



3 High-Growth Stocks Poised to Soar in the Next Year

Description

The strong cannabis stocks are beginning to distinguish themselves from the weaker, less-competitive companies. Through robust sales growth post-cannabis legalization, **Aphria** (TSX:APHA)(NYSE:APHA), **Supreme Cannabis Company** (TSX:FIRE), and **Cronos** ([TSX:CRON](#))([NASDAQ:CRON](#)) have all shown investors what they are worth.

During the bear market sell-off this past month resulting from U.S. president Donald Trump's trade war, these three pot stocks performed very well on the Toronto Stock Exchange. Aphria increased in price, and Supreme Cannabis stock maintained its valuation. Cronos Group, a more expensive stock than Aphria and Supreme, declined in price.

The decline in Cronos's stock price is more likely due to overvaluation fears. Long-term investors should not worry about Cronos, but Tax-Free Savings Account (TFSA) investors who [prioritize liquidity](#) may want to be careful with this stock. Cronos is one of the more volatile pot stock winners.

Aphria

Aphria reported a profitable quarter ended May 31, 2019, at an earnings per share of \$0.05. The company saw the most significant boost in revenue from adult-use sales. Adult-use sales climbed 158%, resulting in an approximate 1,000% increase in net income.

Aphria's debt load increased by nearly 20% this year, indicating that the company may be taking advantage of low-cost debt to fuel expansions. The company's ability to secure cost-effective loans may have contributed to its positive earnings.

Supreme Cannabis Company

Supreme Cannabis has also distinguished itself as a strong cannabis competitor with a profitable growth strategy. The stock's share price has done very well during the most recent bear market sell-off. For the past month, the stock's price ranged from \$1.40 to \$1.69 per share.

On September 17, 2019, Supreme Cannabis will announce an approximate 449% increase in revenue and positive net income for the fourth quarter. Given the weak sales growth of many cannabis peers on the TSX, the performance of Supreme Cannabis puts the stock on the list of top cannabis stocks to buy in 2019.

Cronos Group

Cronos Group also impressed analysts with its most recent quarterly earnings. The company reported net revenue of \$16 million and a 232% growth in cannabis sales. These earnings results surpass other cannabis stocks, proving itself more capable of competing, post-legalization.

Not to mention, Cronos expands operational capacity with cash on hand versus debt, demonstrating a more fiscally responsible growth strategy compared to other popular cannabis stocks. In the next year, cannabis investors can expect Cronos Group to emerge a winner on the TSX.

Foolish takeaway

Supreme Cannabis is less expensive than both Aphria and Cronos. An investment in Supreme can return over 1,500% in the next few years. Nevertheless, priced at under \$9 per share, Aphria is still cheap with high potential for significant returns over the next few years.

Cronos may be the more [volatile winner](#) on the TSX, but cannabis investors should not ignore this stock. Cronos may be on a temporary price correction, but it will surge as it continues to distinguish itself as a profitable growth stock over the next year.

TFSA investors should focus on profitable and cheap marijuana stocks, taking into account both liquidity and the likelihood of growth. Supreme Cannabis fits this description perfectly, and Aphria remains a top contender for excellent price performance throughout the year 2020.

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