

Why MedReleaf Corp. Jumped 4.17% on Monday

Description

MedReleaf Corp. (TSX:LEAF), Canada's first and only ISO 9011 and ICH-GMP certified cannabis producer, released its fiscal 2018 first-quarter earnings results before the market opened on Monday, and its stock responded by rising 4.17% in the trading session that followed. The stock still sits more than 17% below its 52-week high of \$9.65 reached back in June, so let's take a closer look at the quarterly results to determine if this could be the start of a sustained rally higher.

Breaking down the first-quarter performance

Here's a quick breakdown of 13 of the most notable financial statistics from MedReleaf's three-month period ended on June 30, 2017, compared with the same period in 2016:

Metric	Q1 2018	Q1 2017	Change
Sales: Dried Cannabis sales	\$8.57 million	\$8.58 million	(0.1%)
Sales: Extracts	\$1.50 million	—	N/A
Sales: Other	\$387,000	\$222,000	74.3%
Total sales	\$10.46 million	\$8.80 million	18.8%
Gross profit	\$11.63 million	\$8.28 million	40.5%
Adjusted product contribution margin	\$7.55 million	\$6.54 million	15.5%
Adjusted EBITDA	\$1.94 million	\$3.49 million	(44.4%)
Net income	\$408,000	\$3.29 million	(87.6%)
Earnings per share (EPS) diluted	\$0.00	\$0.04	(100%)
Total grams sold	1,156,929	655,275	76.6%
Total average selling price per gram	\$9.04	\$13.44	(32.7%)
Adjusted product contribution per gram sold	\$6.53	\$9.98	(34.6%)
Cash cost per gram produced	\$1.49	\$2.67	(44.2%)

What should you do now?

It was a solid quarter overall for MedReleaf as it “increased production and sales of cannabis-based extracts and matched an all-time low for the company in cash cost per gram produced,” so I think the +4% pop in its stock was warranted.

The company also has numerous catalysts going forward, including the continued expansion of its product mix and its international expansion efforts in Brazil, Australia, and Germany, so I think the stock could continue higher from here as investors continue to search for ways to invest in the rapidly growing cannabis market.

With all of this being said, I think investors seeking exposure to the cannabis industry could consider initiating positions in MedReleaf, but I must add that I prefer [Canopy Growth Corp.](#) over MedReleaf today.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/26

Date Created

2017/08/15

Author

jsolitro

default watermark

default watermark