Tilray vs. Canopy Growth: Which Is the Better Buy?

Description

Earlier this week, I'd discussed why cannabis stocks had regained momentum. The hopes for federal legalization of recreational cannabis in the United States were reignited after the election of Joe Biden. However, the Democrats have encountered resistance to their legislative agenda. A poor showing in the 2022 midterms could extinguish any momentum they have built. Today, I want to look at two top cannabis stocks: **Tilray** (TSX:TLRY)(NASDAQ:TLRY) and **Canopy Growth** (TSX:WEED)(NYSE:CGC). Which is the better buy? Let's jump in.

Here's why Tilray stock shot up this week

In May, Tilray and Aphria closed their merger and created the world's largest cannabis company by revenue. Its shares have dropped 6.7% since its relisting on the **S&P/TSX Composite Index**. The company released its fourth-quarter and full-year fiscal 2021 results on July 28.

These results spurred a 6.7% jump in the stock over the past week. Tilray saw net revenue jump 27% year over year to $513 million in fiscal 2021. Moreover, cannabis revenue soared 55% in the fourth quarter. It captured the number one market share in Canada. Adjusted EBITDA climbed 598% year over year to $40.8 million.

Tilray aims to expand its global reach in the quarters ahead, with a strong focus on its European reach. It will go into the next fiscal year with a strong balance sheet and having achieved profitability.

Canopy Growth is poised to hit a big milestone in the coming months

Canopy Growth had a long run as the largest cannabis company in Canada. Shares of Canopy Growth have dropped 29% in 2021 at the time of this writing. The stock is down 5.5% from the prior year.

Earlier this month, I'd discussed why Canopy Growth was my preferred buy over **Aurora Cannabis**.

Canopy Growth is one of the best-positioned companies to take advantage of legalization in the United States. It has already established a footprint in the CBD market. Canopy's acquisition of Acreage Holdings in 2019 set the company up well to penetrate the largest cannabis market on the planet.

Canopy Growth released its fourth-quarter and full-year fiscal 2021 results on June 1. It posted revenue growth of 37% for the full year. Moreover, it achieved number one market share in the total flower category in Canada. Competition has intensified, but Canopy Growth still has a very strong position in the domestic market.

The adjusted EBITDA loss came in at $94 million in the fourth quarter of fiscal 2021. This was slashed by $8 million compared to Q4 FY2020. Management is confident that Canopy Growth will be able to achieve positive adjusted EBITDA by the second half of the next fiscal year. This would represent a huge milestone for Canopy Growth.

Which is the better buy today?

Both cannabis companies delivered promising earnings in the fourth quarter of fiscal 2021. However, Tilray's revenue jump further justified its recent merger. The slow progress for legalization in the U.S. may also serve to frustrate Canopy Growth. I'm sticking with Tilray in August.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis Stocks

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NASDAQ:TLRY (Tilray)
3. TSX:TLRY (Aphria)
4. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aocallaghan
2. kduncombe

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis Stocks

Date
2025/07/22
Date Created
2021/07/30
Author
aocallaghan