



Forget Canopy and Aurora: These 3 Stocks Are Positioned to Gobble Up Marijuana Profits

Description

These days, almost everyone wants to get in on the pot profit train. With marijuana having been legalized in October of last year and several cannabis producers having posted phenomenal revenue growth afterward, it seems like cannabis is having its moment.

In this environment, it's natural to be curious about major cannabis companies like **Canopy Growth Corp** ([TSX:WEED](#))(NYSE:CGC) and **Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB). As the nation's largest marijuana producers, they're eating up more marijuana revenue than the competition.

However, it's always important to remember that revenue isn't the same thing as profit. Because while Canopy and Aurora are both making tons of sales, neither of them is yet operationally profitable. Although each of them has scored positive net income here or there, their daily operations aren't producing positive cash flow.

Whether the two cannabis giants will ever become consistently cash flow positive remains to be seen. In the meantime, you can play the cannabis market indirectly with these three stocks that have tons of upside.

Shopify Inc ([TSX:SHOP](#))([NYSE:SHOP](#))

Shopify is a well-known tech company that develops ecommerce shopping cart solutions for vendors. It's a fast-growing operation, having gained over 500% in the markets since its IPO and grown sales 54% year-over-year in its most recent quarter. A number of provincial cannabis stores have tapped Shopify to [handle their online cannabis sales](#). As a result, the company processed over 100 legal pot transactions a minute during the week of legalization. As many provinces have not yet rolled out in-store cannabis sales, online sales—which will mostly be processed by Shopify—can be expected to remain strong.

Canopy Rivers Inc ([TSX:RIV](#))

Canopy Rivers is a [cannabis VC firm](#) that invests in smaller ventures in the cannabis space. It has a diversified portfolio of cannabis companies, including unconventional ones like the beverage company Greenhouse and cannabis business analytics firm Headset. Unconventional companies like these offer the potential for brand differentiation and economic moats that are unattainable in the almost perfectly competitive cannabis grow op space.

Loblaw Co ([TSX:L](#))

Last but not least, we have Loblaw. It might sound strange to hear Loblaw mentioned in the context of cannabis stocks, but bear with me. This company has a potential cannabis angle in its operations that could grow to be quite significant.

In Newfoundland and Labrador, Loblaw's tobacco shops are already fully licensed to sell cannabis alongside cigarettes. So far, this model hasn't caught on nationwide; however, it has the potential to do so. It's possible that as provinces roll out their in-store cannabis sales pipelines, more of them will start allowing grocery stores to sell pot along with cigarettes. If that happens, then Loblaw, as the nation's biggest grocery chain, will be the main beneficiary. The end result could be some much needed growth fuel for a stock that has demonstrated only a mediocre performance in recent years.

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1. Cannabis Stocks
2. Investing
3. Tech Stocks

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1. Cannabis

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2. NASDAQ:CGC (Canopy Growth)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:ACB (Aurora Cannabis)
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