



You Won't Believe How Much Aphria (TSX:APHA) Stock Is Up Over the Last 5 Years

Description

As much as it pains me as a value investor to admit, I've still got to get this off my chest.

Anyone who has ignored the marijuana sector over the last five years has missed out on some truly remarkable returns. I don't believe investors can ignore the space any longer. It has become a must-invest sector.

Most investors realize the industry is up a lot over the last few years, but most people don't realize just *how well* it has done. Let's take a closer look at one of the biggest winners, **Aphria Inc.** (TSX:APHA)(NYSE:APHA), and why the stock is poised to go up even further.

One fantastic ride

Similar to most of its peers, Aphria hasn't even been listed since July, 2014. The company's shares first started trading on the **TSX Venture Exchange** back in December, 2014. The stock price was a puny \$0.77 per share at the end of the first day of trading. It was around that same time the company was granted a license to sell medical marijuana by Health Canada.

A great deal has happened since then. Visionary CEO Vic Neufeld lead the company to greatness before stepping down earlier this year. The company gained approval to operate a 1.1 million square foot greenhouse in Leamington, Ontario, a facility that can produce 110,000 kilograms of cannabis annually. It made two successful acquisitions in Canada and expanded into the U.S., operations that were later sold.

Aphria became one of Canada's top marijuana stories. This success, combined with overall investor enthusiasm toward the cannabis industry in general, made long-term investors very rich.

As I said, Aphria's stock was just \$0.77 back in 2014. The company's shares are worth \$8.53 today at writing, which is good enough for a 1,026% return over approximately 4.5 years.

Or, to put it another way, Aphria's stock went up more than 73% annualized each and every year since it became a publicly traded company. A 73% return over a decade is a decent move for a portfolio. That works out to about 7% a year. Aphria returned 73% per year for nearly half a decade.

A \$10,000 investment made in Aphria at the close of its first day of trading would be worth \$112,589 today — enough to turn an entire portfolio around.

What's next?

Unlike many of its peers, which are at least flirting with all-time highs, Aphria's stock has been much higher fairly recently. Shares even surpassed \$20 each on rumours that one of the big tobacco companies [was going to buy the company](#). There were also rumblings **Coca-Cola** approached the company about an investment in an effort to get a foothold into the potentially [lucrative cannabis-infused drink](#) market.

Many analysts say that Aphria could be the perfect take-over candidate. It's not terribly big — its market cap is just \$2.1 billion — and the company has enough production to entice another company that wants to use the product as part of a bigger push.

Aphria shares are also somewhat undervalued, at least when compared to the rest of its peers. The stock trades at just 1.3 times its stated book value, and at approximately 19 times sales. Some of its competitors trade at 50 or 60 times sales.

Finally, I like the strategy to focus on medical marijuana sales. We're just scratching the surface on the numerous advantages medical marijuana can give patients, especially when compared to opioids. And medical users will end up being steady customers, while the recreational market may start to decline.

The bottom line

I doubt that Aphria stock can return 73% annually over the next five years, but that doesn't mean the stock will be a dud. It could easily be a winner once the sector gets hot again and it trades at a same valuation as its peers.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise

4. Yahoo CA

Category

- 1. Cannabis Stocks
- 2. Investing

Tags

- 1. Cannabis

Date

2025/09/08

Date Created

2019/07/13

Author

nelsonpsmith

default watermark

default watermark