



3 Pot Stocks Robinhood Investors Should Buy Instead of Aurora Cannabis (TSX:ACB)

Description

Investors on the Robinhood app have exposure to several high-risk companies including **Aurora Cannabis**, a pot stock that has lost close to 60% in market value this year. Aurora Cannabis [has been grappling with](#) mounting losses, lower than expected sales, and [massive goodwill and inventory](#) write-downs.

Here we take a look at three other pot stocks that are much better than Aurora Cannabis right now.

Green Thumb Industries

One of the top-performing marijuana companies in 2020 is **Green Thumb Industries** ([CNSX:GTII](#)). The company reported revenue of US\$157.1 million in Q3, up 131% year-over-year and 31% higher on a sequential basis. It reported a positive net income for the first time in Q3 which stood at US\$9.6 million. It said gross margin also grew from 53.2% in Q2 to 55.4% in Q3.

Green Thumb Industries has a presence in 12 states south of the border and is on track to generate US\$500 million in annual sales this year, up from approximately US\$200 million in 2019. The company has a network of 49 dispensaries giving it access to 45% of Americans.

Its price to sales multiple stands at 8.7 with a price to book value of 4.6, which is reasonable given the company's robust growth rates.

Green Thumb also generated a positive operating cash flow for its third consecutive quarter in Q3.

Trulieve Cannabis

Trulieve Cannabis ([CNSX:TRUL](#)) is a vertically integrated cannabis company. In the September quarter, Trulieve Cannabis reported sales of US\$136.3 million, up 12.8% sequentially and 93% higher compared to the prior-year period. Its EBITDA totaled US\$67.5 million and soared 83% year over year.

The company has now reported profitability for 11 consecutive quarters. It has a huge presence in Florida where annual cannabis sales might surpass US\$1 billion in 2021 and might be close to US\$2 billion by 2024.

Trulieve has a 50% market share in the Sunshine State, which means the company is on track to post \$1 billion in annual sales in the near future. It has 64 stores in Florida and is eyeing expansion in other regions as well.

In Q2, Trulieve claimed its customer retention rate stood at 76% with an average patient visit of 2.8 times each month. The average patient spending rose from US\$1,100 in 2018 to US\$3,900 in 2019, on an annual basis.

A cannabis-focused REIT

Shares of **Innovative Industrial Properties** ([NYSE:IIPR](#)) have more than doubled in 2020. This cannabis-focused REIT has been on an absolute tear since going public in late 2016 and has returned 725% in that period.

This means a \$500 investment in IIPR just after its initial public offering would have been worth over \$4,000 today. The company owns 64 properties in 16 states and operates on a triple net lease business model.

At the end of 2019, IIPR had 46 properties in 14 states, indicating growth via acquisitions. As a REIT, IIPR is obliged to return at least 90% of its taxable income to shareholders via dividends. In the last three years, it has managed to increase dividends by 370% and its forward yield stands at 3%.

In Q3, IIPR increased dividends by 50% year over year and by 10% on a sequential basis.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. CNSX:GTII (Green Thumb Industries)
2. NYSE:IIPR (Innovative Industrial Properties)
3. TSX:HLS (HLS Therapeutics Inc.)

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Author

araghunath

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