1 Monster Weed Stock to Buy Instead of Aurora (TSX:ACB) (USA)

Description

It's no surprise that if you were looking to invest in the fast-growing market of marijuana, you might think of **Aurora Cannabis** (TSX:ACB)(NYSE:ACB)**.** The company is the largest marijuana producer in the country and one of the largest in the world.

The largest producing marijuana company has some serious competition, though. **Aphria** (TSX:APHA)(NYSE:APHA) is not just in the chase: it's gaining on the big player.

Though the company has yet to reach the production yield of Aurora, Aphria could be the more desirable stock to buy. Aphria has seen phenomenal growth this year, which is especially impressive after a massive setback last year. A significant cause of this growth is the acquisition of German pharmaceutical distributors, CC Pharma.

The fourth quarter

A few indicators of why Aphria is a better alternative stock to buy than Aurora are evident in the numbers of the fourth quarter. Aurora reported an EBITDA adjusted loss of $11.7 million in the last quarter. The setback is in defiance of the company's expectation of producing a positive EBITDA profit.

Aphria was expected to generate a loss of about $12 million; instead, the company saw a positive EBITDA profit of $0.2 million. The company also saw significant growth in adult-use marijuana sales, which grew up to 158%.

Reason to choose Aphria over Aurora

Aphria has focused a great deal on recreational marijuana in the country. At the same time, the company also operates in the medical cannabis market of 10 other countries.

Outside Canada, Germany is the most significant point of operation for the company. Aphria is one of the three companies allowed to grow medical cannabis inside Germany.

Although Aphria has no significant presence in the U.S., this is also expected to change. The company is planning to expand its operations to the U.S., the future hottest marijuana market.

Aurora is also one of the three countries that can cultivate medical cannabis in Germany. And though the company also hasn't extended to U.S., plans and strategies for global expansion are already in place.

The company brought in the billionaire, Nelson Peltz into the fold, which has strengthened investor's belief in the company's expected growth.

Despite being the number one marijuana producer in the country, Aurora is not my first pick for investment in the marijuana stock. With one of the three most cost-friendly marijuana stocks to look for right now, Aphria takes the cake.

Aphria's stock value of $8.78 per share is the cost when the company is still fighting off its checkered past. Aphria's growth in the last quarter could only increase in the future, which is why Aphria has solid fundamentals if you're looking to invest in the green industry of marijuana.

One more factor in favour of Aphria is the ratio of its production to its market cap. Despite being the third-largest marijuana producers in the country, the company has the fifth-highest market cap.

The ratio indicates a high level of operational efficiency and potential for growth, which is much more than the current biggest marijuana producer — another argument in favour of Aphria.

Conclusion

Aphria's production efficiency and fourth-quarter results are promising signs. When combined with the company's global expansion potential, Aphria is a better option if you want to invest in the marijuana industry.

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