



## Aphria (TSX:APHA): A Lodestar Stock for Cannabis Newcomers

### Description

*Outperforming. Turbulent. Oversold. Tumultuous.* These are just a few of the words used recently to describe **Aphria** (TSX:APHA)(NYSE:APHA), one of the best-looking cannabis stocks in an increasingly embattled space. Investors favour it for its momentum and the fact that it's on track for sustained profitability. After its quarterly earnings beat back in August, it was easy to see the bulls' point of view.

Today's Q1 results are significant, but not just for the reasons that stock market observers are giving. The fact that it's the first quarter for a new year is symbolically important, signifying a fresh start during a week that marks a full year of Canadian legalization. Investors were already nudging Aphria up yesterday in anticipation of today's results, eager to see an end to the hemorrhaging of the sector.

### These two pot stocks couldn't be more different

Looking back, Aphria's stock jumped 40% after its profitable Q4 — around the same amount that **HEXO** (TSX:HEXO)(NYSE:HEXO) ditched last week. But are these two stocks really on opposite sides of the investment spectrum, or are they simply two sides of the same coin? Putting the two stocks side by side, it's easy to see which is the better long-term play for capital appreciation in the cannabis space.

A stock that can't catch a break, HEXO is still getting pummeled by investors, already ditching an extra 10% at the time of writing after a week that saw the producer nosedive 38%. In fact, so detrimental to the sector was [HEXO's decline last week](#) that the **Horizons Marijuana Life Sciences ETF** was itself down by 14%.

And it wasn't just investors who were spooked. The resignation of the company's CFO was enough to prompt a double downgrade by **Bank of America**, and the stock has been falling ever since. If ever there were a falling knife among the top names in cannabis, HEXO is that stock.

Aphria, meanwhile, is already reacting to today's Q1 results, up +22% pre-market after beating income expectations, so it's as good a time as any to go back and take a quick look at the company's Q4 — that time the pot stock jumped +33% before markets had even opened for trading after posting impressive income.

Additionally, Aphria's Q4 announced that it had packed out its campus with in excess of 500K plants and that its 1.3 million-square-foot Aphria Diamond site was ready for duty. This time around, that figure is 600K, and it's currently being cultivated at its Aphria One facility.

Jump forward to the present moment, and Aphria has already amply recovered from a +10% five-day loss incurred last week when **Aleafia** broke off a key supply deal. After another positive quarter, Aphria is a lodestar stock in the choppy cannabis landscape, providing what few competitors have managed: [a route to reliable profitability](#).

## The bottom line

After a tough couple of months on the markets, the cannabis space is still a potentially rewarding market twanging with momentum. Aphria continues to represent one of the best plays in the cannabis space for the long-term investor looking for a marijuana producer that can supply the goods in an uneven field.

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