



3 Marijuana Stocks with Killer Sales

Description

The cannabis sector remains the stock market's top draw. Thanks to the killer sales and immense sales growth potential of three weed stocks, investors' confidence is returning.

Day of redemption

August 1, 2019, is a new beginning for the industry. **Aphria** (TSX:APHA)(NYSE:APHA) reported fantastic sales numbers and a profitable quarter to erase its heartbreak image.

Aphria's [redemption](#) came via a 158% quarter-over-quarter sales growth in Q4 fiscal 2019. The company's trailing-12-month revenue growth of 417% is also the best in the cannabis industry.

At the quarter's end, this \$2.28 billion firm is more vibrant by \$571 million. With a much-improved balance sheet, Aphria has the financial muscle to pursue local and international growth.

Aphria will clinch its remarkable comeback in fiscal 2020 as the company expects net revenue to double to between \$650 and \$700 million. Adjusted EBITDA would range between \$85 and \$88 million.

Germany-based CC Pharma would be Aphria's primary growth driver. During the latest quarter, the recently acquired medical cannabis and pharmaceutical distributor accounted for 75% of Aphria's total revenue.

Stellar sales

Shareholders of **Cronos** ([TSX:CRON](#))([NASDAQ:CRON](#)) are smiling these days. Their weed stock got a significant lift from the company's impressive sales performance in Q2 2019. Cronos' reported revenue beat consensus estimates by 38.4%.

For the quarter, revenue grew by 201.6% compared with the second quarter of 2018. The higher sales of cannabidiol (CBD) oil and dry flowers drove Cronos' revenue. CBD oil was the top seller, as it

accounts for 20% of the company's total sales. There was a 232.1% increase in the volume of cannabis sold during the quarter.

Cost of sales, however, increased and widened Cronos' operating loss in the quarter. In the months ahead, expect Cronos' tremendous growth in the international markets. The company would open more distribution channels, as it capitalizes on its partnership with tobacco-maker **Altria**.

Cronos has an exclusive five-year supply agreement with Germany's Pohl-Boskamp. The global pharmaceutical manufacturer will distribute to over 10,000 German pharmacies on behalf of Cronos. With these developments, Cronos would most certainly achieve its long-term revenue targets.

In green territory

Small-cap **Village Farms** (TSX:VFF)([NASDAQ:VFF](#)) isn't lagging in terms of sales growth. Market analysts are even comparing the weed stock's [meteoric climb](#) to industry Goliath **Aurora Cannabis**.

This tiny producer and distributor of branded greenhouse-grown produce in North America is making waves in the cannabis industry. As of the six months ended June 30, 2019, the company has six operating produce greenhouses in Canada and the United States that provides a growing space of about 209 acres.

While sales grew by only 2.36% during the period, it's not reflective of Village Farms' killer sales potential in 2020 and beyond. But if you look at profitability, the company is in the green in the last three consecutive quarters.

Bear in mind that the Delta 3 greenhouse, Village Farms' joint venture with Pure Sunfarms, is not yet operational. But once it's running at full capacity, Village Farms will be able to scale its marijuana operations and compete with industry rivals.

Glory days

With Aphria, Cronos, and Village Farms boosting the industry's shattered image, glory days are ahead for these weed stocks' shareholders. If you're not one of them, perhaps you should consider including these names in your portfolio.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. TSX:CRON (Cronos Group)

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