



1 Weed Stock IPO on the TSX Is a Low-Key Millionaire Maker

Description

While there are several marijuana stocks on the market, just a handful of them are poised to build long-term investor wealth. Pot stocks were all the rage between the start of 2018 and early 2019. Canada was about to legalize cannabis for recreational use, and investor enthusiasm was at its peak two years back.

However, the euphoria soon ended, and several cannabis stocks were trading at sky-high valuations. The nascent cannabis industry was then impacted by a slew of structural issues that included a thriving black market, health-related scandals (read: vaping), and the slow rollout of retail stores in major Canadian provinces.

This led to tepid revenue growth and an abnormal rise in inventory levels, resulting in lower profit margins and million-dollar write-downs. While most marijuana stocks are down in the dumps, the long-term growth prospects for this industry remain intact.

If the U.S. legalizes marijuana consumption at the Federal level, you can expect these stocks to rebound and touch record highs. Further, the growing importance of medical marijuana products cannot be understated, as countries in Europe and the Americas eye legalization.

Aphria is a top cannabis buy right now

If you are bullish on the long-term prospects of pot stocks, you can look to invest [in Canadian marijuana giant Aphria](#) (TSX:APHA)(NASDAQ:APHA). Aphria has a market cap of \$1.72 billion and is trading at \$6 per share, which is still 68% below its record high. Let's see why Aphria remains a top bet among cannabis stocks right now.

Aphria sells a wide range of recreational and medical marijuana products to consumers. It sells products under multiple brand names that include Broken Coast, RIFF, and Good Supply.

In fiscal 2020 ended in May, the company's sales were up 129% year over year at \$543.3 million, which means its trading at a trailing price-to-sales multiple of 3.2, which is very reasonable for a stock

with immense growth potential.

While most cannabis peers are grappling with mounting losses, Aphria has managed to report a positive EBITDA for five consecutive quarters. In Q4, Aphria's EBITDA was up a stellar 49% year over year at \$8.6 million.

Aphria reported sales of \$152 million in Q4, up 18% year over year. The company generated \$65.4 million from the [sale of cannabis products](#) and the rest from distribution revenue via its German subsidiary CC Pharma.

Is the stock a millionaire maker?

Aphria has a strong presence in the recreational and medical marijuana markets in Canada, Germany, Malta, Columbia, and Argentina. The legalization of Cannabis 2.0 products or cannabis-infused edibles will be a key driver of revenue growth, and the company has already launched several vape products in Canada.

Investors should not be too concerned over the company's net loss of \$98.8 million in Q4, which was driven by a one-time non-cash impairment COVID-19-related charge. Aphria ended fiscal 2020 with close to \$500 million in cash and cash equivalents providing it with enough liquidity to reinvest in expansion and acquisitions.

Aphria's low valuation, strong profit margins, and huge market presence makes it a top cannabis stock to buy and hold for the upcoming decade. Aphria stock was listed on the TSXV back in 2014 at a price of \$1.2 per share. If you'd bought \$10,000 worth of stock soon after APHA's IPO, you would have had 8,333 shares worth close to \$50,000 now.

For your investment to touch a million dollars, Aphria stock needs to reach \$120, which is not an unreasonable forecast given the massive potential in the global cannabis market.

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