

The Valens Company

15:55 17 Jul 2019

Mackie boosts price target on Valens GroWorks to C\$8 after strong quarterly results

Mackie Research Corporation is upping its price target on Valens GroWorks Corp (CVE:VGW) (OTCMKTS:MYMSF) to C\$8 from C\$6.75 following the extraction company's strong quarterly numbers posted earlier this week.

The cannabis company released its second-quarter financial numbers on Monday, showing a boost in revenue to C\$8.8 million -- which significantly surpassed Mackie's C\$5.8 million estimate.

The research firm maintained its Buy rating for Kelowna-based Valens, citing its strong balance sheet and boosted extraction capacity as the key reasons for its recommendation.

READ: Valens boosts revenue, brings in C\$8.8 million in revenue in 2Q financials

During the most recent quarter, Valens boosted its annual extraction capacity to 425,000 kg of dried cannabis and hemp biomass, thanks to increasing customer demand. The company has plans to boost capacity to more than 1,000,000 kg annually, with the buildout of its adjacent facility in Kelowna, British Columbia, which is anticipated to be completed in early 2020.

"Valens continues to experience significant demand for its services and it is accelerating its growth to ensure that it is able to meet the growing demand of its partners for both extraction and white label product development," wrote Mackie analyst Greg McLeish in a note.

Also during the second quarter, the company expanded the size and scope of its extraction agreement with Tilray Inc (NASDAQ:TLRY) by 300% to 60,000 kg per year, while adding contract manufacturing services.

Mackie's McLeish noted that Valens may provide contract manufacturing services for tincture bottles and gel caps, with the option to offer contract manufacturing services for other product formats such as vaporizer cartridges and topicals as Health Canada regulations allow.

McLeish also noted the company's balance sheet looked strong, with cash and short-term investments of approximately C\$65.5 million at the end of the quarter.

"This strong financial position will allow the company to increase extraction capacity at its Kelowna facility, to build out the recently acquired adjacent property which will add additional post-processing, product development and white label capacity, and for general corporate purposes," McLeish wrote.

Tier 1 issuer

Valens aims to use its proprietary extraction techniques and technologies to help cannabis producers get the most from their plants. It also does a host of other things through its various wholly owned subsidiaries.

Price: 3.46

Market Cap: \$434.24 m

1 Year Share Price Graph



Share Information

Code: VLNS

Listing: TSX-V

52 week	High	Low
	4.07	2.95

Sector: Cannabis

Website: thevalenscompany.com

Company Synopsis:

The Valens Company is a multi-licensed, vertically-integrated cannabis company focused on being the partner of choice for leading Canadian and international cannabis brands by providing best-in-class, proprietary services including CO2, ethanol, hydrocarbon, solvent-less and terpene extraction, analytical testing, formulation and white-label product development.

action@proactiveinvestors.com

The company recently listed on the TSX Venture Exchange as a Tier 1 life sciences issuer.

Shares of Valens gained 2.2% in early trading in Toronto at C\$4.17 and 2.9% on OTC markets at US\$3.22.

--Updated with share price--

Contact Angela at angela@proactiveinvestors.com

Follow her on Twitter @AHarmantas

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.

In exchange for publishing services rendered by the Company on behalf of The Valens Company named herein, including the promotion by the Company of The Valens Company in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).