



3 Top Cannabis Stocks to Buy Right Now

Description

The cannabis sector had begun this year on a positive note, with stocks witnessing strong buying amid increased legalization and improving operating metrics. However, there was a sharp pullback in the last few days amid speculative trading fears. So, the selloff provides excellent buying opportunities for the investors, given the sector's expanding addressable market and its growth prospects. In this article, we will look at three top cannabis stocks that you can buy right now.

Aurora Cannabis

In its recently announced [second-quarter earnings](#), **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) had missed analysts' expectations. However, its adjusted EBITDA losses and cash burns improved significantly on a year-over-year basis. Its adjusted EBITDA losses had declined from \$53.1 million to \$12.1 million amid higher sales and a decline in its SG&A expenses. The company's financial position also looked healthy, with \$565 million of cash as of February 10.

Aurora Cannabis has acquired a considerable market share in domestic and international medical cannabis markets. Meanwhile, the company is still expanding its operations in Germany, Israel, France, and Australia. The company's management hopes that some of the medical channels could migrate to consumer channels over time.

Aurora Cannabis is focusing on premium products in the consumer segment. Further, its CBD brand, Reliva, has received excellent responses from its customers in the U.S. So, the company's growth prospects look healthy.

Amid the recent fall, Aurora Cannabis is trading close to 50% lower from its recent high. Its valuation also looks attractive, with its price-to-book multiple standing at 0.8. So, I believe [Aurora Cannabis could deliver superior returns this year](#).

Aphria

Aphria (TSX:APHA)(NASDAQ:APHA) is one of the few cannabis companies that have reported positive adjusted EBITDA for the previous seven quarters. The company has acquired a significant market share in the Canadian consumer segment, supported by the strong performance from its vape and dried flower segments. Meanwhile, the company introduced higher-potency topicals in January, which could drive its sales in the coming quarters.

Aphria could also utilize the manufacturing, marketing, and distribution infrastructure of its recent acquisition of SweetWater Beverage Company to expand its operations in the highly lucrative U.S. cannabis market. Meanwhile, its proposed merger with Tilray could allow the combined entity to consolidate its market share globally. Further, given their synergies, the combined entity could save around \$100 million in the first two years of completing the deal.

Despite its growth prospects, the company is trading 44.5% lower than its 52-week high, proving an excellent entry point for long-term investors.

Canopy Growth

Amid the recent selloff, **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) is trading over 40% lower from its 52-week high. So, I believe it is an excellent opportunity to accumulate the stock, given its improving operating metrics and promising outlook. In its recently announced third quarter, the company outperformed analysts' expectations and set an optimistic outlook over the next three years.

Given the legal cannabis market's growth prospects and expansion in its market share, Canopy Growth's management expects its top-line to grow at an average annualized growth rate of 40-50% over the next three years. The company has not become profitable yet.

Meanwhile, the management is hopeful that it will report positive adjusted EBITDA in the second half of fiscal 2022, while its adjusted EBITDA margin could reach 20% by 2024. The closure of its production facilities, reduction of headcount, and declining SG&A expenses could drive its adjusted EBITDA.

Further, the company had \$1.59 billion of cash as of December 31. The company is thus well positioned to fund its growth initiatives.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
4. TSX:WEED (Canopy Growth)

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

2025/08/21

Date Created

2021/03/01

Author

rnanjapla

default watermark

default watermark