



3 Weed Stocks Loaded With Oodles of Cash

Description

While cannabis-related businesses have been around for a long time now, it's essential to remember that the industry is still in its initial stages; the legal marijuana industry has been around for only a few years.

There's not much historical data that investors, companies, and other stakeholders could use to determine how things will shape up in the future.

Even Wall Street has been facing a steep learning curve when it comes to the legal marijuana industry, particularly since Canada's decision to legalize recreational marijuana. With Canada's legalization of marijuana last year, cannabis stocks have witnessed a significant increase. For the past 12 months, several Wall Street investment firms have begun taking part in the cannabis industry.

Investors who were wise enough not to ignore cannabis stocks in the past five years have made fortunes today. These investors have taken full advantage of what seems like an industry that might be able to rival the likes of the global tobacco and alcohol industries soon.

In light of this, let's take a close look at the performance of three of the biggest pot companies today. Enter **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), **Aphria** (TSX:APHA)(NYSE:APHA), and **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB).

The \$3.14 billion behemoth

If there's a single company in the pot industry that has more cash than others, it's [Canopy Growth](#). The world's largest pot company holds the position of being the most prominent one. Canopy has a lot of cash and short-term investments to leverage.

The company had to sell \$600 million worth of convertible notes back in mid-2019. That fact did not deter the success of the most substantial pot company, thanks to the \$4 billion in equity investment by Constellation Brands.

Canopy has been quite busy lately. The pot grower is currently spending US\$150 million on a hemp-processing facility in New York. The largest company still has a lot of issues to deal with, including operating losses and aggressive expansion.

The cash balance for Canopy Growth is expected to shrink a bit before things start to improve again. Despite these challenges, however, the company is still expected to become the wealthiest pot company in the world soon.

Aphria and its \$571 million

Another company with a healthy balance sheet is [Aphria](#). A well-known pot company, Aphria closed the fiscal year on May 31, 2019, with almost \$550 million in cash and the remaining \$571 million in short-term investments.

Canopy relies heavily on cultivating and growing the crop for the large cash balance that the pot company boasts. Aphria's balance sheet, on the other hand, has a lot of cash derived from a convertible note offering, which took place back in April 2019.

Aphria sold US\$350 million in convertible notes. The notes have a 5.25% annual rate and are due in 2024. At the same time, the bills have supplied Aphria with plenty of capital that the company needs for acquisitions and international expansion.

Aurora's \$391.5 million balance sheet

Last but not least, we have Aurora Cannabis. With \$391.5 million, [Aurora](#) boasts a substantial capital amount consisting of \$43.6 million in restricted cash.

One thing you should note is that this figure for Aurora's cash balance is from March 31, 2019. I'm pretty sure that the statistics have changed drastically since then.

Aurora's \$391.5 million might not be as big a capital balance as Canopy's or Aphria's balance sheets. However, Aurora still has a plenty of access to cash. The company has not used the money on hand to fund any acquisitions, unlike the other two companies.

Aurora mostly relies on issuing shares from the company's stocks for most of the deals. The only exception is the acquisition of **CanniMed** at the start of 2018.

Aurora has filed a shelf prospectus that will allow the company to raise the balance sheet to US\$750 million, following the shelf-offering date. The company can raise money through convertible note offerings, selling stocks, and various other methods.

While Aurora might not be as large as the likes of Canopy and Aphria, the company still has a lot of potential to earn a significant cash amount.

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2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
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