



## Buying This Pot Stock Now Is Like Buying Aurora (TSX:ACB) in 2016

### Description

After presenting its financial results for the second quarter and six-month period ended June 30, 2019, market analysts are taking a second hard look at **Village Farms** (TSX: VFF)([NASDAQ:VFF](#)). They see a striking similarity with how the value of **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) tripled from 2016.

### Impressive financial results

While profits continue to elude the large-cap cannabis stocks, small-cap Village Farms was able to achieve three consecutive quarters of profitability. The revenue of this \$688.38 million cannabis in the second quarter grew by 27% to 53.5 million from the prior year.

The produce operations and the company's 50% share in the joint venture with **Pure Sunfarms** was a significant sales contributor. Village Farm's net income of \$9.9 million was telling, as in the second quarter of 2018, the company recorded a net loss of \$2.3 million.

The impressive results came about even if Pure Sunfarms Delta 3 greenhouse wasn't fully operational. Further, Village Farms' joint venture with the latter is expanding into oils and other derivative products.

According to Village Farms' CEO Michael DeGiglio, the company is also on track to begin sales of hemp biomass this year. The expansion into the U.S. hemp market would start with sales of CBD crude oil in early 2020 before going into CBD product manufacturing.

### Comparison with Aurora

Aurora debuted on the **TSXV** on October 5, 2016, before graduating to the TSX on July 24, 2017. The share price of Aurora on its market debut was \$1.78. Five years later, the value rose by 453.92% to \$9.86. As of this writing, ACB is trading at \$7.38 or 314.6% better than the closing price on the first day of trading.

With positive developments coming Village Farms' way, analysts covering the stock see a definite

upside. From \$13.95, the price could hit the median target of \$29.29 (+110%) before soaring to \$45.00 or an increase of 222.5%.

I'm not sure about the accuracy of forecasts, but somehow the bullish sentiment indicates the massive growth potential of VFF. Back in July, I've written about the [imminent breakout](#) of Village Farms and the possibility of dethroning Aurora.

However, Aurora would be hard to dethrone. The company will dominate the market in Canada with the signed supply agreements in 12 provinces and territories, which practically covers the country's entire population.

Aurora is also embarking on an aggressive international expansion strategy that would mean both operations and sales in Australia, Denmark, Germany, and Italy. While Village Farms will be venturing into the cultivation of CBD hemp and CBD extraction, Aurora will be a significant competitor too.

By acquiring **Hempco Food and Fiber**, Aurora gains access to low cost, high volume raw hemp material for extraction. With regard to the price forecast, analysts see ACB's value to double in the next 12 months. The projection seems feasible compared with the estimate for VFF.

## Long-term view

Aurora Cannabis is [struggling](#) at the moment, which gives Village Farms a window of opportunity. But in the long run, both companies would be the top picks in the cannabis sector.

### CATEGORY

1. Cannabis Stocks
2. Investing

### TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. TSX:ACB (Aurora Cannabis)

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