



## Apple App Store Ban Harms Canopy Growth (TSX:WEED) Stock

### Description

Health concerns over vaping are impacting cannabis stocks more than the industry would like. Top smartphone producer and popular dividend payer **Apple** has barred over 180 mobile applications from the Apple App Store. Apple removed the apps last month after substantial news coverage followed over 2,200 vaping-related lung illnesses and nearly 50 deaths.

Apple controls about 19% of the smartphone market, according to data provided by **Gartner** and Motley Fool contributor James Brumley. Moreover, Apple users tend to have a higher income than many other smartphone owners. Thus, the Apple App ban is set to reduce the digital appeal of cannabis vaping products in a critical market.

The Apple ban on vaping apps harms **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), as it unveiled cannabis 2.0 vape pens and cartridges at a high-profile launch event last week. Canopy Growth's [Cannabis 2.0 portfolio](#) expects to be a big moneymaker, something Canopy Growth shareholders desperately need to turn around the stock's negative \$1.22 billion levered free cash flow.

## Canopy Growth shareholders won't see high returns anytime soon

Levered free cash flow is money available for the company to return to shareholders as dividend interest or through capital gains. Negative levered free cash flow typically signals to investors that the company faces a long time horizon before it can return profits to shareholders.

Although not a definitive relationship, a negative free cash flow indicates future [stock price depreciation](#). In the case of Canopy Growth, Canadian investors should take caution with this stock. Speculative trading has distorted the market value of the shares, leading to a nearly 50% loss in the stock price over the past 52 weeks.

It may not be the safest move to build significant positions in Canopy Growth stock at the share price of \$24 at the time of writing, but stock market investors should still keep an eye on the stock. There is a

lot of exciting news coming out about the marijuana stocks, with some reports rousing investors more than other announcements.

## U.S. SAFE bill overshadows negative vaping headlines

Thus far, shareholders haven't reacted too strongly to the negative headlines about the marijuana industry's highest-margin product: cannabis extracts used in vaping devices. News of the vaping lung disease has taken a backseat to a crucial legislative win in the United States.

The market has been excited over the passage of the U.S. SAFE banking act in the House of Representatives. The SAFE bill will shield financial institutions from legal harm when doing business with cannabis dispensaries in the United States.

Not only is marijuana still illegal at the federal level in the U.S., but banks must prevent and report on money laundering. Investors expect the passage of the SAFE bill to boost export opportunities for Canopy Growth and other pot stocks.

## Foolish takeaway

Now is a great time to pick up shares in pot stocks for your Tax-Free Savings Account or Registered Retirement Savings Plan — as long as it isn't Canopy Growth. Considering the high negative-levered free cash flow, Canopy Growth is still overpriced compared to many peers on the Toronto Stock Exchange.

High-growth industries like cannabis are going to get a boost soon, so look for cheap marijuana stocks with positive free cash flow. Shares in inexpensive cannabis stocks with less debt will turn a profit faster and return interest to shareholders sooner than Canopy Growth.

### CATEGORY

1. Cannabis Stocks
2. Investing

### TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

### Category

1. Cannabis Stocks
2. Investing

**Date**

2025/08/26

**Date Created**

2019/12/02

**Author**

debraray

default watermark

default watermark