



## What's Next for Canopy Growth (TSX:WEED) Stock?

### Description

The cannabis industry has lost the trust of many investors. Those who were hoping for a turn around after the second phase of cannabis legalization have been severely disappointed. Similar to the rest of the industry, **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) has suffered.

With a market cap of \$8.71 billion, Canopy is still one of the most significant players on the field, but it feels like the game is over. The herd of spectators willing to bet on the cannabis industry has thinned spectacularly. So what should you expect from the company going forward?

### Current outlook

Canopy's results from the last quarter have been unflattering, to say the least. Not only did it fail to meet average analyst expectations, but it also fell considerably lower than expected.

The current numbers are hopeless enough; the company also pulled back from its claim of \$250 million in revenue by the end of the fourth quarter.

The company reported net revenue of a bit above \$76 million, almost 25% below the estimated \$102 million. The company's current EBITDA stands at a drastic number of negative \$600 million. Management effectiveness also seems to be in shambles with a return-on-equity of -51%.

Currently, the company is trading at \$25 per share at writing, down 64% from its yearly high in April. None of the present [numbers give a positive outlook](#) for the company.

### Future prospects

Right now, the investors are wary of the cannabis stocks in general, and with good reason. Even if the companies themselves aren't to blame for abysmal investor returns, the fact remains that a lot of investors have lost a lot of money.

The sector is still fighting off the black market's abnormally low prices, licensing delays, and the bad rap gained by the adult vaping products that were supposed to be the crown jewel of the Cannabis 2.0 legalization phase.

But it can't keep going down forever. Cannabis is still one of the most untapped global markets, with legal marijuana slowly carving out a place for itself.

The current flood of negativity might be enough to crush some of the smaller players in the industry to dust, but Canopy is anything but small.

As the largest Cannabis company in the country, Canopy holds significant assets, a decent foreign presence, and one of the largest production capacities in the sector.

If and when the cannabis sector stabilizes, Canopy will most probably be the best-growing stock of the lot.

If you're looking for a good indication as to whether to buy into this beaten-down pot stock, track the growth of sales when Cannabis derivatives finally hit the shelves next month. The derivatives are one niche in which the black market might not be able to claim a sizable piece.

## Foolish takeaway

Canopy Growth is not for conservative investors right now. It's a volatile stock that may or may not pay off in the future. Even if the company manages to streamline its production, if the whole sector goes down, Canopy will follow.

That seems unlikely, however. Cannabis is still in its early years, and if you have the patience and tolerance for risk, you might want to bet on Canopy. Because [if it starts to roll](#), it will have much better momentum thanks to its mass.

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**Date**

2025/08/27

**Date Created**

2019/12/06

**Author**

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