



2 Marijuana Stocks That Are Growing Faster Than Canopy Growth (TSX:WEED)

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) is one of the fastest-growing marijuana producers in the world. With year-over-year revenue growth of 280% in its most recent quarter, the company is growing like lightning. It's also the largest cannabis company by revenue with \$77 million in sales in its most recent quarter.

Being the largest *and* fastest-growing company in an industry is not an easy feat to pull off. The law of diminishing marginal returns means that the bigger a company gets, the harder it is for it to grow (in CAGR terms).

So, it's no surprise that some cannabis companies are growing faster than Canopy. While the world's number one cannabis producer is doing a good job of balancing size and speed, it's to be expected that some of its smaller competitors are growing at a faster pace. The following are just two of them.

Organigram Holdings (TSXV:OGI)

Organigram is one of the smaller Canadian cannabis producers. Trading on the TSX Venture Exchange, it had about \$12.7 million in sales in its most recent quarter. Although that's much smaller than Canopy's Q3 revenue, it's comparable to where Canopy was in Q3 of last year — a testimony to Organigram's rapid revenue growth.

Speaking of that growth, it clocked in at 420% year over year in the company's most recent quarter. The company also has a trend of being profitable with diluted EPS of \$0.37 in the trailing 12-month period — making it a rare [cheap marijuana stock](#) at current prices.

Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB)

Aurora Cannabis is the second-biggest cannabis company after Canopy and actually briefly stole the number one title for one quarter. However, Canopy's Q3 results saw it decisively reclaim the top spot, with a \$20 million earnings lead over Aurora. Nevertheless, Aurora's year-over-year growth is still a

little faster than Canopy's, clocking in at [363%](#) in its most recent quarter. It should be mentioned that this revenue growth came with a reduction in net income, while Canopy's net income grew dramatically in the same quarter, so by other metrics, Canopy came out ahead.

Foolish takeaway

Canopy has long been the superstar of the cannabis space, easily taking the top spot by revenue and market cap. However, nothing lasts forever. Canopy has a number of strong competitors that are growing quickly and gobbling up market share. Aurora is already in the same ball park as Canopy, and even smaller companies like Organigram could catch up if they keep up the meteoric growth.

Indeed, many smaller firms have already beaten Canopy by net income, with Organigram having achieved positive diluted EPS for a 12-month period long before Canopy ever did. Does that make Organigram and other small firms better buys than Canopy? Not necessarily. But it shows there's much more to the cannabis industry than just sales volume.

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