



Canopy Growth (TSX:WEED) Reports Huge Losses: Is Aurora (TSX:ACB) a Better Buy?

Description

On June 21, the share price of **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) skidded more than 8% on both the TSX and NYSE after the company presented fiscal fourth-quarter results the day before. The [steeper losses](#) impacted other weed stocks, including **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB), whose share price dropped by 1.8% on both exchanges.

Despite the unsettling news, you can sense the cautious optimism among investors. Analysts are undeterred, citing Canopy Growth's long-term potential. The market is expected to grow bigger in time. But Aurora Cannabis can't be left out of the picture. Which of them is a smarter buy right now?

Disappointing quarterly earnings

No one really expected Canopy Growth to produce bottom-line progress with the way it is investing heavily. Ramping up production is still the main focus. The immediate goal is to eliminate the supply shortages by doubling the volume of harvest in order to meet demand.

But the broadening losses will make any investor think twice about investing. It is hard to reconcile investing in an industry leader whose losses continue to outpace sales. CEO Bruce Linton appeared stoic and came prepared with an alibi to defend the staggering \$577 million operating losses for the year.

According to Linton, the year was a historic one. Canopy Growth has taken major steps to build the company's national platform while scaling the processes to bring cannabis to market. His answer was acceptable enough to assure investors.

Prior to the earnings letdown, shareholders of both Canopy Growth and **Acreage Holdings** shareholders overwhelmingly approved a landmark pot deal. Canopy Growth would acquire the American vertically integrated, multi-state cannabis operator for \$3.4 billion if and when cannabis becomes permissible at the federal level.

Linton reiterated that the completion of the transaction is intended for Canopy Growth to efficiently and effectively establish a footprint in the U.S. cannabis market once federal approval is obtained. They are dead set on becoming the global cannabis leader now that the domestic and international marketing strategies are under way.

No second fiddle

Aurora Cannabis will not be content as the low man on the totem pole. The company with the largest production capacity is also eyeing market leadership. However, it needs to land or team up with a moneyed partner the way Canopy Growth did.

There's also the need to move into the lucrative U.S. hemp CBD market. Just like Canopy Growth, Aurora Cannabis is waiting in the wings for the legalization of pot in the U.S. But the company hasn't given any clue on upcoming strategic moves. Growth hinges on [major catalysts](#) that would propel the stock.

The choice

Canopy Growth has laid down the cards for all to see. There are clear strategies to achieve market leadership and global dominance in an industry that is projected to be worth US\$250 billion to US\$500 billion in the coming years.

Canopy Growth and Aurora Cannabis have great potential. However, I wouldn't risk investing in both and losing double. I'm inclined to believe more in Canopy's potential to be rewarded big time in the long term.

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