



Is Trouble Brewing at Aphria (TSX:APHA)?

Description

Aphria Inc (TSX:APHA)(NYSE:APHA) has been under a lot of scrutiny lately with the controversy surrounding a potential deal with **Green Growth Brands**, disappointing quarterly results, and changes in management all creating a lot of negative press for the company.

Early in the year, the company announced that CEO Vic Neufeld would be [transitioning out](#) of his position. However, Aphria is still trying to find someone for that role, and in the meantime, President Jakob Ripshtein is resigning from his position and will be leaving the company in early June. Ripshtein has been with the company a year, previously working with **Diageo**, a company that's shown interest in the cannabis beverages market.

Under normal circumstances, a resignation wouldn't necessarily mean bad news for a company. People leave positions all the time for better opportunities. However, for Aphria, it's just another sign that perhaps things aren't going as well as everyone would have expected. One of the reasons Neufeld cited for leaving his role was due to health, and the company likely did add a lot of stress given the pressure it had been under during his tenure.

Aphria has typically been one of the more poor-performing pot stocks in the industry, and in a little more than a month the share price has fallen by over 30% after a [big loss](#) in Q3 spooked many investors. With the news of Ripshtein leaving, it could cause even more concern for the stock, as we could see the tailspin continue indefinitely.

Should investors be worried?

While it may prove tempting to buy the stock given the significant drop in value that we've seen recently, investors shouldn't ignore the warning signs. Ripshtein leaving the president role after taking it over just six months ago suggests to some big problems. While we'll likely never know the reason for his departure, given that he left a high-ranking position with a big company to relocate to Canada, it should raise some big flags.

The facts certainly suggest that something is not going well at Aphria and that investors might be in for

more troubled times ahead.

Impact on edibles

The edibles market is just five months away from becoming legal, and with Aphria losing an executive with lots of experience in beverages and no key partner from that industry to help it with development and research, there are some valid concerns about whether the company will be ready. There's been little reason for investors to get excited about Aphria, and this news raises even more question marks about the company's future.

Bottom line

Where there's smoke, there's usually fire, and Aphria has been putting out a lot of fires lately. It's never good for a company to be consistently making negative headlines, and as much as I may believe that the company will recover in the long term, today there's simply too much risk and too many question marks surrounding Aphria.

Although the stock is a tempting buy on the dip, the danger is that the dip could turn out to be a complete collapse. Aphria is still well above its 52-week low of \$4.76 and I wouldn't be surprised if the stock continues to spiral downward in price.

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Date

2025/08/26

Date Created

2019/05/14

Author
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