



Aphria (TSX:APHA) Stock Is Already Up an Insane 87% in 2021

Description

Cannabis companies welcome the political shift in the U.S. in 2021. National legalization of pot and more access to capital markets loom with the democrats cementing its control of both houses of Congress. The [reefer madness](#) is back and augurs well for weed stocks, including **Aphria** (TSX:APHA)(NASDAQ:APHA).

Aphria investors are excited because shares of the Canadian grower stock are already up 87% in January. Irwin D. Simon, Chairman and CEO of Aphria, said the company is setting itself apart from the rest of the cannabis industry following a transformative year.

Positive developments

Many industry players are optimistic about the legislative changes in the U.S. According to Tamy Chen, a market analyst at **BMO** Capital Markets, the legal changes would allow Canadian growers to enter the U.S. marijuana market. Aphria is well positioned to continue generating strong sales growth in 2021 due to the recent developments.

Republican congressman Greg Steube from Florida filed the first federal marijuana reform bill of the new U.S. Congress. The bill aims to move cannabis from Schedule I to Schedule III. If the bill passes, it would which would end prohibition. In Texas, the recent survey results show that 64% support legalizing and taxing marijuana to fund schools.

In California, Governor Gavin Newsom signed an executive order extending medical cannabis cards' validity through the coronavirus pandemic. Governor Kristi Noem's administration in South Dakota plans to implement marijuana legalization if efforts to overturn the voter-approved measure are unsuccessful.

Indeed, [business prospects](#) are getting brighter. Lawmakers in New Mexico plans to file marijuana legalization bills soon. The House of Representatives in North Dakota approved a bill to tie the state's definition of hemp to federal law. Even a Maryland delegate will sponsor a bill allowing medical marijuana businesses to obtain state tax benefits for their business expenses.

Strong balance sheet and cash position

Aphria has a strong balance sheet and cash position. The \$5.21 billion cannabis company reported \$543.3 million in net revenues for fiscal 2020, a 129% growth versus fiscal 2019. As of June 8, 2020, the stock is trading at the **NASDAQ** after transferring from the **New York Stock Exchange**.

Similarly, the coming merger with Tilray will produce a global weed-industry giant. Expect the powerhouse to become a significant competitor in the U.S. market once weed is legal at the federal level. The deal will also create an international company that will generate \$685 million in annual revenue from businesses in Canada, Germany, Portugal, and the U.S.

There are challenges and stiff competition from cannabis companies operating in multiple U.S. states. Aphria would need to build out infrastructure and obtain licenses to operate in the U.S. and gain market share. Some analysts also say the combined entity will struggle at first due to acquisition-related expenses and inefficiencies. However, things should settle down in the long run, making Aphria an attractive buy among all weed stocks.

Game-changer

The Aphria-Tilray merger is perfect timing and could be the game-changer in 2021. Now that cannabis legalization is sweeping North America, analysts recommend a buy rating for Aphria. They forecast the price to soar further by 58% to \$26 in the next 12 months.

CATEGORY

1. Cannabis Stocks
2. Investing

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

Date

2025/08/17

Date Created

2021/01/26

Author

cliew

default watermark

default watermark