



The Only Cannabis Stock I'd Buy Today

Description

If you were to say that **Aphria Inc.** (TSX:APHA)(NYSE:APHA) was going to be my top cannabis stock a year ago, I would have laughed. A year ago, the situation was very different for this top pot stock. The company was mired in [controversy](#), with the word “acquisition” even being thrown around now and again.

Today, however, with the COVID-19 pandemic striking all pot stocks, and the company making more than a few changes, it couldn't be a better time for Aphria. Well, maybe not the best time. However, this company now has a bright future ahead.

Earnings on earnings

Let's rewind back to before the pandemic. While other companies continued to announce losses, Aphria announced in January its third consecutive quarter of positive adjusted EBITDA. It also continued to be the *only* top cannabis stock to turn a profit.

Fast forward about half a year later and things are very different. All pot companies had to shut down at least partially during the pandemic. Distribution, already slowed down, came to a near standstill. Companies that were working on expanding came to a crashing halt, especially in the goldmine that is the potential U.S. market.

But Aphria remained stable. As of its latest earnings report, the cannabis stock reported the fifth straight quarter of growth, with gross revenue increasing 27%. Adjusted EBITDA increased 49% for the quarter, with almost half a billion in cash reserved for expansion in Canada and internationally after the pandemic.

Investor takeaway

Year to date, the share [price](#) of Aphria is about where it was at the beginning of the year. This has to be at least from the controversy surrounding the stock from last year, when short sellers accused

Aphria of taking profit from its Latin America acquisitions. The accusations were unfounded in a report.

Another reason shares remain low is the company had to sell its Liberty Health Sciences interest in the United States, for fear of losing its listing on the **TSX**. That means it doesn't have the expansion into the U.S. for cannabis that other companies have. However, this could all change soon.

The company acquired CC Pharma back in January 2019, and are now looking to launch more product. The company is completely outside of cannabis, so it can set up throughout the United States. The hope is that after the federal election, if a new president is elected there could be legalization of marijuana. That would mean this cannabis stock could then expand CC Pharma back into cannabis.

"We bought an asset that wasn't cannabis, didn't pay a cannabis premium, and have built it now to leverage it for cannabis," Chief Financial Officer Carl Merton said. "That's where our focus has been, and it's still there."

Bottom line

When it comes to cannabis stocks, there are a million and one options out there. Aphria definitely has a back story that you need to know about. And it's still cannabis, which is definitely a risky investment. But if you're going to invest in any cannabis stock right now,

Aphria has by far the highest growth potential in the shortest amount of time. If the company continues to make a profit and expand its business, it could easily reach pre-crash, pre-cannabis bubble, pre-controversy share prices of \$22 per share. That's a potential upside of 250% as of writing.

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