

## Better Buy: Tilray Inc. (NASDAQ:TLRY) vs. Aurora Cannabis Inc. (TSX:ACB)

### Description

**Tilray** ([NASDAQ:TLRY](#)) is the hottest pot stock out there right now, with its shares nearly quadrupling in just under one month's time. For many Canadian cannabis investors, the company seemingly came from out of nowhere. With a market cap that's now nearing \$8 billion, established pot firms like **Aurora Cannabis** ([TSX:ACB](#)) will be looking over their shoulder as we head toward legalization day that may see another major leg up for the broader industry.

If you're perplexed by the sudden entrance of Tilray into the Canadian cannabis scene, you could be forgiven, as the company's management team decided to take a page out of Canadian stretchy pant maker **Lululemon**'s handbook by giving the **S&P/TSX Composite Index** the cold shoulder. Instead, opt for the more popular NASDAQ exchange with substantially more trading volumes to be had.

Tilray's decision to become the first marijuana company with an exclusive IPO in the U.S. turned out to be a huge win from a capital-raising perspective as the move that drew a ridiculous amount of attention not only in the U.S., but also at the international level. The NASDAQ exchange is often regarded as one of the most popular exchanges on the planet and the TSX.

Actually, not so much. It doesn't matter if you're from Canada, Mexico or Australia, the odds are you've got some NASDAQ names in your portfolio, as it contains some of the world's fastest up-and-coming growth names. So, the NASDAQ IPO listing definitely captured the attention of more investors and speculators.

While Tilray may seem like a game-changing player in the marijuana space, I don't see any reason why the stock deserves to trade at a premium over incumbents like Aurora Cannabis or any other names in the space.

Is Tilray just another pot stock or is there something extraordinary about the underlying business?

Tilray is a B.C.-based marijuana producer which, like Aurora, focuses on the medical side of the cannabis business. Tilray's forté is on medical research related to cannabis in addition to cultivation and distribution at the international level.

While I do believe that a massive investment will come from a pharma player, likely in a medical player like Tilray or Aurora, I think Aurora may be the far better value play in the grander scheme of things. The stock was punished for shareholder dilutive acquisitions it's made in the past.

When you consider the likelihood that an investment made for Aurora (likely from a pharmaceutical behemoth) would carry a massive premium multiple, I think investors ought to forgive the company and pick up its stock, as it has far more upside than Tilray, which trades at a colossal 265.8 times TTM sales versus Aurora's 185.6 times TTM sales.

I suspect the hype drawn by Tilray's NASDAQ IPO has caused Tilray stock to trade at an exorbitant

premium relative to its true worth. So, with less attention being paid to Aurora, I'd scoop it up while investor focus shifts to other U.S.-traded players.

### **Foolish takeaway**

Aurora is the far better bet today, no question. Unlike other players in the space, Aurora hasn't enjoyed the same magnitude of positive developments (investment from an established firm or a U.S. listing), which is precisely why I want cannabis investors to own the stock as they take a rain check on Tilray.

Stay hungry. Stay Foolish.

### **CATEGORY**

1. Investing
2. Top TSX Stocks

### **TICKERS GLOBAL**

1. NASDAQ:TLRY (Tilray)
2. TSX:ACB (Aurora Cannabis)

### **PARTNER-FEEDS**

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

### **Category**

1. Investing
2. Top TSX Stocks

### **Date**

2025/07/04

### **Date Created**

2018/09/10

### **Author**

joefrenette

default watermark

default watermark