3 Reasons to Buy Tilray Stock (TSX:TLRY) Today

Description

The economy reopening means more than just going shopping and getting back to work. Production of products previously put to the side are now back up and running. Here, as you've likely already noticed, I'm not talking about oil and gas production.

Instead, the cannabis industry is finally able to take some major steps forward. And that includes what's likely going to be the top producer in the world, **Tilray** (TSX:TLRY)(NASDAQ:TLRY).

Motley Fool investors might be wondering why now might be a time to buy, given that cannabis stocks, including Tilray stock, have been trading down recently. We're going to look into why it's actually a great time to buy Tilray stock for Motley Fool investors as the continent continues to reopen.

The world reopening holds promise for cannabis stocks

Shares in Tilray stock have dropped by about 20% in the last month, but it's really nothing more than a market correction, according to analysts. It wasn't alone, with cannabis stocks, in general, seeing a pullback based on no news whatsoever.

Now I'm not saying the industry isn't volatile. Tilray stock has yet to become profitable after all, even after merging with **Aphria**, the first profitable cannabis stock of the top producers. But it's certainly well on the way. The world reopening means the company can seriously up production, and it already has.

Most recently, Tilray stock made its first successful harvest of medical cannabis in its German facility. This will be distributed to pharmacies across the country. On top of that, it also launched its first cross-branded product in the U.S., craft brewer SweetWater Brewing, acquired last November.

Already weathered a hail storm

While cannabis stocks dropped in since 2018, Tilray stock continued to make major moves. The biggest, of course, was merging with Aphria. This move alone gave the company access to not just the

United States, but a global operation that could put it in the top spot among cannabis producers.

And it looks like it's already paying off. Analysts have increased their estimates across the board for Tilray stock. While this mainly reflects short-term trends, this does also speak to optimism about the future of Tilray.

Since coming on the market in just May, shares of Tilray stock have only increased by 5%. Meanwhile, its most recent earnings report was far more positive. Sales were up 20.5% year over year, with revenue rising 26% during that time. Its adjusted EBITDA also came in at US$2.2 million, up from a loss of US$35.3 million the year before, the first positive quarter for the company (though Aphria had already done this before the merger).

Global expansion

I say global, not just the United States, and this is an important distinction. On the one hand, it's absolutely true that the United States market is an important one. It's why Aphria merged with Tilray stock, to get that immense access to the potential of American marijuana legalization. But it's not why Tilray merged with Aphria.

Aphria has a foothold in countries around the world, and that's important to note as well. It has a large presence in Germany through its medical marijuana market to add to Tilray's Portugal production facility. Tilray stock has now gained immense traction in Europe.

The cannabis market, both medical and recreational, is set to expand by leaps in bounds. In fact, it's expected that by 2027 the European cannabis market couch reach US$37 billion. That's an annual rate of about 30% over the next several years.

And best yet, the stock is still cheap. Compared to its peers, Tilray stock has an earnings value over sales of under 10, something its top peers cannot claim.

With analysts expecting major movements in the next few years among cannabis stocks, now is a great time for Motley Fool investors to consider Tilray stock.

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