



Marijuana Stocks' Greatest Hits: Top 3 Buys Today

Description

The greatest hits in the cannabis sector today are not the [big names](#), but the weed stocks that are rising from obscurity. **Charlotte's Web** ([TSX:CWEB](#)), **MediPharm** (TSXV:LABS), and **Fire & Flower** (TSXV:FAF) offer much better earning potentials than the moneyed industry players.

Pioneer in hemp-derived CBD market

CWEB's focus is on the hemp-derived CBD market, in which the company is [a pioneer](#). This niche sector is expected to grow to about \$22 billion by 2022.

With the most extensive hemp-derived CBD products, including oil tinctures, capsules, topicals, and CBD pet products, CWEB is already the world's leading CBD brand by market share. About 6,000 retail stores in the U.S. are selling CWEB's products.

CWEB's growth began in 2016 with a new brand packaging and launching of new products. In 2018, its IPO year, revenue grew by 74% to \$70 million from \$40 million in 2017. CWEB's adjusted EBITDA increased by 47.5% to \$21.1 million in 2018 from the previous year.

In the recent Q2 2019 earnings report, CWEB missed consensus estimates. However, the company is on track to realize an 81.8% year-over-year revenue increase this year. Based on analysts' forecast, the stock would have an average return of 42.6% in the next 12 months.

The company's 137,000 square-foot production and distribution facility in Colorado will be fully operational early next year. By then, CWEB's growth trajectory would be unstoppable. You can anticipate brisk sales and a banner year for CWEB in 2020.

Leader in cannabis extraction

MediPharm has aces up its sleeves. The company produces purified, pharmaceutical-like cannabis oils and concentrates through its cGMP and ISO-certified clean rooms laboratory.

Last May, **Cronos Group** contracted MediPharm to supply \$30 million of cannabis concentrate over a period of 18 months. MediPharm's supply agreement with Cronos is renewable with purchase options. The contract's value could reach up to \$60 million and is extendable to 24 months.

MediPharm is not without an international presence. Its subsidiary, MediPharm Labs Australia, has completed its application to extract and import medical cannabis products in the continent.

With the significant Cronos deal and springboard to the international markets, the leader in the pharmaceutical grade cannabis extraction industry has ample room for growth.

Top-rated cannabis shop

Last July, **Alimentation Couche-Tard** invested \$25.9 million in Fire & Flower. With the multinational operator of convenience stores joining forces with the cannabis retailer with the industry-best retail platform, you can expect Fire & Flower to grow aggressively.

Couche-Tard has the option to increase its 9.9% stake in Fire & Flower to 50.1% in exchange for \$380 million in growth capital. The partnership opens outstanding opportunities for Fire & Flower. Given Couche-Tard's imposing international presence, penetrating the U.S., Europe, and Mexico would be a breeze for Fire & Flower.

If you're not ready to invest in Fire & Flower, you should start monitoring the stock. The company has the best prospects to dominate the retail cannabis space. Fire & Flower would capitalize on Couche-Tard's strength by opening multiple stores yearly.

Future weed stock winners

Charlotte's Web, MediPharm, and Fire & Flower have pre-identified markets to build scale and establish a stronghold. The stocks are the top three buys today and the future winners in this fast-growing industry.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CWEB (Charlotte's Web Holdings, Inc.)
2. TSX:FAF (Fire & Flower)
3. TSX:LABS (MediPharm Labs Corp.)

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