3 Reasons Aphria (TSX:APHA) Stock Is Looking Better Than Ever

Description

Aphria Inc (TSX:APHA)(NYSE:APHA) has long been one of the more controversial marijuana stocks. Between short attacks, shareholder lawsuits, and a hostile takeover bid, the company has been involved in more drama than any of the other major weed producers. As a result of the bad press, Aphria was once among the most hated weed companies.

Now, however, with **Canopy Growth Corp** (TSX:WEED)(NYSE:CGC) losing money and other producers stalling out, it's beginning to look like one of the best in its class. The following are just three reasons why Aphria stock is looking better than ever.

The fastest-growing weed producer

The most obvious thing that will stand out in Aphria's third quarter earnings report is the incredible growth. At 617% year-over-year, it exceeds any other weed producer and puts the company within striking distance of Canopy's sales figures. While Aphria's recreational sales fell 35%, that was more than made up for by medical and revenue generated by new acquisitions: CC Pharma and ABP. Now, Aphria is just a smidgen smaller than **Aurora**–and a whole lot cheaper.

Last year's drama completely resolved

Aphria's stock suffered last year due to the highly publicized controversies it had been embroiled in. Now, it looks like it's smooth sailing ahead. As previously mentioned, Aphria's latest report revealed that much of its revenue is coming from new acquisitions CC Pharma and ABP–completely undermining the claim that such acquisitions had been worthless.

Additionally, most of the high-profile investors who had been short APHA have closed out their positions, so the "short attack" threat is no longer a factor. Finally, while the class-action lawsuit against Aphria appears to be going ahead, the company's relative success in recent quarters could result in a favourable outcome for the company.

Larger competitors running into problems

A final factor making Aphria look good right now is the competitive landscape in the cannabis space. Simply put, many of Aphria's competitors aren't doing so well, which makes Aphria look good by comparison.

Case in point: Canopy Growth. In its most recent quarter, that company posted a $323 million net loss and a $174 million operating loss. In its full year results, it posted a $670 million loss. This is a company that's burning through cash at a frightening pace–so much so that the markets aren't rewarding its revenue growth.

The problems with Canopy recently got so bad that the company's biggest investor publicly stated they were "not pleased" with their results–and may have instigated the ouster of CEO Bruce Linton.

In an industry in which disappointing results are becoming the norm, Aphria's red-hot growth stands out. It should be noted that Aphria itself is running net losses, but they're much smaller as a percentage of revenue than Canopy's.

Additionally, Aphria has posted positive earnings in several quarters, thanks in no small part to its long-term investment portfolio, which may make Aphria look increasingly appealing as investors get hungry for earnings.

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