



Here's Why Curaleaf Is a Better Cannabis Stock Compared to Sundial!

Description

The cannabis sector has trailed the broader markets by a wide margin in the last year. While the S&P 500 index is down 11% from all-time highs, shares of cannabis producers such as **Curaleaf** ([CNSX:CURA](#)) and **Sundial Growers** ([NASDAQ:SNDL](#)) are trading 68% and 96% below record highs, respectively.

The significant pullback in cannabis stocks makes them enticing bets for growth and contrarian investors. Let's see why Curaleaf should be part of your cannabis portfolio instead of Sundial Growers in 2022.

Sundial Growers is fundamentally weak

Sundial Growers is a Canada-based marijuana producer valued at US\$1.25 billion by market cap. In the last few quarters, Sundial Growers has narrowed its product portfolio to [focus on sales](#) of high-margin products.

It is also involved in the cannabis financing business, which has allowed the company to diversify its revenue base. Sundial's average gross selling price in Q3 of 2021 increased to \$3.23 per gram compared to \$2.67 per gram in the year-ago period.

Its cannabis investment banking division, called SunStream Bancorp, ploughed in close to \$500 million in the first three quarters of 2021 in a bid to reverse Sundial's fledgling fortunes. Sundial also purchased Canadian liquor chain Alcanna for \$320 million in a cash and stock transaction.

While the cannabis market is expanding at a steady pace, Sundial's sales are forecast to increase by just 6% year over year to \$53.55 million. The company remains unprofitable, which might lead to shareholder dilution going forward. Sundial has already raised equity capital several times in the past, leaving investors unimpressed.

The bull case for Curaleaf Holdings

A cannabis producer south of the border, Curaleaf has a presence in 17 states and has operations in Europe and the U.K. as well. In Q4 of 2021, Curaleaf increased sales by 39% year over year to US\$320 million, allowing the company to end the year with US\$1.2 billion in sales — an increase of 94% year over year.

Similar to other cannabis heavyweights, Curaleaf has also grown its top line on the back of aggressive acquisitions. It acquired hemp CBD (cannabidiol) company Grassroots in 2020, which provided Curaleaf access to 135 dispensary licences and 1.6 million square feet of cultivation capacity.

Curaleaf's stellar revenue growth allowed it to increase adjusted EBITDA by 48% in Q4 to US\$80 million and 107% in 2021 to US\$298 million. Further, the company ended 2021 with a store count of 117, which has already increased to 126 this year.

Curaleaf recently completed the acquisition of Bloom Dispensaries, increasing its footprint and providing the marijuana heavyweight access to the Arizona market, a state which legalized the recreational use of pot in 2021.

Curaleaf sales rose from US\$19 million in 2017 to US\$1.2 billion in 2021. It ended the year with US\$300 million in cash and US\$436 million in debt. The marijuana behemoth is one of the few multi-state operators to have a presence in international markets such as Europe where cannabis sales are forecast to [grow at an annual rate](#) of 29.6% to US\$37 billion in 2027.

Valued at US\$4.6 billion by [market cap](#), analysts expect Curaleaf to increase sales by 21% to US\$1.46 billion in 2022 and by 26% to US\$1.85 billion in 2023.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. CNSX:CURA (Curaleaf Holdings, Inc.)
2. NASDAQ:SNDL (SNDL)

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. araghunath
2. kduncombe

Category

1. Cannabis Stocks
2. Investing

Date

2025/08/12

Date Created

2022/04/25

Author

araghunath

default watermark

default watermark