



1 No-Brainer Stock to Buy With 200% Upside, According to Analysts

Description

It's quite difficult to identify an undervalued stock in an overvalued market. Further, a stock that is unanimously favoured by analysts with significant upside potential while equity markets are trading near record highs is even more improbable. So, when you find enticing opportunities such as those, you might even be tempted to double down on your investment.

But it's important to understand that analysts are not always right. In a few cases, they might overestimate the long-term prospects of a company, leading to a bullish outlook. So, while you may want to look at a stock from the analyst's perspective, it's advisable to do your own research before you make an investment decision.

However, there is one cannabis stock that is poised to deliver market-beating returns to long-term investors. **Columbia Care** ([CNSX:CCHW](#)) is valued at a market cap of US\$1.1 billion and trading at US\$3.05 at the time of writing. However, Wall Street expects the stock to touch US\$9.38 in the next 12 months, indicating an upside potential of more than 200% from current levels.

Let's see why Columbia Care should be part of your growth portfolio right now.

Columbia Care is an undervalued cannabis stock

Columbia Care is a U.S.-based multi-state cannabis operator that increased its sales from US\$77.45 million in 2019 to US\$179.5 million in 2020. Now, Wall Street [expects sales to more than triple](#) to US\$625.6 million in 2021 and by 55.4% to US\$972 million in 2022. Similar to most other cannabis operators, Columbia Care is also reporting a net loss right now. However, its bottom line is forecast to improve from a loss of US\$0.48 per share in 2020 to earnings of US\$0.3 per share in 2022.

This valued the stock at a forward price-to-2022-sales multiple of 1.13 and a price-to-earnings multiple of 12.6, which is extremely reasonable given its growth forecasts.

According to the company's Q2 presentation, Columbia Care has 99 dispensary locations and 31 cultivation and manufacturing facilities south of the border. This allows Columbia Care to service eight

jurisdictions in the U.S. and Europe.

The cannabis heavyweight expects its total addressable market to expand from US\$14.28 billion in 2021 to US\$31.6 billion in 2026 in the United States. If marijuana is legalized at the federal level in the U.S., these estimates will move significantly higher in the future.

A well-rounded company

In the second quarter of 2021, Columbia Care reported revenue of US\$109.7 million and adjusted EBITDA of US\$16.4 million, indicating a margin of almost 15%. The [company confirmed](#) that out of its 15 active markets, 12 generated positive adjusted EBITDA, and 11 markets generated positive cash flow from operations.

It also completed highly accretive acquisitions of CannAscend and gLeaf as well as signed a definitive agreement to acquire Denver-based, vertically integrated cannabis operator Medicine Man.

Columbia Care has already launched 140 new stock-keeping units across 11 markets and five states have more than one of the company's flower brands in distribution. Further, four states launched their first Columbia Care-branded products in Q2.

The pot cultivator has experienced record cultivation yields in seven states, and its wholesales revenue now accounts for 15% of total sales.

The Foolish takeaway

Columbia Care is a cannabis company that is racing towards profitability while maintaining its focus on top-line growth. It has successfully acquired and integrated companies in the past, and this trend should be expected to remain integral for Columbia Care's growth strategy.

If you are looking to invest in an undervalued [growth stock](#), Columbia Care should be on top of your buying list today.

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