



## 3 Reasons to Buy Canopy Growth (TSX:WEED) Today

### Description

**Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) has almost done it. The company is on a roll [lately](#), nearing all-time highs at the time of writing this article. But just looking at the last year alone, share have soared a 142%, and 2,343% in the last five years.

The increase has come from the promise of a bright future, a future supported by one thing: United States expansion. The company's earnings support that outlook as well. Although the cannabis stock announced a loss of \$829.3 million, these were one-time costs due to restructuring and impairments.

The company has proven time and again it can make the hard decisions to keep shareholders happy. But I'll admit, shares are high right now. Even still, here are three reasons why I would still buy this company today.

### Strong earnings

If you look beyond the loss, there is a lot going for Canopy Growth. The company saw record revenue of \$152.5 million for its third quarter, an increase of 23% from the same time last year. Sales were up across the board for the company, however it's still below where it should be thanks to the COVID-19 pandemic.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is a top metric for identifying operating performance, and this was still down by \$68 million. However, this was an improvement from the \$97 million loss in the same time last year. The company credits the increase in revenue growth and decrease in expenses for these results.

### U.S. momentum

But what really has investors drooling is that the company strengthened its presence in the Canadian recreational market, and continue to expand in the United States. The U.S. market is going to be huge. The global [cannabis](#) market could be worth US\$73.6 billion by 2027 according to analysts. If this is the

case, Canopy Growth will be the driving force behind that growth.

The company continues to acquire and expand through the United States. Indeed, Chief Executive Officer David Klein believes that this year, we could even see federal legalization. This would drive cannabis sales through the roof. Though I'm not so sure about this, the Biden administration has stated it will decriminalize marijuana, a huge move that could lead to further states legalizing recreational use.

The biggest factor behind this momentum comes from the Acreage Holdings Inc. acquisition. The \$3.4 billion acquisition would happen should legalization in the U.S. occur. That's due to the company's diverse cultivating, processing and dispensing throughout the U.S. Should legalization happen, Canopy will make a killing.

## Profitability

But even without legalization management believes Canopy Growth will see profitability this year. This should happen by the second half of 2022, according to the earnings report. This would happen even with further research and development, acquisitions and consumer guidance.

Essentially, the future looks bright for this company. Although it may be up this year, you have to look at the cannabis market for what it is. Canopy Growth stands to be at the top of these cannabis stocks. It is the largest producer in the world as of writing, and likely to stay that way with these acquisitions underway. Cannabis is here to stay for investors, so look at this company not for the get-rich-quick scheme it once was, but the long-term hold that it is today.

### CATEGORY

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alegategwolfe

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