



The Top (and Only) TSX Cannabis Stock Investors Should Consider Today!

Description

The Canadian cannabis sector has roared higher in recent weeks. Expectations about potential legalization in the U.S. have driven valuations in this sector to fresh 52-week highs recently.

Investors need to be wary of this rapid sector-wide increase. Indeed, picking and choosing specific cannabis stocks is the only way to go. Accordingly, I'd recommend investors should consider **Curaleaf** (TSXV:CURA) as the only **TSX**-listed cannabis company to consider right now.

Yes, cannabis could be legalized in the U.S. No, you shouldn't buy every Canadian cannabis producer on this news.

I think a clear line in the sand needs to be drawn by investors with respect to Canadian cannabis producers right now. Specifically, I think this line should divide companies with [significant U.S. exposure](#) and those seeking to gain a foothold south of the border.

The cost of entry into the U.S. market will not be cheap. For Canadian cannabis players looking to acquire their way into America, we could see some crazy premiums paid for market access. The insane levels of overpaying for acquisitions in 2018 could repeat once again. Companies could once again throw caution to the wind and pay whatever price is demanded to get a piece of the action.

The balance sheets of many small Canadian cannabis companies have been effectively destroyed because of imprudent acquisitions already. Accordingly, I'm not sold on the ability of small Canadian producers to succeed in the U.S. market without paying a hefty price.

Focus on companies with U.S. exposure

Right now, Curaleaf is the only Canadian cannabis player with a significant existing presence in the U.S. Yes, other Canadian cannabis companies have partnerships or plans to expand in the U.S. That said, Curaleaf has managed to rollout a U.S.-focused business, and has done so extremely well. I don't know if the same will ultimately be said about the company's peers.

This is a company with a massive head start on its Canadian peers. Curaleaf has a completely vertically integrated business model, unlike many of its peers. Upstream, Curaleaf produces its own cannabis and has processing facilities in 23 states. Mid-stream, this is a company with excellent value-added operations. Curaleaf produces a range of oils, vapes, and other value-added products with significantly higher margins than the cannabis commodity itself. Downstream, Curaleaf has almost 100 dispensaries all over the U.S.

Bottom line

This is a company with a realistic trajectory to achieve profitability in the near-term. This is also a company with an excellent growth profile in the U.S. and a historical track record south of the border. Curaleaf has the potential to grow this business organically, and build on its existing expertise to do so. I think the company's Canadian peers will have a much more difficult time accomplishing this task.

Hands-down, Curaleaf is the only Canadian cannabis company right now I think is worth a speculative bet. For those so inclined to bet on this red-hot sector, I'd recommend considering Curaleaf as the top candidate for consideration right now.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. canada
2. Cannabis
3. Cannabis Stocks
4. growth
5. investing
6. market

TICKERS GLOBAL

1. CNSX:CURA (Curaleaf Holdings, Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Tags

1. canada
2. Cannabis
3. Cannabis Stocks
4. growth
5. investing
6. market

Date

2025/08/14

Date Created

2021/01/21

Author

chrismacdonald

default watermark

default watermark