Forget About Aurora Cannabis Inc. (TSX:ACB)! This Under-the-Radar Stock Is a Surer Win

Description

Aurora Cannabis stock is trading near the high end of its trading range. Most importantly, it is not profitable yet. So, it's, at best, a speculative play. It could be an interesting trade if the stock declined to less than $7 per share, though. Until then, here's a stock that has a better chance of going higher in the near term.

Biosyent (TSXV:RX) is profitable and offers far more value for investors' dollars than Aurora Cannabis stock today.

Biosyent stock corrected about 24% from a year ago. Therefore, it's a great opportunity to buy shares in the proven stock. At $7.49 per share as of writing, Biosyent has a market cap of about $107.7 million.

Biosyent is a highly profitable specialty pharmaceutical company with a recent net margin of 26.5%. It sources, acquires, or in-licenses innovative pharmaceutical products that are proven safe and effective to improve the lives of patients, and it sells them in Canada and internationally.

Biosyent only generated revenue growth of 3.7% in 2018 over 2017, which indicated growth has taped off greatly compared to the three-year rate of 11.8%.

Further investigation shows that management is very prudent in its capital allocation. The company's five-year return on assets (ROA) and return on equity (ROE) are about 29% and 35%, respectively. These are very high returns.

Recent returns have come down but are still good. Its trailing 12-month ROA and ROE are 20% and 23%, respectively.

Additionally, Biosyent has been hoarding cash with no debt on its balance sheet. It had $16.8 million of cash and cash equivalents at the end of 2018, which had increased substantially from roughly $4.4 million just three years ago.

Surely, management is being patient and waiting for the right opportunities at the right prices to grow the company.

In March, Biosyent experienced a setback by receiving a notice of deficiency from Health Canada with respect to the new drug submissions of two cardiovascular products for which the company has exclusive distribution rights in Canada. By providing the necessary additional information to Health Canada, there's still a chance that the products will be approved to be sold in the country in the future.

The fact that the stock fell to the 52-week low of about $6.50 per share and recovered by 15% to about $7.50 per share on the day of the announcement indicates that the market is confident about the stock's future prospects.

As of writing, Biosyent trades at a forward P/E of about 17. **Thomson Reuters** has a mean 12-month target of $10 per share on the stock, which represents near-term upside potential of 33%. It's a good time to accumulate Biosyent stock.

Interested investors should set a limit order instead of a market order on the stock because the bid-ask spread is wide on the thinly traded stock. Biosyent's average trading volume is under 12,000.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:TRI (Thomson Reuters)
3. TSX:ACB (Aurora Cannabis)
4. TSX:TRI (Thomson Reuters)
5. TSXV:RX (BioSyent)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/08/22
Date Created
2019/04/03
Author
kayng