



Buy the Dip: 2 Cannabis Stocks That Could Easily Double in the Next Year

Description

The ongoing market pullback allows investors to purchase [quality growth stocks](#) at lower valuations. While the equity markets are expected to remain volatile in the near term, fundamental investors should view every market correction as a buying opportunity. We'll take a look at two cannabis stocks that should be on your radar right now.

Green Thumb Industries

The first stock on my list is **Green Thumb Industries** ([CNSX:GTII](#)), which is trading 30% below its 52-week high. Green Thumb [increased its sales](#) by a stellar 85% year over year to US\$222 million in Q2 of 2021. Its top line has, in fact, expanded from just US\$62.5 million in 2018 to US\$556 million in 2020. Now, analysts expect sales to touch US\$901.77 million this year and grow by 32.7% to US\$1.2 billion in 2022.

Green Thumb is also reporting an adjusted profit, which is forecast to expand from US\$0.07 per share in 2020 to US\$0.66 in 2022. The cannabis heavyweight posted its fourth consecutive quarter of adjusted profit and reported a net income of US\$22 million compared to a loss of US\$13 million in the prior-year period.

It shows us that GTII stock is trading at a forward price-to-sales multiple of 6.5 and a price-to-earnings multiple of 74, which might look steep but is actually quite reasonable given the company's robust growth rates.

Green Thumb operates 58 retail stores across multiple states that include Illinois and Pennsylvania — its two largest markets. Illinois is a state that recently legalized recreational use of marijuana and is projected to cross over a billion dollars in annual sales this year.

Green Thumb remains fundamentally strong, ending the quarter with more than US\$350 million in cash and less than US\$200 million in debt. Investors can expect its sales to keep expanding, as the company has received licences to open 111 retail stores in 14 U.S. states.

Analysts remain bullish on Green Thumb stock. The average 12-month price target estimate stands at US\$46.93, which is 90% above its current trading price.

Trulieve Cannabis

Shares of **Trulieve Cannabis** (TSX:TRUL) are down 49% from record highs. Similar to Green Thumb, even Trulieve is a multi-state operator but has a significant presence in Florida. The company recently opened its 100th dispensary in the United States. Further, its top line will get a major boost following the [acquisition of Harvest Health & Recreation](#), which will also increase Trulieve's dispensary count to 145.

In the June quarter, Trulieve sales rose 78% year over year to US\$215.1 million. Its net income more than doubled to US\$40.9 million, while adjusted EBITDA rose 55% to US\$95 million. Trulieve is already the leading marijuana company in the Sunshine State, and it's now eyeing expansion in Georgia, Arizona, and Pennsylvania.

Analysts forecast sales to increase by 73.9% to US\$902 million this year and by 49% to US\$1.34 billion in 2022. Comparatively, adjusted earnings might rise from US\$0.53 in 2020 to US\$1.41 in 2022.

Given its market cap of US\$4.9 billion, Trulieve Cannabis is trading at a lower multiple compared to Green Thumb Industries. Its stock might also rise by 150% in the next 12 months, according to average consensus estimates.

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