



This Obscure Marijuana Player Is Ready to Take on Canopy Growth (TSX:WEED) and Aurora Cannabis (TSX:ACB)

Description

Is **CannTrust Holdings (TSX:TRST)** out of the doldrums and ready to mix it up with the big players? This is one stock you should be looking if you're bullish about the cannabis industry. It's not on center stage like **Canopy Growth (TSX:WEED)**(NYSE:CGC) or **Aurora Cannabis (TSX:ACB)**(NYSE:ACB), however.

That said, if push comes to shove, CannTrust Holdings might even turn out to be the industry's biggest surprise this year. TRST is not a dividend-paying stock, although serious cannabis investors can't simply ignore the [growth potentials](#) the stock offers.

Trusted choice

CannTrust is not a simpleton when it comes to the medical cannabis industry. The company has an extensive four decades of pharmacy and healthcare experience. Patients in need of medical cannabis can depend on CannTrust, whose product offerings include oils, hard-shell vegan capsules, and dried flower.

For this reason, the company won the "Top Licensed Producer of the Year" plum in last year's Canadian Cannabis Awards. The award puts the company in the cannabis map despite its low-key standing compared to the industry giants. CannTrust is not blaring the trumpets, but working silently to expand production.

Increased production capacity

The key to capturing a substantial share of the market is production capacity. CannTrust's phase II expansion is well underway and a 50,000-kilogram annual yield could happen in the first quarter of 2019. Also, the company forged supply agreements of recreational cannabis with nine Canadian provinces.

CannTrust's CEO Peter Aceto said the company is targeting a 100,000-kilogram production capacity by year-end. While the Town of Pelham granted the necessary permits for 390,000 instead of 600,000 square feet, the volume target is achievable.

Nonetheless, CannTrust is pursuing options like using other greenhouses or doing outdoor crop production to achieve set production targets. Investors will be duly informed or updated on the developments if there are any.

A sizzling scenario

In 2018, many analysts staked their reputations on the marijuana boom only to be burned in the last quarter. But the [sizzling Q3 performance](#) of CannTrust Holdings stuck in their minds.

The company recorded a 105% growth in revenue, while EBITDA and net income both ended positively. A repetition of that spectacular feat looms large. What's happening now is that the industry bigwigs are posting impressive revenue, but simultaneously incurring huge losses.

Cannabis companies need to show strong fundamentals to build investor confidence and trust. By displaying operating profitability, CannTrust Holdings has already planted the seeds. Investors will not wait around any longer. They can't tolerate operating expenses moving like a bullet train and overtaking sales.

Doubt still lingers regarding whether these cannabis companies, including CannTrust, is out of the woods. At this point in time, an industry rally is a long shot. However, an individual rally is possible. Every industry player is well aware that any slip-ups from here on is fatal.

CannTrust is marching its way to a position of strength. A strong fundamental would definitely merit investor attention and send the stock soaring.

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