



Marijuana Investors: Why OrganiGram (TSX:OGI) Is on Fire

Description

Canadian investors hoping to profit from recent (and upcoming) cannabis legalization should prioritize these three weed stocks. Although not equal in all ways, each stock has something unique to offer investors.

Namaste Technologies (TSXV:N) and **WeedMD** (TSXV:WMD) are both great cannabis stocks – but **OrganiGram** (TSXV:OGI)([NASDAQ:OGI](#)) is still looking more like a winner every day.

The stock has received a lot of attention from both analysts and investors and for a good reason. Last year, OrganiGram surpassed both WeedMD and Namaste Technologies with higher diluted earnings-per-share (EPS) of \$0.22 at writing.

OrganiGram outpaces Namaste

OG reported a greater change in gross profit over the past few years than did Namaste, with an increase of over 800%. Meanwhile, Namaste's gross profit has grown by a less impressive 220% since 2016. Still, WeedMD by far leads the way in change in total gross profit with a remarkable increase of over 2,500%.

OG currently sells for \$5.48 on the **Toronto Stock Exchange** (TSX). Similar to WeedMD, OG has increased its margins by selling its products online and by phone. In addition to convenient, multi-platform customer service options beyond traditional retail, OG is a solid exporter with a clear wholesale strategy.

On September 9, OG received approval from Health Canada to increase total licensed production to 76,000 kilograms per year. OrganiGram commenced trading on the TSX at the end of August. Since then, the stock has been on a downward trend – creating a substantial buy opportunity for savvy investors interested in buying into long-term value stocks.

WeedMD still an outstanding choice

Cheaper and still listed on the **Venture Exchange**, WeedMD is bargain priced at \$1.40 per share. Canadian investors should certainly never ignore such a steal like WeedMD.

As a direct-to-consumer e-commerce platform, WeedMD has the potential to impress shareholders with higher prices than wholesale setups and lower cost of sales than retailers.

Doctors can approve and submit prescriptions to WeedMD through secure, toll-free fax, or by mail. Once WeedMD receives the patient's documents, the client may order from a wide variety of products listed on the WeedMD website.

Some product names include Mango Haze Milled at \$6.00/gram and Shishkaberry at \$8.00/gram.

The per-gram prices listed on the WeedMD site are truly impressive. By contrast, **Aurora Cannabis** used a [price-cutting strategy](#) to snag market share before its most recent earnings release.

Trying out a wholesale approach much like OrganiGram, the larger Aurora slashed prices below \$6.00/gram to ramp up sales.

Foolish takeaway

Last quarter sales and earnings results were particularly critical for big-name marijuana players like Aurora. Last quarter separated the competitive first-movers from the losers due to its recent juxtaposition to significant cannabis legalization.

Shareholders used sales growth and increased the cost of production efficiency to compare the competing firms.

Namaste may well be riskier than OrganiGram and WeedMD due to negative operating cash flow and EBITDA. But with a similar e-commerce platform to its peers, Namaste may ultimately rise to become a leading cannabis company. It will undoubtedly be exciting to watch Namaste graduate to the TSX from the venture exchange.

As OrganiGram boasts a promising e-commerce strategy and profitability without the risk of large amounts of debt like **Canopy Growth**, OrganiGram is sure to gain traction over the next few years and rise as a significant cannabis brand.

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2. NASDAQ:CGC (Canopy Growth)
3. NASDAQ:OGI (OrganiGram)
4. TSX:ACB (Aurora Cannabis)
5. TSX:OGI (OrganiGram)
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