



Is Canopy Growth Corp. a Steal at Less Than \$30?

Description

Pot stocks have [come down in value](#) a lot since January, and that might make it a great time to buy shares. **Canopy Growth Corp.** ([TSX:WEED](#)) was flying high early in the year; it hit a high of \$44 and looked to be approaching \$50 — yet another milestone for the popular cannabis company. However, it didn't play out that way, and the share price went on a steep decline; its value reached less than half of that figure just weeks later.

Relatively speaking, Canopy Growth is a cheap pot stock

Although investors are paying a big premium to own a piece of Canopy Growth and other cannabis companies, some are trading at much bigger premiums than others. **Aurora Cannabis Inc.** ([TSX:ACB](#)), for instance, saw its share price skyrocket after a [big acquisition](#) got investors excited at the prospect of the company looking to rival Canopy Growth as a leader in the industry. However, with only \$31 million in sales over the past four quarters, Aurora is valued at more than 140 times its sales, which is a big premium by any standard.

Meanwhile, **Aphria Inc.** ([TSX:APH](#)), which has struggled to get out of the news for all the wrong reasons, has seen a significant sell-off this year and trades at “only” 65 times its sales. Without the decline in price, Aphria stock would be trading a lot closer to a multiple of 100 times sales.

Canopy Growth has been the more stable stock among its peers; it's down ~10% since the start of the year, which pales in comparison to the 32% drop that Aurora has seen and the more than 50% decline in value that Aphria investors have had to endure for those that have held on to their shares. Canopy Growth is the closest to a sure thing in the industry these days, and with sales of \$70 million last year, it has a lot of substance to it.

Currently, the stock trades at ~80 times its sales, and that is a bit of a premium over Aphria, but it also might be perceived to be a bit less risky given the turmoil that Aphria has found itself in recently. While there is no denying that cannabis stocks by and large are very expensive buys, Canopy Growth is becoming a better buy for investors, as it provides a lot of the same upside that other pot stocks do at a much more reasonable price.

How much could Canopy Growth rise?

When it was approaching \$50, it seemed inevitable that Canopy Growth and other pot stocks would keep on rising in price. Now that reality has brought things down significantly, it's a good time to reassess and determine just how much upside the stock has.

Currently, Canopy Growth is finding support at ~\$30, as it gravitates toward this price point, even after bullish and bearish news. In its most recent quarter, Canopy Growth's sales doubled, and if the company can continue to its strong growth, it won't be long before it's back into the \$40s. Before the end of the year is out, assuming that marijuana is legalized, and we see the industry reach a fever pitch, I'd expect the share price to hit \$50 at some point.

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Author
djagielski

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