



Village Farms International (TSX:VFF) Is Growing Faster Than This Stock

Description

Last quarter was all about sales and cost of production for the leading cannabis companies on the Toronto Stock Exchange. Although these performance measures won't go anywhere in the next year, the [move toward profitability](#) will take centre stage in the coming months.

Now that marijuana consumption is officially legal, shareholders want to see returns generated from their investments.

The TSX released a list of the highest-growth stocks on the exchange. **Village Farms International** (TSX:VFF)([NASDAQ:VFF](#)) took third place. Village Farms's share price grew by 868% in the past three years to \$12.12 as of writing.

To put this in perspective, coming in at number two, **Shopify's** share price exploded — surprising investors worldwide — by 883% in the past few years. Next year may not bode as well for Shopify, which announced an additional stock offering recently and has since been plummeting in value.

Canopy Growth named the number one TSX performer for 2019

Next year, Village Farms stands an excellent chance to grow faster than not only Shopify but also **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC). Canopy Growth took the lead out of all the stocks on the TSX with a whopping 1,823% growth in share price over the past three years.

Unfortunately, much of that stock price appreciation represents speculative investing, and the bubble is now popping with Canopy stock down over 50% for the year. The corporation is also struggling to keep up with the more fiscally responsible growth at **Aurora Cannabis**.

Aurora is beating Canopy on net revenue, sales, and production costs — and the stock sells for about \$25 less per share than Canopy.

Village Farms is in a much different position than Canopy Growth; over the past 52 weeks, the share price on Village Farms has appreciated by 73.29%. Despite Canopy Growth's decline, it still trades for

over 2.5 times the cost of Village Farms — foreshadowing more loss in value to come in the future.

At a much lower price, Village Farms can easily sustain its position as one of the most active cannabis stocks on the exchange. Canopy Growth, however, suffers from low demand due to its high price relative to peers. Hence, Village Farms has a higher three-month average volume than Canopy Growth.

Foolish takeaway

While Village Farms still can't match the [sales performance](#) of Aurora, the company is well positioned to continue growing as more international markets open to marijuana retailers. Last year, Pure Sunfarms, a 50% owned Village Farms asset, sold close to 8,000 kilograms of marijuana at an average price of approximately \$4 per gram.

Next quarter's earnings will be even more crucial for Village Farms. In September, Health Canada extended Pure Sunfarms's licence, allowing the subsidiary to sell dried cannabis to wholesalers and retailers. The licence extension should have big impacts in Village Farms's earnings report next quarter.

Village Farms currently can produce 18,750 kilograms of marijuana each quarter — 957 kilograms more than the amount Aurora sold last quarter. Even more exciting, Village Farms will double its capacity to produce marijuana from 75,000 kilograms to 150 kilograms annually by mid-2020.

Canadian investors should watch Village Farms, because it just may catch up to Aurora Cannabis in its sales and revenue figures in the next three months.

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