



## 2 Underrated Pot Stocks to Buy Ahead of Cannabis 2.0

### Description

The [bear came for cannabis stocks](#) in the late spring and summer, but this has also created an opportunity for investors looking to jump into the fledgling sector. Many of the top producers still carry high valuations, but there are still mid-tier cannabis companies available that can be had for a bargain.

Today, we're going to take a snapshot of two cannabis stocks that are [underrated](#) in the middle of September.

### OrganiGram Holdings

**OrganiGram Holdings** ([TSX:OGI](#))([NASDAQ:OGI](#)) is a licensed producer of medical cannabis. Shares of Organi have plunged 35% over the last three months as of close on September 12. The stock is still up 23% in 2019.

We are approaching the one-year anniversary of recreational cannabis legalization, and Organi has been one company that has gone forward with little fanfare. The company boasts annualized licensed capacity of 76,000 kilograms and recently added 17 new grow rooms. It aims to reach production of 113,000 kilograms annually by year end.

Organi is also prepping for Cannabis 2.0 with its focus on vape pens, chocolate edibles, and dry powder beverages.

Shares of Organi boast a price-to-earnings (P/E) ratio of 26 and a price-to-book (P/B) ratio of 2.7 as of close on September 12. It possesses strong gross margins of 50% and achieved gross profits of over \$12 million in the previous quarter. The stock currently has an RSI of 39, putting it just outside technically oversold territory.

### Medipharma Labs

**Medipharma Labs** ([TSX:LABS](#)) is a licensed producer for cannabis oil production. It recently

announced a sales and manufacturing agreement in Australia. Shares have dropped 30% over the past month, but the stock has still soared 172% in 2019.

There is considerable excitement over CBD's dynamic market potential, and Medipharma has established itself as a global leader in CBD extraction.

Unlike some of its top peers, Medipharma has posted strong results in recent quarters. In the second quarter, the company saw revenue rise 43% year over year to \$31.5 million. Adjusted EBITDA climbed 79% from the prior year to \$7.7 million and net income before tax increased to \$4.1 million over a \$0.3 million loss in the first quarter.

Medipharma has posted positive EBITDA in every quarterly report since it began sales. Its cash position also improved in the second quarter to \$72.7 million, up from \$7.9 million six months prior.

Medipharma is also gearing up for Cannabis 2.0 and secured a white label agreement for a minimum of two million vape pens with AV Cannabis.

Shares of Medipharma are trading several dollars off its 52-week highs, but it is still the pricier addition of the two stocks we have covered today. The stock possesses a P/E of 20 but a high P/B of 5.1. That should not make investors turn away.

Medipharma has stood out among the top LPs in its ability to generate impressive revenue, turn a profit, and maintain an attractive cash position. This is a cannabis stock to zero in on in September.

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1. Cannabis Stocks
2. Investing

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1. Cannabis

## TICKERS GLOBAL

1. NASDAQ:OGI (OrganiGram)
2. TSX:LABS (MediPharm Labs Corp.)
3. TSX:OGI (OrganiGram)

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aocallaghan

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