



The Best Marijuana Stocks to Buy in 2018

Description

Since the legalization of marijuana for recreational use was announced in June 2017, marijuana stocks have soared, and investors owning them have made juicy returns. I believe it's not too late to invest in marijuana stocks, as it is a young industry that has high growth prospects.

However, there is still uncertainty surrounding marijuana stocks, so you have to be cautious. Furthermore, stocks in the industry are valued at extremely high multiples, which could come down to most reasonable multiples if uncertainties aren't cleared in the favour of marijuana companies.

If you are looking for high potential returns and have a strong appetite for risk, then you should consider investing in the three pot stocks presented below.

Canopy Growth Corp. ([TSX:WEED](#))

Canopy is a diversified cannabis company. With a market cap over \$6 billion, it is the world's largest medical marijuana company.

Its core brands are Tweed and Bedrocan. It offers a wide variety of products, including dried, oil and softgel cannabis products. The cannabis producer has signed agreements to sell other kinds of products, like marijuana-infused beverages and topical products, which prepares it for future opportunities that may appear when the legalization of cannabis happens later this year.

Besides product diversification, Canopy also seeks growth through geographical diversification by [expanding in many countries](#) around the world.

At the moment, the company is still not turning revenue into a profit, but Canopy's CEO Bruce Linton is confident the company will be profitable this year. It's part of the company's strategy to sacrifice short-term profitability to be more profitable in the long term.

Aurora Cannabis Inc. ([TSX:ACB](#))

Aurora produces and distributes medical marijuana, mostly in its dry form. It is also selling ingestible

cannabis oils. This company has a market cap over \$4 billion.

Aurora is pursuing an [aggressive growth](#) and expansion plan and is looking to expand nationally as well as globally.

As part of this growth plan, the cannabis producer is building the world's most advanced production facility; it's known as Aurora Sky. The 800,000-square-foot marijuana-production facility will have the capacity to produce more than 100,000 kilograms of cannabis every year. Completion of the entire facility is on track for mid-2018.

Aphria Inc. (TSX:APH)

Aphria is a medical marijuana producer and seller that has a market cap over \$3 billion. The company is also engaged in the research and development and commercial production of cannabis oil.

Last month, Aphria entered a deal to supply medical marijuana to Shoppers Drug Mart, a subsidiary of **Loblaw Companies Ltd.**

Aphria is one of the lowest-cost producers in the industry. Its net profit margin is 93.7%, reflecting its effectiveness at cost control.

Once Aphria's fully funded four-part greenhouse expansion is completed, economies of scale will be achieved, which will help the company to strengthen its status as one of the lowest-cost producers in the marijuana industry. Part III and part IV expansions are progressing as scheduled, with the first sale from part III expected in May 2018 and from part IV in January 2019.

Aphria's competitors are looking to increase their production in expectation of Canada's legalization of recreational marijuana in July, but Aphria is more focused on shorter-term strategies to improve its performance for investors, like reducing production costs, improving products quality, and increasing its presence on the medical market.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ACB (Aurora Cannabis)
2. TSX:WEED (Canopy Growth)

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Author

sbchateauneuf

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