales and revenue targets."

St-Louis highlighted the company's innovation, development and engineering team as growing "significantly" ahead of the legalization of edibles. It now includes 25 professionals with PhDs and extensive experience in major consumer packaged goods companies, he said.

"This quarter saw HEXO remain on-track as it continues ramping up to \$400 million in revenue in fiscal 2020, including completing the first harvest in our 1 million sq. ft. expansion and preparing to fund our ongoing expansion projects and innovation initiatives by entering a \$65 million syndicated credit facility."

READ: HEXO stock soars after Newstrike acquisition

In May, the cannabis company closed a C\$263 million transaction for Newstrike Brands Ltd, giving HEXO an additional capacity of about 150,000 kg of cannabis annually and expand its distribution reach to eight Canadian provinces. The Gatineau, Quebec-based company will also gain access to four production campuses featuring nearly 1.8 million square feet of cultivation space.

Shares of HEXO slipped 2.2% in aftermarket trading in New York, sitting at US\$6.24. In Toronto, HEXO's shares closed Wednesday at C\$8.53.

Katie Lewis also contributed to this report

Price: 2.09

Market Cap: \$537.17 m

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: HEXO

Listing: NYSE

52 week High Low
8.39 1.56

Sector: Cannabis

Website:

Company Synopsis:

Canadian cannabis market.

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