



Buy This 1 Weed Stock Instead of Canopy Growth (TSX:WEED)

Description

Since the beginning of the cannabis craze, **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) has remained at the top of the heap. The stock has the highest market capitalization, the highest revenue, and the largest producer of pot in the Canadian cannabis industry.

But lately, the stock has been facing some issues. First off, there's the issue of supply. The company is buying up production properties, but still hasn't managed to produce enough pot to meet demand. Then there is demand itself.

Some argue that Canopy is focused too much on the United States expansion, and isn't looking to meet Canadian needs first, even though marijuana isn't even legal through the U.S.

This all leads to the main issue: revenue. CEO Bruce Linton was recently ousted by the Canopy's largest stakeholder, namely **Constellation Brands**. This came after the company reported a [\\$74-million loss](#) that many argue is the reason behind Linton's firing.

Now analysts and investors come down on both sides of whether firing Linton was a good or bad idea, but Canopy has a lot to prove in the next few months.

The stock has already come down almost 20% in the last month alone, as of writing, after almost reaching the all-time highs it saw last summer.

So rather than use this time to buy up more Canopy shares, it might be prudent to look elsewhere. If that's your motivation, I would highly recommend **Aurora Cannabis Inc.** ([TSX:ACB](#))(NYSE:ACB).

About Aurora

Aurora comes down second in line to Canopy Growth, but that's about where the similarities end. Whereas Canopy has chosen to put a foot in just about every door in the cannabis market, Aurora has chosen a more streamlined approach.

Right now, medicinal and recreational marijuana take up much of its focus. The company doesn't look like it will go too far beyond those two pillars of the industry, with edibles being the other area it looks interested in.

The company has also taken a different strategy in regards to global expansion, choosing to look further south than the United States, and into Europe. The company already has a presence in 25 countries, compared to Canopy's 16.

To meet the rising global demand it foresees, Aurora has acquired as many producers as it can, to become the cannabis powerhouse producer.

Of course, this has come on the back of shareholder funds due to the lack of partnerships, and that's where Aurora faces the most criticism. Strategic advisor Nelson Peltz argues this is good in the long run, as the company won't be subject to decisions made by a major shareholder.

Case in point: what just happened with Canopy. And it's not like the company isn't open to *any* partnerships, just not majority ones.

This has driven the share prices and valuation even lower than it deserves, amidst an industry that is already struggling. But for investors looking for an opportunity to buy at stock at bargain-basement prices, Aurora is the one to beat.

The stock trades at writing at \$9.37 per share at writing, with analysts setting a 12-month target around \$18 per share; that's almost double! Meanwhile, the company has actually fared better than its peers, growing revenue by [300% year over year](#).

This is because when all is said and done, Aurora will be producing the most amount of pot next to Canopy, and for a fraction of the price.

Right now, the company can produce at \$1.92 cost of sales per gram, with a goal of \$1. Compare that to Canopy's, around \$6 per gram, and you've set up a company ripe to rake in cash.

So yes, right now is a scary time for both Canopy and Aurora, but don't quit on these stocks quite yet. And if you're looking to get in before the next surge, now is the right time.

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