



Could This Stock Make You a Marijuana Millionaire?

Description

Many pot stocks have grown exponentially over the years, but the good news is that for investors looking to score a good return, there are still options out there. The challenge, however, is knowing which one to pick, especially amid so much competition out there. A stock like **Canopy Growth** isn't likely to have much more potential to rise given the fact that it's already at a pretty expensive stock.

Instead, investors looking for a good growth option might need to look at other options, perhaps even a [contrarian one](#). A good, underrated cannabis stock that could have a lot of upside is **Aphria** (TSX:APHA)(NYSE:APHA). The stock has been a bit of a chronic underperformer, and over the last three months, its share price has fallen by more than 30%, which is similar to its performance over the past year.

While the stock has seen some bullishness for brief periods, it hasn't been able to sustain it. The good news is that with strong sales of \$121 million over the past four quarters, the company is still a force in the industry that can grab a lot of market share. Although the company posted a big loss in its most recent quarter, that hasn't been the norm for Aphria; in three of the past four quarters, the company has been able to finish in the black, with the help of other income items boosting it into profitability.

Why now might be an opportune time to buy

The closer that Aphria gets to \$8, the more attractive it becomes. Despite its volatility over the past year, the stock has generally seen strong support at the \$8 mark. Being able to buy at that price would give investors a good chance of turning a decent profit.

And with a market cap of a little over \$2.1 billion, Aphria is still a fairly small stock in the industry, despite its strong numbers. Consider that **Cronos Group**, which has nowhere near the sales that Aphria does, trades at more than triple that valuation.

For Aphria to double in value shouldn't be an unrealistic proposition, especially if it gets the right person in charge of the company. How much higher it might go is the real question. Reaching a valuation of \$10 billion, which is along the lines of where **Aurora Cannabis** is today, might not be

unreasonable either, but a lot of things would have to go right for the company for that to happen.

At a price-to-sales ratio of around 17, Aphria looks like a bargain compared to its peers, which often trade well above that mark. There's a lot of room for the stock to rise, and that also makes it difficult to determine just how good of a return investors can make from investing in Aphria today. While Aphria might not be able to double or triple in a short amount of time, there's definitely potential for the stock to get a big boost on a significant announcement, or maybe if it can just get [Bruce Linton to wear its t-shirt](#).

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