The #1 Cheapest Cannabis Stock With Over 350% Upside

Description

The cannabis industry is already risky, at best. While there are a number of companies out there that have soared within the last year, those same companies have also dropped in share price by more than half sometimes.

It's left many investors with a bitter taste in their mouths, wondering when would be the right time to pick up these stocks again. But while some might be waiting for an opportunity to buy big names on the cheap, others might be more willing to find some new cannabis stocks to look into.

That's why today I'll be focusing on **Aleafia Health** (TSX:ALEF), a pot stock that has the eye of Wall Street at the moment as a potential stock to soar in share price.

Now, I'm not saying this stock is going to hit the levels of its large peers even in the next year, but given how cheap the stock is, its share price could more than triple for investors willing to buy now.

Let's look at why Aleafia belongs on your cannabis watch list.

Major acquisition

The biggest catalyst to the recent focus from Wall Street comes down to an acquisition made by Aleafia in March. Medical cannabis company Emblem was acquired by Aleafia, significantly adding to the company's high-margin products and annual production capacity. That production has risen exponentially, with Aleafia now able to produce 138,000 kilograms of cannabis per year.

The acquisition shot Aleafia right into Canada's top 10 growers and soon followed with the company's largest adult-use cannabis order in the company's history. This could be just the start of future acquisitions, especially since the company has since been making other announcements that have analysts predicting some strong share growth.

Future production

While 138,000 kilograms is certainly a lot compared to the other top 10 Canadian cannabis companies, it's also far below the very top tier of marijuana producers. As of next year, there are some cannabis producers that will be pumping out between 500,000 and 650,000 kilograms of marijuana per year. Aleafia has some catching up to do.

Yet it's well on the way, and not just through the Emblem acquisition. Aleafia recently announced that it quadrupled its outdoor cultivation area after receiving a licence from Health Canada, from 292,000 square feet to 1.1 million square feet in its Port Perry Outdoor Grow facility. The company has already begun planting as of July 15, and is the ideal way of keeping up with low-cost production. While the kilograms per year Aleafia will produce will certainly go up, a clear number has yet to be announced.

Going international

As a newer producer suddenly shot up into the big leagues, there is plenty of room for Aleafia to grow — if it can keep up. The company has recently been added to the New York Stock Exchange's Cannabis ETF, identified as one of 35 stocks expected to grow from the legalization of marijuana, CBD, and hemp. This will give the company the U.S. exposure it needs to perhaps open facilities or simply ship to the U.S.

Aleafia already has multiple export permits from Health Canada, with the company sending pot to Australian producer CannaPacific, a company that is 10% owned by Aleafia. This is the first time the company has sold cannabis abroad — a major milestone on the path to global distribution. Aleafia is now moving forwards with entering Germany, the world's largest medical cannabis market.

The books

With all this growth, Aleafia must still prove to investors that it can bring in cash. This is what truly makes the stock a risky bet for now. Its loss has broadened with these recent announcements, moving it further away from breaking even at a time when other cannabis companies are finally chipping away at debt.

But Aleafia doesn't believe breaking even is far off, especially with its recent increase in production. The company believes it will actually generate profits of $2 million in 2020, which means the breakeven point is only a few months away. In its latest quarter, the company announced revenue of $1.5 million — an increase of 1,400% from the same time last year and a year-over-year increase of 1,723%.

At just $1.18 per share as of writing, taking a small stake in this stock for now could prove to be a winning combination.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

1. TSX:AH (Aleafia Health)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis

Date
2025/07/03
Date Created
2019/08/11
Author
alegatewolfe