



## Aurora Cannabis (TSX:ACB) vs. Aphria (TSX:APHA): Which Is the Better TFSA Pick?

### Description

It's been a rough month for Canada's marijuana sector. After an earnings report from **Canopy Growth** that showed a massive [\\$323 million net loss](#), the entire marijuana sector started tumbling, falling 10% in June. **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) and **Aphria** (TSX:APHA)(NYSE:APHA) were among those hardest hit, falling 10% and 12%, respectively. Although both of these companies are growing like wildfire, the bad news from Canopy may have cast a shadow over other producers.

It's still too early to say that Aurora and Aphria won't lose money when they release earnings next. However, both of them are high-growth weed stocks that have the potential for significant upside. The following are three factors to consider when choosing between them.

### Growth

Both Aphria and Aurora have been posting triple-digit revenue gains over the last few quarters. However, Aphria takes the gold in this category, having grown its revenue by 617% in its most recent quarter. By contrast, Aurora "only" grew at 367% year over year. I put the word *only* in scare quotes because A) 367% is still incredible growth, and B) Aurora is already a larger company than Aphria. However, if it's growth you're after, Aphria is posting the better numbers.

### Profitability

Neither Aphria nor Aurora was particularly profitable in their most recent quarters. In Q3, Aphria lost \$103 million, while Aurora lost \$158 million. Aurora's loss was higher in total, although it also had more revenue. Nevertheless, Aurora's loss as a percentage of revenue (200%) was still way higher than Aphria's (147%), so it looks like Aphria wins on this score, too.

### Recreational cannabis results

So far, we've got Aphria taking a big lead over Aurora on growth and profits.

We're not done yet, though.

One of the most important product categories for marijuana producers is recreational pot. With fewer regulatory requirements and a larger accessible domestic market, it's a huge potential revenue booster for marijuana companies.

On this score, Aurora pulls away with a win. In its most recent quarter, it saw adult consumer-use sales skyrocket by 37% quarter over quarter, while Aphria's [consumer use sales declined 35%](#). In its Q3 MD&A, Aurora said that its increasing recreational sales were due to increased production, which indicates that its investments in grow space are paying off.

In light of this, Aurora's net losses may not be such a problem. It's well known that cannabis companies are investing lots of money to grow sales in the future, and Aurora is now showing that its investments are generating revenue. Over the long term, as more and more grow space is established and as more subsidiaries are acquired, the expenditure may slow down, leaving the company free to generate consistent profits. It remains to be seen whether that will happen, but Aurora's recreational sales growth is undeniably promising.

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