



Aphria Inc. (TSX:APHA) Stock Could Triple if These 2 Things Happen

Description

Aphria (TSX:APHA)(NYSE:APHA) has been dominating the headlines for all the [wrong reasons](#) of late. With the stock now down 63% from its high, you can bet that contrarian “bargain hunters” (more like cigar-butt marijuana traders) have been placing their bets on the badly bruised pot stock with the hopes of realizing massive upside over the near term.

While this massive short-term upside potential exists (Aphria stock could easily triple), I think such an explosive move is contingent on the occurrence of two events, neither of which have a high probability of happening over the next year.

Nonetheless, for speculative traders looking to make a quick buck, Aphria is quickly becoming the go-to trade with the most upside potential after the stock got penalized harshly over concerns that have yet to be proven. At this point, it’s a “he said, she said” scenario between Aphria’s management, who are pulling out the defamation card, and Quintessential Capital Management founder Mr. Grego, a man who claims to have done his due diligence prior to the public disclosure of his reportedly sizable short position in Aphria.

Despite the potential for a huge relief rally should Aphria prove Grego’s allegations as completely false and defamatory, Aphria still remains my least-favourite TSX-traded marijuana stock. Why? Simply put, I’m not a fan of management, as I’ve explained in prior pieces where I slammed the company for M&A moves that I believed were akin to the company “shooting one’s self in the foot.”

While Aphria still sits at the bottom of my pot stock rankings, I still believe the stock could skyrocket at a much larger magnitude than any other pot play out there.

If Aphria comes out on top in its bitter battle with Quintessential, the stock could quickly regain the massive losses experienced since Mr. Grego went to the financial media with his short thesis. Aphria is going to get its side of the story out, but until then, I’d encourage investors to do their own homework to see which of Grego’s serious allegations could end up showing merit moving forward.

Further, should Aphria finally announce a sizable investment from a big behemoth firm at some point over the next year, the announcement could serve as rocket fuel for a stock and quickly bring the name

past all-time highs. Such a vote of confidence from a well-established investor would imply that Aphria isn't the "black hole" that Mr. Grego believes it is.

If Aphria puts Grego's concerns to rest and locks in an investor, I see the stock back at \$22, and this whole ordeal would have been a tremendous buying opportunity in retrospect.

Foolish takeaway on Aphria

Could Aphria triple? If the company proves it's not guilty of Mr. Grego's allegations and grabs a dance partner as two of its marijuana peers already have, there's no question that a triple is possible.

On the flip side, [Aphria shares could be "worthless"](#) if Aphria's insiders are found to have been engaged in wrongdoing.

Either way, I wouldn't recommend Foolish investors bet on the outcome of a binary event. With Aphria, it's an all-or-nothing bet, so only bet what you would on the result of a coin toss, unless you're willing to roll up your sleeves and put in countless hours to prove that Grego's allegations are indeed unwarranted.

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joefrenette

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