



Marijuana Stocks: Why Tilray Inc. (NASDAQ:TLRY) Remains a Top Buy

Description

The price chart of **Tilray** ([NASDAQ:TLRY](#)) stock shows that a manic buying rush, which pushed this [top marijuana stock](#) to \$300 a share past year, has ended.

One bit of evidence of this maturity came last week when the company reported its first full quarter after Canada legalized recreational consumption of cannabis in October last year. Tilray, a British Columbia-based medical marijuana company, said its revenue surged by more than 200% year over year to US\$15.5 million in the fourth-quarter.

During that period, Tilray's net loss widened to \$31 million, or \$0.33 a share, compared with a net loss of \$3 million, or \$0.04 a share, which exceeded analysts' expectations of \$0.12 a share.

Tilray said that net loss increased due to its higher operating expenses on growth initiatives, expansion of international teams and costs related to financing and merger and acquisition activities.

Tilray's growth potential

Despite this negative surprise, I believe Tilray is well positioned to produce growth and its future potential remains strong. When investors buy Tilray stock, they're actually paying for future growth.

According to estimates compiled by *Bloomberg*, Tilray revenues are likely to jump to \$196 million this year and double again to almost \$400 million in 2020. And there are good reasons to believe that the company will be able to fulfill these expectations.

Tilray last year gained approval from the U.S. Drug Enforcement Administration to import medical cannabis into the U.S. for testing purposes. The U.S. is the market where recreational marijuana is currently legal in 10 states, and many now see federal U.S. legalization as inevitable within the next five years.

Other than focusing on the U.S. market potential, Tilray is also making alliances and partnerships to consolidate its leading position in the business. Late last year, Tilray signed a global partnership with **Sandoz** to develop and distribute its medical marijuana in legal jurisdictions worldwide. The agreement will boost the availability of medical cannabis products globally, building on an existing alliance with **Sandoz Canada**.

“Looking ahead, we remain committed to pursuing global growth opportunities and will be disciplined in deploying capital, particularly in the United States and Europe, where we believe we have multiple paths for value creation,” Brendan Kennedy, president and CEO of Tilray, said in the earning release.

Tilray has products available in 12 countries with operations in Canada, Australia, New Zealand, Germany, Portugal, and Latin America.

The bottom line

Trading at \$67.41 at the time of writing, [Tilray stock](#) is down about 15% during the past one month, showing the risk of investing in marijuana stocks in the early stage of growth. But if you're looking to buy and hold a marijuana stock in your portfolio, then Tilray is certainly one top company to consider due to its huge growth potential and its exposure to many international markets.

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