



## The Best (and Worst) Cannabis Stocks on the TSX in 2020

### Description

2019 wasn't great for cannabis stocks, as companies in the sector saw share values plunge sharply over the course of that year. However, many pundits forecast a bounce-back of cannabis stocks this year.

Yet, this trend won't be equally experienced by all cannabis companies. Here are the best (and worst) cannabis stocks to invest in this year.

### Best stock

**Aphria** (TSX:APHA)(NYSE:APHA), with a market cap of \$1.44 billion, is one of the largest cannabis companies in the world. Unlike other businesses in the sector, the company managed to ride the storm that was 2019 fairly well, losing around 20.4% of its value by the year's end compared to what it was at the start.

For comparison, **OrganiGram** and **Canopy Growth** — two other major players in the sector — saw their stocks depreciate by nearly 48.75% and 32%, respectively.

However, analysts predict 2020 to likely be a particularly good year for Aphria. For the last three quarters, Aphria was one of the few cannabis companies to report a positive adjusted ETIBTA. As a result of a rapid increase in sales, and the company pursuing a highly aggressive international expansion policy, the company's revenue had skyrocketed in the past few years.

In the second quarter of 2019, the figure was just US\$43.1 million. By Q2 2020, it has risen to an incredible US\$335.3 million. Gross profit has also grown significantly over the same period, doubling from US\$35 million to US\$80.4 million.

Currently, the company has put its focus on [building its presence in Germany](#), a cannabis market that is far larger than that of Canada. Successful entry into the country could see the company's sales and profits rise exponentially. The company has also acquired vast tracts land in Columbia for weed cultivation, where the highly favourable climate and soil could significantly reduce the cost of cannabis

production.

With a healthy financial outlook and plenty of opportunity for growth and expansion, if cannabis stocks are set to rebound, Aphria's could soar.

## Worst stock

**CannTrust Holdings** (TSX:TRST)(NYSE:CTST) is one cannabis company you should avoid investing in at all costs. The company could potentially be [de-listed from the TSX this year](#) after being involved in a scandal; it was found that, in an attempt to keep prices down, CannTrust was growing black market weed in secret rooms within its facilities.

As a result, the company has been brought under the scrutiny of various regulatory bodies, and it has been given a deadline of March 25, 2020, to file its audited financial restatements for 2018. Should it fail to do so, it will be taken off the Toronto Stock Exchange.

In the past 12 months, its stock has seen a decline in value of 86%, but it could be worth nothing at all should it get de-listed.

## Summary

The market for cannabis is quite volatile. If you are seeking an investment with promising returns, Aphria is the way to go. Meanwhile, if you have shares in CannTrust, you'd better reinvest the money elsewhere before its stock completely tanks.

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