



Forget Aurora Cannabis: Here Are 2 Pot Stocks You Can Buy Instead!

Description

Stocks in the cannabis sector continue to attract investors given the recent wave of legalization south of the border. While Canadian pot stocks have grossly underperformed the broader markets in the last two-and-a-half years, marijuana producers in the U.S. are well poised to deliver outsized gains to long-term investors.

For example, **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) stock has slumped over 90% from record highs, as it continues to grapple with negative profit margins and falling market share. Due to its massive cash burn and negative EBITDA, Aurora Cannabis has raised equity capital several times over the last few years and has diluted shareholder wealth significantly in the process.

In order to improve the bottom line, Aurora Cannabis is now looking to shift its product mix to focus on high-margin medical marijuana products. However, according to Bay Street estimates, the company is forecast to post a loss per share of \$0.76 in fiscal 2022. Given its outstanding shares are close to 198 million, annual losses are forecast at \$150 million.

However, there are several profitable pot stocks in the U.S. that are trading on the CSE. Here, we look at two such companies that are better than Aurora Cannabis.

Trulieve Cannabis

One of the most popular [growth stocks](#) in this space, **Trulieve Cannabis** ([CNSX:TRUL](#)) is a Florida-based medical marijuana company. It enjoys a market share of 48% in Florida, allowing Trulieve to more than double its sales in the first quarter of 2021.

This pot heavyweight has increased its sales from US\$102.8 million in 2018 to US\$521.53 million in 2020. Its operating income has also grown from US\$75.2 million to US\$218.36 million in the process. Analysts expect its sales to rise by 68% year over year to US\$877.36 million in 2021 and by 44% to US\$1.26 billion in 2022. Its earnings per share are also expected to improve from US\$0.53 in 2020 to US\$1.62 in 2022.

So, Trulieve Cannabis stock is trading at a forward price-to-2022-sales multiple of 4.8 and a price-to-earnings ratio of 21, which are very reasonable given its spectacular growth forecasts. Trulieve Cannabis stock has an upside potential of over 100% according to consensus price target estimates.

Green Thumb Industries

A multi-state operator in the U.S., **Green Thumb Industries** ([CNSX:GTII](#)) is valued at a market cap of US\$6.55 billion. Green Thumb stock is up close to 400% in the last three years and is [just getting started](#).

The cannabis company has 56 dispensaries across 13 states in the United States. It has gained a foothold in Virginia following the acquisition of Dharma Pharmaceuticals.

In the first quarter of 2021, Green Thumb's revenue surged 89.5% year over year to US\$194.4 million, driven by strong demand in states such as Pennsylvania and Illinois as well as the opening of new stores.

Recreational cannabis was legalized in Illinois at the start of 2020, and the state has already generated over \$500 million in sales in the first five months of 2021 and remains on track to surpass US\$1 billion in annual sales.

Green Thumb has a strong presence in its home state of Illinois. Its adjusted EBITDA grew to US\$71 million in Q1, up from US\$25.5 million in the year-ago period. Net profit also improved to US\$10 million compared to a loss of US\$4.2 million in Q1 of 2020. It was the third consecutive quarter of profitable growth for Green Thumb Industries.

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1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. CNSX:GTII (Green Thumb Industries)
2. NASDAQ:ACB (Aurora Cannabis)
3. TSX:ACB (Aurora Cannabis)
4. TSX:HLS (HLS Therapeutics Inc.)

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Author

araghunath

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