



Aurora Cannabis Inc. (TSX:ACB) vs. Aphria Inc. (TSX:APH): Which Marijuana Stock Is the Best Buy Today?

Description

The sale of recreational cannabis is now legal in Canada, and investors are wondering which [pot stocks](#) might offer the best shot at some big gains heading into 2019.

Let's take a look at **Aurora Cannabis** ([TSX:ACB](#)) and **Aphria** (TSX:APH) to see if one deserves to be in your cannabis stock portfolio right now.

Aurora Cannabis

Aurora Cannabis just received approval to list on the New York Stock Exchange (NYSE). This will give the company exposure to a much larger investor base in the United States where Canadian pot peer **Canopy Growth** has become quite popular.

The U.S. listing will be seen as quite an achievement for Aurora Cannabis, which has already had an eventful 2018. The company made two major acquisitions with the purchases of CanniMed and MedReleaf, among other smaller deals. So far, the only missing part of the puzzle is the anticipated partnership with a global drinks company.

The stock surged last month on reports Aurora Cannabis might be in talks with **Coca-Cola**. No deal was announced, but the stock continues to trade near its high for the year and more than double where it sat in August. This would suggest the market expects news on the beverage front in the near term. Canopy Growth and **HEXO** already have beverage dance partners, so it would make sense for Aurora Cannabis to join the club.

With a market capitalization of more than \$13 billion, Aurora Cannabis is one of the [larger players](#) and has the size to gobble up smaller competitors. Consolidation is expected to continue in the rapidly emerging cannabis market, and some pundits predict just a handful of companies will eventually dominate the industry.

Globally, Aurora Cannabis is positioning itself to be a major player in Europe through its distribution company in Germany and partnership in Denmark. The company also has a partnership in Australia.

Aphria

Aphria also plans to list on the NYSE. The company is widely viewed as one of the firms that will likely survive an anticipated shakeout in the market over the course of the next couple of years, but it's still considered an underdog.

Aphria has a market capitalization of \$5 billion, which makes it quite a bit smaller than **Tilray**, Canopy Growth, and Aurora Cannabis but places it well ahead of the next tier of players in the industry. Investors like Aphria's low production costs that are due to an early adoption of technology to drive more efficiency into its operations.

As with Aurora Cannabis, a beverage partnership could be in the cards, and any news on that front might send the stock even higher.

Aphria has distribution agreements with all of the Canadian provinces and one territory, so it is positioned well to benefit as both medical and recreational marijuana demand increases in Canada.

Is one more attractive?

Both stocks are trading at very expensive prices, especially after the huge rallies that have occurred since the middle of August. As a result, investors should be careful making big bets today. That said, Aurora Cannabis and Aphria are among the handful of names that have the scale to compete.

If you want to start a new position, I would probably make Aphria the first pick. The company is getting larger, which means it might not be taken out as quickly as some of the smaller peers, but it still could become a merger target, especially given its low-cost operations.

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