



Why Aphria's (TSX:APHA) Stock Price Is Tanking

Description

So far, 2019 has been a great year for cannabis stocks, with record-breaking earnings and soaring stock prices across the board. Some top marijuana stocks are up as much as 89% ytd, while weed stocks as a class are up 33%.

However, the benefits of this bull market are not being reaped equally. While top weed stocks are soaring, others are lagging. One fairly weak marijuana stock this year is **Aphria Inc** (TSX:APHA)(NYSE:APHA), which as of Wednesday was close to erasing its gains for the year.

Aphria was the subject of a major short attack last year after an industry publication accused it of making unsound acquisitions to the detriment of investors. That scandal has long since blown over, but Aphria is once again tanking, with its shares falling over 30% from April 12th to May 22nd.

Unlike the previous Aphria bear, the current one is hard to explain. The **TSX** has been largely sideways over the past week, so Aphria is not going down with the ship, and there has been no negative publicity to send it down either. So what's going on?

We can start with one of the most likely culprits:

Disappointing earnings

Aphria's latest quarterly report, posted April 15, is easily the most likely cause for its slide. First, the stock's descent started around the time the report came out, so the timing is about right. Second, the results were generally perceived as negative: although the company's revenue [increased seven fold](#), it posted a giant \$108 million loss, or \$0.43 per share.

Soaring revenue is good in itself, but when your loss on revenue is larger than your revenue growth, you're in trouble. To be fair, a large chunk of that \$108 million loss was non-cash items, but even the pure cash loss of \$50 million was a major disappointment.

Competitors steal the spotlight

Another issue for Aphria is the fact that competitors like **Canopy** and **Aurora** have been stealing the spotlight in a big way. Whereas in the past, weed stocks tended to move as a class, thanks to investors sacking money into all of them, a few big players are increasingly hogging all the attention—to the detriment of Aphria.

Although Aphria is actually getting pretty close to Aurora in terms of sales, it's still way off in name recognition, and in a hype-driven market like weed, that hurts.

High-profile resignations

A final factor that may be driving Aphria shares lower is the series of high-profile resignations that has plagued the company. Many readers will be aware of the fact that former CEO Vic Neufeld [left early this year](#) after the acquisition scandal.

What many don't know is that this was just the first in a major management shake-up that has seen many executives depart, including President Jakob Ripshetein. Most of these resignations have ostensibly been for personal reasons, but the fact that they're all occurring in such quick succession raises the question of whether something more is going on behind the scenes.

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Date

2025/08/26

Date Created

2019/05/25

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