Aurora Cannabis (TSX:ACB) vs. Canopy Growth (TSX:WEED): Which Company Had the Better Quarter?

Description

As the marijuana industry continues to evolve in Canada, it is important to keep track of who holds the upper hand in this competitive market. Of course, it isn't just a matter of keeping score, as interesting as that may be. More importantly, though, given the exponential growth we are seeing unfold before our eyes, keeping track of important figures and metrics could literally pay rich dividends in the long run. Let's turn our attention to how **Aurora Cannabis** (TSX:ACB)(NYSE:ACB) and **Canopy Growth** (TSX:WEED)(NYSE:CGC) — the two most prominent Canada-based pot companies — fared during their latest recorded quarters.

Revenues

Obviously, one of the most important numbers to look at when comparing these two pot giants is the revenues they were able to rack up during their respective quarters. Revenues have been improving at an extremely fast pace in the global marijuana market, and both Aurora and Canopy are grabbing their share of the pie. In this department, however, Canopy still has the upper hand over Aurora, posting revenues of $94.1 million, which was much higher than its competitor's $65.1 million.

In particular, Canopy's recreational sales were a whopping $68.9, a 100% growth year over year. Aurora's recreational sales were much lower at $29.6 million. But Aurora has the upper hand when it comes to medical sales, with gross sales coming in at $29.1 million in this segment compared to $13.4 million for Canopy. It is essential to note that Canopy's medical marijuana sales decreased somewhat substantially year over year.

Note that Canopy sold 9,326 kilograms of cannabis during its last quarter for an average price per gram cannabis of cannabis $7.49. Aurora sold slightly less at about 9,160 kilograms at an average price per gram of $6.40.

Gross profits

It is important for cannabis companies to venture into as many high-margin opportunities as possible. As the recreational market risks suffering from a supply glut in a few years' time — which will drag down margins within the recreational segment — there is a variety of other avenues pot firms can follow. While Canopy focuses mainly on the recreational market, its margins are second best to those of Aurora.

During its latest reported quarter, Canopy recorded a gross margin "before fair value impacts in cost of sales" of just 16%. Its rival reported a gross margin "before fair-value adjustments on consumer cannabis revenue" of 50%. Even when computing these metrics in the traditional way, Aurora still reported a gross margin of 80% compared to 73% for Canopy.

Net losses

Neither company is consistently profitable yet. However, Canopy's net loss of $0.98 per share ($335,607,000) was a 216% decrease year over year; the company attributed this significant decline to operating expenses on facilities that aren't in service yet. The bill wasn't as bad for Aurora, which recorded a net loss of about $158,354,000. However, much of this loss was due to a significant non-cash adjustment on convertible notes it issued in January due to its stock price rising.

Looking forward

Canopy still occupies the throne in the Canadian cannabis market, as its closest competitor does not come close to matching its sales and revenue figures. However, the firm reported a significant loss this quarter, and its share price may be a bit of a turn off for many investors. Aurora does offer higher gross margins and seems closer to being consistently profitable; the Edmonton-based pot company is also projected to have a higher production capacity than all of its competitors. Both companies have their respective strengths and weaknesses, but Canopy probably posted a slightly stronger overall performance this time around.

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