



## Why This Cannabis Stock Might Be the Best 1 to Invest in Today

### Description

Cannabis investors have no shortage of options when it comes to potential pot stocks to invest in. Unfortunately, there are many more bad ones out there than there are good ones.

From burning lots of cash to trading at very high multiples and not being anywhere near recording a profit, there are many reasons why value-oriented investors would want to steer clear of many marijuana companies.

However, there is one that has been [separating itself from the pack lately](#), and that's **Charlotte's Web Holdings** (TSX:CWEB). The company has been able to do many of things other cannabis companies have struggled to do, and that's grow while also posting a profit.

Charlotte's Web recently released its second-quarter results, and the company made some strong strides in gaining even more of a presence throughout the U.S. market. With 7,871 retailers now carrying the company's products, including multiple national retailers, the company has gained some significant first-mover advantages in the emerging industry.

While companies like **Canopy Growth** strategize about the best way to enter the CBD hemp market, Charlotte's Web has already established a strong presence there and could become a market leader.

Although US\$25 million during Q2 is not significant when compared to some of the numbers we've seen from companies selling THC products, what might matter more to investors is that the company has been able to consistently record a profit. It's been a bit of a rarity in the industry, and with investors paying more attention to it as of late, Charlotte's Web is a big step ahead of the competition.

In Q2, Charlotte's Web recorded a profit of US\$2.2 million. And while that's down from the US\$3.7 million that it recorded in the prior year, it's still a very strong profit margin of 8.8%.

The company's business model has proven to be sustainable, and especially with Charlotte's Web planning more growth, that's very important to investors, as it means the company may be able to avoid dipping into the equity markets to raise the additional funds needed to expand.

## Lots of growth still on the way

Deanie Elsner, the company's CEO, stated in the earnings release, "We believe we'll continue to see additional large retailers coming onboard and expect an increase in the number of states and locations with our existing retail partners throughout the year. Kroger is the most recent example as they added four new states to their distribution in July, including Texas, which is the latest state to approve hemp CBD products."

With a lot of hype growing around CBD, Charlotte's Web is positioning itself for a lot of success in the industry. It's recently launched a line of gummy products as well as a dozen products aimed at pets.

As the industry continues to make progress and break down barriers, we'll likely see even more demand for CBD hemp products in the future. There's a lot of growth coming down the pipe, and being able to generate positive cash flow is going to be more important than ever.

## Bottom line

While marijuana companies selling non-hemp products might have more growth over the long term, it's anyone's guess as to how long it will take for pot to be [legalized federally](#). With hemp, investors can see the market for where it is today, and there's definitely a lot of excitement in the industry with many retailers jumping on board already.

Overall, Charlotte's Web is in a good position to become a leader in CBD hemp products, and coupled with a profitable business, it could be a great long-term buy today.

### CATEGORY

1. Cannabis Stocks
2. Investing

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1. TSX:CWEB (Charlotte's Web Holdings, Inc.)

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