



3 Cannabis Stocks to Buy Ahead of 2020

Description

It's been almost a year since legalization in Canada, and what a year it's been.

After a summer in 2018 that saw cannabis companies hit record-setting numbers, those numbers have plummeted to sometimes more than half the share price seen last year. Many have since found it difficult to reach anything close to those share prices since that time, and it has left many investors wondering if the cannabis bubble has indeed burst.

While I believe that bubble may not have burst, it certainly is floating away, especially when it comes to the opportunities investors are seeing right now. Last year, investors could buy pretty much any cannabis stock and expect it to do well. Now, you have to be a bit more picky. And that's a good thing.

With the one-year anniversary of legalization nearing, and the legalization of edibles by the end of the year, it's time to think about what cannabis companies are the ones investors should be focusing on before we countdown to 2020.

Canopy Growth

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) has been getting a lot of flack ahead of its earnings report on Aug. 14. While the company has made a substantial number of announcements, those announcements haven't amounted to much when it comes to the company's bottom line.

Analyst are expecting some growth from the company with sales up 17% from the same time last year. The same cannot be said for revenue, with analysts expecting a decline of 75%, which would put it below some of its peers' recent reports. But while the company has spent a lot to grow rapidly, it has also set itself up for [long-term gains](#). Production is being amped up, and production costs are being cut down. With edibles on the line, Canopy stands to make significant gains through its partnerships. This should significantly add to the company's sales growth as earnings come in for 2020.

Aurora

Next up, we have another top performer of the cannabis industry with **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB). Aurora has also had its fair share of criticism, especially for not having a brand-name partnership that many (if not all) of its peers have already picked up. This has caused the company to dilute shares to keep up its pace of expansion.

But all that doubt seems like it could be changing, as Aurora predicts its next quarter to [hit revenues](#) of up to \$107 million — a 460% increase from the year before. It's also picked up production, expecting to sell the upper end of 25,000 to 30,000 kilograms in its fourth quarter.

Just like Canopy, Aurora is setting itself up for long-term gains, and those gains should start producing in 2020, as the company has more and more of its 15 separate production facilities come online. Right now, the company can produce 150,000 kilograms per year, but by June of next year, that should hit a whopping 625,000 kilograms, if not more. Once Canada's needs are met, Aurora will then go global, and that's when some serious cash could come in.

Curaleaf

Finally, we have a relatively newcomer to the market with **Curaleaf Holding** (CSE:CURA). While other marijuana producers were on a downward spiral last fall, Curaleaf spiked in late October by 4,300% after its initial public offering, debuting with a market cap of \$4.5 billion! Year to date, that growth has continued by 42%. So, what's going on with this newbie?

The main point: it has a strong American presence. The company has an enormous presence already, expanding into the CBD market as well, and should legalization happen, Curaleaf will be there to pick up even more cash. Beyond its current presence, Curaleaf is also seeking the heavyweight title of largest cannabis company in the world after acquiring **Grassroots Companies** and a pending acquisition of **Select**, the leading cannabis wholesale brand in the United States. When these acquisitions go through, it should be 2020, so that's around when investors should see a significant increase in share price.

Foolish takeaway

All three of these cannabis companies are down now, but it won't be for long. In fact, while 2020 looks like a solid time to see immense increases, all three of these companies are setting themselves up for long-term production. If you're looking for growth, look no further than Canopy, Aurora, and Curaleaf.

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