



Is This U.S. Pot Stock the New Industry Leader?

Description

Canopy Growth has tried to assert itself atop the cannabis industry in North America. It made a lot of aggressive moves to try and give itself and its investors a lot of potential growth to benefit from in the years ahead.

From locking in a [big investor](#) like **Constellation Brands** to getting a deal in place with **Acreage Holdings**, the company has made numerous moves to help position itself for success.

Access to U.S. market critical for long-term growth

The problem is that even if investors think Canopy Growth is a good investment, it's inherently limited. Being restricted to the Canadian market and only being able to sell hemp-based products in the U.S. (for now) has put a limit on to just how much growth the company can achieve in the near future.

Even if the U.S. moves to legalize marijuana, that's likely not going to happen anytime soon. That's why Canopy Growth was always going to be a long shot to be the biggest cannabis brand, simply because it didn't have access to the biggest cannabis market.

Multi-state operator **Curaleaf Holdings** ([CNSX:CURA](#)), however, doesn't have those same obstacles. With the company not being on the [TSX](#) and based in the U.S., Curaleaf has a lot more flexibility in what it can do. And while federally there are still significant challenges, growing via acquisition is one way that the company can expand into other parts of the country, which is what it has done.

This week, Curaleaf released its second-quarter results. Its US\$48 million in revenue during the quarter was a 231% improvement from the prior year. On a pro-forma basis, including the company's acquisitions and assuming they had been completed on January 1, that number soars to US\$110.9 million, which would dwarf what we've seen thus far from Canadian producers.

The company also reached a milestone on its bottom line as well, posting a positive adjusted EBITDA figure of US\$3.4 million for the first time in its history. This was an improvement from the prior year when it incurred a loss of US\$3.8 million.

Currently, through acquisitions, Curaleaf now has access to 19 states. With some big acquisitions under its belt already, the company is still expecting even more growth down the road.

In its earnings release, Curaleaf CEO Joseph Lusardi stated, "The recently announced acquisitions of Select and Grassroots, as well as, tuck in acquisitions in Arizona, California, Nevada, and Ohio position Curaleaf as the undisputed leader in the cannabis industry. With the industry's largest operational footprint, we have the scale to rapidly accelerate growth across the country."

More states looking to legalize pot

Thus far, we've seen 11 states in the U.S. legalize marijuana for recreational use. However, we could see that number grow, as both New York and New Jersey are two states that have shown interest in legalization, and other states are trying to get marijuana legalization on the ballot for 2020.

With more markets potentially becoming available, the growth potential for Curaleaf could get bigger very soon. For Canopy Growth, its path is not quite as clear.

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