



Cannabis Stock Battle: Aurora Cannabis Inc (TSX:ACB) or Green Organic Dutchman Holdings Ltd (TSX:TGOD)?

Description

It's no secret that the cannabis industry is blowing up. Earlier this year, investors received hard numbers to support the hype.

In 2018, more than five million Canadians purchased cannabis worth at least \$6 billion. Over the next few years, spending is expected to reach \$9 billion in Canada alone. Increased spending in the U.S. could more than triple that market size.

In January, an analyst at Cowen estimated that the U.S. marijuana market will be worth at least \$40 billion over the next few years. By 2030, the U.S. market should surpass \$80 billion. Internationally, the pie grows even bigger.

In 2018, nearly every cannabis stock was a winner. As the market matures, it will likely become more difficult to simply ride the wave. That means picking the right stocks will prove increasingly important.

Two of the most popular cannabis stocks are **Green Organic Dutchman Holdings** (TSX:TGOD) and **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB), both of which have very different futures. Which stock should you buy to take advantage of the booming cannabis markets?

Pay attention to this factor

There should be plenty of ways to make money through cannabis, but for the biggest gains, companies need to look internationally. Aurora's \$13 billion market cap greatly exceeds Green Organic's \$1.3 billion valuation for this exact reason.

Already, estimates show that the Canadian cannabis market is two-thirds penetrated. Over the next decade, new growth opportunities may only add around 50% to the market's value. That's nothing the sneeze at, but it's significantly smaller than what can be achieved internationally.

The U.S., for example, still hasn't legalized recreational use on a national level. That leaves room for

the market to expand by leaps and bounds over the next few years. A handful of states could double the market in a single year.

Outside the U.S., opportunities grow even larger. By establishing itself early in a fully legalized market, Aurora is positioned as the best cannabis stock for tapping global growth.

Today, Aurora is the largest legal marijuana producer in the world. Sales span 22 countries across five continents, giving it the biggest market share for medical marijuana in both Europe and Latin America.

Green Organic, for comparison, is largely a specialty Canadian play. Its focus on purely organic cannabis should be a profitable differentiator over the next few years, but its international focus lags considerably. Apart from its 49% interest in Jamaica-based Epican, Green Organic simply cannot match Aurora's size and scale on the international stage.

Which stock wins?

Importantly, both companies look well positioned to dominate their areas of focus. Aurora is clearly focused on tapping the massive global demand for cannabis, while Green Organic is looking to avoid the specter of commoditization by focusing on value-added items like organic and Jamaican-branded products.

While both companies should do well, Aurora is the clear choice. As noted earlier, the U.S. alone has ample space to double or triple its market size over the next few years. Adding in growth from every country in Europe, Asia, and beyond only magnifies this opportunity.

If you truly want exposure to burgeoning cannabis demand, Aurora shares are hard to beat.

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1. Cannabis Stocks
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1. Cannabis
2. Editor's Choice

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