



Is Canopy Growth (TSX:WEED) the Best Growth Stock to Buy in 2022?

Description

Leading up to legalization, investors were excited about the potential that the cannabis market would offer. However, despite years of legalization now, many of these companies in the industry, including one of the industry leaders, **Canopy Growth** ([TSX:WEED](#))([NASDAQ:CGC](#)), have struggled to turn a profit. But as the industry continues to consolidate, and WEED stock trades mighty cheap right now, is Canopy the best growth stock to buy for 2022?

While the legalization of cannabis offered a tonne of opportunity, and it's certainly helped the government to collect more tax dollars, the amount of competition in the industry has made it difficult for any company to excel. This was apparent as soon as legalization took place, especially as the industry faced tough competition from the black market for years.

But with WEED stock now trading exceptionally cheap, is it the best Canadian growth stock to buy in 2022?

Is WEED stock worth an investment?

As of last Friday's close, WEED stock traded for \$10.78, slightly above its 52-week low of \$10.18 and roughly 85% off its 52-week high of \$70 a share. So, this goes to show how cheap the stock is today. However, that doesn't automatically make it the best growth stock to buy in 2022.

At \$10.78, the company still has a [market cap](#) of more than \$4.2 billion. Meanwhile, over the last 12 months, WEED stock has managed to do just over \$550 million in sales. And while sales have almost doubled over the last two years, Canopy hasn't come anywhere close to earning a profit yet.

So, right now, WEED stock trades at a [price-to-sales](#) ratio of 7.5 times while still being nowhere near breaking even. Therefore, I'd have to say Canopy Growth stock is still considerably overvalued and a higher-risk investment.

While I believe in the company's potential over the long run, the price of the shares today compared to what it's been able to accomplish so far, in my opinion, makes it far too risky.

It's worth noting that analysts expect roughly 25% growth in sales over each of the next three years, bringing Canopy Growth's sales in 2025 to \$1.15 billion. However, even then, at Canopy's current price, it would have a price-to-sales ratio of almost four times. In addition, by 2025, according to estimates, WEED stock still won't be turning a profit.

So, if you're looking for one of the best Canadian growth stocks to buy in 2022, you may have to look elsewhere.

The best Canadian growth stock to buy in 2022

There are several high-potential Canadian stocks to buy in 2022, but in my opinion, considering the risk to reward, **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is the best growth stock to buy this year.

There is a lot of uncertainty these days, which already makes finding the right investments difficult. It's also why taking a position in an expensive and unprofitable stock like WEED may not be the best investment.

Instead, an extremely reliable company with highly defensive assets such as Brookfield looks like an excellent stock to buy and hold through 2022 and beyond. The fact that it's so reliable and its [infrastructure assets](#) are highly defensive is a major factor why, but in addition, the assets are also diversified worldwide, which in this economic environment can be very important.

Often, though, when you want to buy a defensive investment, you compromise on the growth potential. With Brookfield, that shouldn't be the case. It has an incredible management team and invests your capital with a long-term mindset, targeting up to 15% annual gains.

So, if you're looking for one of the best Canadian growth stocks to buy in 2022, at least in this economic environment, Brookfield looks like a far better investment than Canopy Growth.

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1. Cannabis Stocks
2. Investing

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3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
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