



## Don't Buy Aurora: 2 Weed Stocks Are Better Picks in 2021

### Description

Industry leaders in the cannabis space haven't restored investors' confidence this year. It's been a [wild ride](#) for the most part, and more importantly, earnings are not there. **Aurora Cannabis** ([TSX:ACB](#)) (NYSE:ACB) rose to as high as \$23.96 on February 10, 2021. However, the rally didn't last and the price (\$9.26) today is 61% lower.

Small players **Village Farms International** (TSX:VFF) ([NASDAQ:VFF](#)) and **Fire & Flower** ([TSX:FAF](#)) are underperforming too year-to-date. However, market analysts still recommend a strong buy rating for both [weed stocks](#). They forecast return potentials of between 99% and 126% in the next 12 months. If you want exposure to the cannabis sector, purchase either one instead of Aurora Cannabis.

### No excitement

Aurora's most recent quarterly results didn't elicit excitement as usual. In Q4 fiscal 2021 (quarter ended June 30, 2021), total net revenue and cannabis net revenue dropped 20% and 19% versus Q4 fiscal 2020. The adjusted EBITDA loss was \$19.3 million compared to -\$33.3 million in the same quarter last year.

Management was happy with progress in the high margin medical revenue and the cash burn reduction during the quarter. The bright spot is the long-term agreement with Cantek. Aurora expects the Israeli firm to provide a steady stream of high-margin revenue and open the door to a larger partnership soon.

While Aurora's trailing one-year price return is 51.31%, the stock is still losing by 12.64% year to date. However, it's doing better than [chief rivals](#), **Canopy Growth** (-47.03%) and **Tilray** (-36.42%).

### Greenhouse grower

Village Farms International failed to make the cut in the 2021 TSX30 List, although it was one of the top growth stocks in the first and second editions. The total return in the last five years is 595.86%

(47.31% compound annual growth rate) compared to Aurora's -55% (-14.75% CAGR).

The \$863.33 million vertically integrated greenhouse grower is the better choice over Aurora, given the stock's performance. Village Farms leverages its extensive experience as a greenhouse grower to capitalize on the massive global cannabis opportunity. Market analysts' 12-month average price target is \$22.75 (+125.47%).

Village Farms owns Pure Sunfarms, one of the single largest cannabis growing operations in the world. In the U.S., the goal is to be the vertically integrated leader in the hemp-derived CBD market. The company has two joint ventures for multi-state outdoor hemp cultivation and CBD extraction.

## Valuable strategic partner

Fire & Flower is equally appealing and trades at only \$0.82 per share. However, the return potential in the next 12 months is 99.70% (\$1.64), based on analysts' forecasts. The \$282.01 million independent cannabis products and accessories retailer has a high-profile strategic partner in **Alimentation Couche-Tard**.

The leader in the convenience store industry owns 22.4% of the multi-banner cannabis retailer operator, but it could eventually increase to 50.1%. The latest news from Fire & Flower is the expansion of the pilot program that will see cannabis stores beside Couche-Tard's Circle K stores. Also, Fire & Flower's Hifyre technology platform should be instrumental in obtaining powerful consumer data as the company ventures into the U.S. markets.

## Outsized gains

Aurora Cannabis is a nogo if you have the appetite to invest in weed stocks. Village Farms and Fire & Flower are well-positioned to outperform industry leaders and deliver outsized gains soon. Buy them now before the breakouts happen.

### CATEGORY

1. Cannabis Stocks
2. Investing

### TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. TSX:ACB (Aurora Cannabis)
4. TSX:FAF (Fire & Flower)

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