



Marijuana Stocks: Top 3 Buys of All Time

Description

No matter how muddled the landscape looks today, I consider **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB), **Aphria** (TSX:APHA)(NYSE:APHA), and **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) as the top three buys of all time in the marijuana industry. I expect little in the near term, so I am basing my rankings on the growth potential and profitability in the long term.

Top choice

I don't like Aurora's near-term prospects much like anyone else. It is discouraging to see the company lower its full-year fiscal 2020 sales projection by 19% from \$600 million to \$485 million. I also fault Aurora for making a promise to post positive adjusted EBITDA in fiscal 2019 but couldn't deliver.

Analysts are predicting that Aurora would achieve breakeven earnings in the first quarter of fiscal 2021. Within that period, the company will be burning lots of cash. Resources might even dry out, and Aurora would have to source fresh funds.

Despite the shortcomings, I have high hopes that Aurora will reward my patience with [humongous profits over the long run](#). Eventually, the company could be on the road to profitability. The cannabis derivatives market in Canada would be the launch pad.

Dark horse

Aphria's adult-use revenue grew by 158% to \$18.5 million, which represents 64.7% of its total marijuana revenue. The adult-use market is a decisive factor in Canada, because it is bigger than the medical marijuana market.

The stock is trading at a deep discount considering this cannabis company is the most profitable among all the big industry players. Recreational sales are surging amid the supply issues in Canada.

Aphria's predictable cash flow would come from its subsidiary CC Pharma. The distributor of

pharmaceutical products, including medical marijuana, serves than 13,000 pharmacies in Germany and throughout Europe.

The distribution revenue already hit \$99.2 million in the most recent quarter. Aphria expect distribution sales to be 50% of the company's total sales in fiscal 2020.

I agree with the analysts' projections that Aphria has a potential upside of 219% in the next 12 months. For less than \$10, it would be worth taking a position on Aphria and ride on the building momentum.

Monster comeback

The year has been a grueling one for Canopy Growth. But I expect the most significant cannabis company to be a player, not a spectator on the sidelines. Canopy is solving its internal issues and trying to recover lost ground.

WEED has fallen significantly in recent months and might continue to slide. Nonetheless, there is [so much potential for this marijuana stock](#) provided you can stand the volatility.

Scale will be of critical importance in the coming years. In this aspect, Canopy is very aggressive in ramping up production. Once the company scales, margins would expand and its pricing will be competitive. I see Canopy increasing its 30% market share in the Canadian market.

Canopy's real strength is its strategic partner, **Constellation Brands**. Acquiring the largest integrated owner of licences in the U.S. Acreage Holdings is a plus. It's only a matter time before U.S. legalization comes. Canopy's partnership with bio-product extractor Key Leaf Sciences is in preparation for the CBD market.

Explosive growth

With the prices falling sharply, you can purchase Aurora Cannabis, Aphria, or Canopy Growth today and walk away with massive profits in the future.

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TICKERS GLOBAL

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

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