



When Will the Big Canadian Cannabis Producers Become Profitable?

Description

The cannabis industry hasn't exactly been the most fun to watch as of late. With a market downturn already in the works, investors are a lot more wary to put their money into these companies that still have a lot to prove.

The number one thing each has to prove? That it can produce profit. There have been a few out there that have managed the task already, but what many investors are likely wondering is when the bigger companies will come out with some profits.

With that in mind, let's look at the top three Canadian cannabis producers by production capacity and see when it's likely that investors could see profits. Because when each posts a profit, shares should finally get back to normal.

Canopy Growth

It's no secret that things [have been difficult](#) for **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC). After ousting former-CEO and founder Bruce Linton, the company posted an incredible net loss of \$2.28 billion in its latest earnings report.

Despite this mainly being due to the extinguishing of warrants from partner **Constellation Brands**, shares in the company has dipped lower and lower, reaching levels not witnessed since April of 2018.

The company is still optimistic that it will hit revenue of \$1 billion in the next year, and is on the way with sales and production growing at a rapid rate. But as for profitability, investors will have to wait longer while the company uses that cash to pay down this significant amount of debt.

According to analysts, it could be as late as 2024 before the company posts a profit, and 2022 at the earliest.

Aurora Cannabis

Aurora Cannabis Inc. ([TSX:ACB](#))(NYSE:ACB) is in a slightly better position, as the company doesn't have either a partner or significant debts to deal with. What it does have to deal with, however, is its effect on investors after diluting shares to pay for its projects.

While the company has set itself up to be the number one cannabis producer in the world by June 2020, with 625,000 kilograms produced per year, it has a long way to go to gain back investor trust.

Much of that trust should come back if the company can bring in profits to drive up shares again. The company is trading near share prices not seen since before the new year, so positive earnings reports likely won't cut it until this company can prove it's on the path to profits.

Even with a positive fourth-quarter report coming up in mid-September, the company still likely won't see profitability until at least June 2021.

Aphria

So you'd think that I'm on a pretty negative path, but then there's **Aphria Inc.** (TSX:APHA)(NYSE:APHA). Aphria was the only mega producer to [post a profit](#), shocking analysts and investors alike during its last earnings report.

After a series of scandals tanked shares, the company saw a jump of over 30% when the news broke of Aphria bringing in net income of \$15.8 million.

However, a lot of this was due to the acquisition of CC Pharma, a German medical marijuana and pharmaceutical company with a foothold in a number of European countries, so it's not exactly from anything that Aphria is doing.

Still, that's profit before its other mega peers, leaving investors to think that as the company continues to grow — both organically and inorganically — there could be far more profits in this company's future.

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