



Tilray Stock: Should You Buy, Sell or Hold?

Description

Pot stocks are having a good time in 2021. The legal marijuana industry is growing by the day thereby providing more opportunities for marijuana companies to take advantage of the newly opened markets. This is the perfect time to buy pot stocks as the economy has started reopening and the marijuana industry is finally able to take steps forward to exploit those incoming opportunities.

Tilray ([TSX:TLRY](#))([NASDAQ:TLRY](#)) a Canadian giant, deals in global cannabis-lifestyle and consumer packaged goods and has its operations based in Canada, the United States, Europe, Australia, and Latin America.

Merger with Aphria

Tilray's [merger with Aphria](#) is one of the biggest events in the company's history as it has created Canada's largest marijuana companies in terms of sales.

The cannabis industry is growing bigger with time as both the medical and recreational cannabis markets have huge growth potential. For example, Europe's cannabis market is expected to be valued at \$37 billion by the end of 2027, indicating an annual growth of 30% over the next six years.

Tilray is in an excellent position to leverage its expertise and benefit from this rapidly expanding market. Now, the combined entity aims to gain traction in several other regions including the U.S. and Europe.

While cannabis is illegal south of the border at the federal level, Tilray is offering hemp-based products to its customer base. Similarly, Aphria already has a massive presence in Germany's medical marijuana market which is the largest market in Europe.

Tilray has launched its first cross-branded product with U.S.-based SweetWater Brewing, a company acquired by Aphria recently. All these added operations have helped Tilray ramp up its existing production capacity to a huge extent.

Tilray steadily moving toward profitability

The cannabis industry is known to be extremely volatile and Canadian pot producers have been impacted by multiple structural issues that include the slow rollout of retail stores and competition from illegal sales. The COVID-19 too weighed heavily on demand resulting in rising inventory levels and massive write-downs.

Most Canadian cannabis producers have grossly underperformed the broader markets since the start of 2019, But this significant dip in the market cap also provides investors an opportunity to buy growth stocks at a lower valuation. Tilray stock is valued at a [market cap](#) of \$7.24 billion.

Analysts tracking the stock expect sales to rise to US\$561 million in 2021 and to US\$862 million in 2022. Its loss per share is also forecast to narrow from \$1.69 in 2021 to \$0.31 in 2022.

Wall Street has a 12-month average price target of \$18.8 for Tilray stock, which provides an upside potential of 50% from current levels. In case cannabis is legalized at the federal level in the U.S., it will open significant opportunities for Tilray and its peers.

However, given its massive size, Tilray is better positioned than most to take advantage of entering new markets which in turn will drive profit margins higher.

CATEGORY

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