



Cannabis Investors: Ignore This Stock at Your Own Risk

Description

It may be tempting for investors looking to jump on the marijuana bandwagon to focus on the Canadian pot market. After all, Canada is still the only country in the developed world in which recreational uses of marijuana are legal. Sales of cannabis are projected to grow at an exponential rate in the country, and there are definitely many marijuana companies worth considering.

However, the U.S. market is the largest market in the world, and despite marijuana not yet being legal at the federal level, the CBD market is booming. Let's see why **Charlotte's Web Holdings** ([TSX:CWEB](#)), a Colorado-based company, is one of the best ways to cash in on the U.S. market.

One of the biggest players in the US CBD market

By way of a reminder, the Farm Bill that was enacted late last year in the U.S.-made hemp — and hemp-derived CBD — legal at the federal level. Hemp contains negligible amounts of tetrahydrocannabinol (THC), the chemical component in weed that induces the euphoric or “high” feeling in its users.

CBD and CBD-derived products are often lauded for their various medical benefits. These include the positive effects of CBD oil on those suffering of depression and anxiety.

Charlotte's Web holds a strong market share within the U.S. CBD market. The firm offers various CBD-derived products, including oils, capsules, and topicals, hemp products for dogs, and the company delivers strong sales for every product category. Indeed, Charlotte's Web holds the largest market share among competitors in this market in the U.S.

Last year, the company produced 675,000 pounds of hemp (about 306,174 kilograms), which is very competitive by industry's standard. But Charlotte's Web is projected to produce even more this year. The firm recently announced plans to increase its total hemp acres planted for 2019 to 862, which represents a 187% increase from last year.

In a press release, Deanie Elsner, CEO of Charlotte's Web said the following: “Interest and demand for our products has been exceptional and growing rapidly. Our 2019 planting strategy ensures we will have the required raw materials to deliver on production targets for Charlotte's Web products through

2020 and into 2021.”

This rise in demand of CBD products should [continue](#) for the foreseeable future. With over 6000 retail locations in the U.S., the firm’s products are sold or shipped in all 50 states of the union.

Financial results

Charlotte’s Web reported its Q1 financial results last month. The company’s USD \$21.7 million revenue represented a 66% year over year growth, and its gross profit rose by 53%. While the firm’s earnings before taxes decreased by 27% and its net income decreased by 26%, Charlotte’s Web is managing to do something few of its peers are doing: recording consistent profits.

The company expects revenues to grow at a faster pace than expenses for the rest of the year. With a rise in demand for its products, Charlotte’s Web seems well positioned to keep its earnings rising.

Should you buy?

The U.S. CBD market will be an even bigger opportunity than the Canadian marijuana market, and Charlotte’s Web is currently the biggest player in this market. The Colorado-based company — which also happens to already be consistently profitable — might just be one of the best ways to benefit from this golden opportunity.

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