



Canopy Growth Stock: The Only Cannabis Stock to Consider Long Term

Description

Remember the cannabis stock boom back in 2017? It felt like you could invest in anything, and it would do well, and usually it did. One of the biggest players of the time was **Canopy Growth** ([TSX:WEED](#))([NASDAQ:CGC](#)). The cannabis stock boomed during this time, eventually reaching share prices in the \$70 range.

It's quite a different story now. Shares of Canopy Growth stock currently trade at about \$4.74 as of writing. That is an *enormous* drop from those all-time highs.

But is Canopy Growth stock set to rebound eventually? Or will it implode in on itself? In my view, long-term investors will eventually be rewarded significantly.

What happened?

It looked like every cannabis stock came crashing down upon Canadian legalization back in October 2018. This included Canopy Growth stock, but not for that long. The company seemed to recover a few times, until the pandemic hit it hard.

Canopy Growth stock put a ton of cash towards research and development, and when the pandemic hit, there was a huge cut back in production. This weighed on the company, causing it to fire many employees and shut down production in some locations.

Things haven't improved that much for the cannabis stock since then. The biggest shift has been towards earning a profit in the next few years, and that means finding ways to bring down its debt to join the rest of its cannabis peers that have reached a profit in recent years.

What's going on now?

Instead of going through earnings reports, I'll narrow my focus to what Canopy Growth stock has been focusing on lately. Before, there was a massive focus on the federal legalization of marijuana in the

United States. Canopy Growth stock spread far and wide throughout the U.S. so that once legalization occurred, it would be in a market-leading position.

The pandemic put pretty much an end to that in the short term, and shareholders got sick of it. Now, as mentioned, Canopy Growth stock is digging in to finding profit. During its latest earnings report it saw net revenue decline 5% in 2022 to \$520 million. However, for the next year, it expects to generate savings of up to \$50 million, with expense reductions of up to \$100 million.

Furthermore, it's identified the consumption of cannabis-infused beverages and edibles as a prime target, including energy drinks outside the cannabis sector. This focus created some strong revenue the company can rely on while it waits for legalization in the United States. The company now expects to generate positive profit by FY2024.

Long-term potential

So, here's what we know now. Canopy Growth stock currently has a market capitalization of \$1.93 billion, which doesn't make it the top stock, but it's near the top of cannabis stock brands. It will certainly have competitors in the cannabis market, including in the United States. However, the company has major partnerships that will potentially make it the leading cannabis producer in North America.

Canopy Growth stock has a number of acquisitions that will come into play once legalization happens in the United States. It also has partnerships that are set to increase their stake once legalization happens as well. This is all good news for long-term investors willing to hold out.

The cannabis stock industry may be down, but don't count it out yet — Canopy Growth stock in particular. While there are certainly other cannabis stocks that will likely fall to the wayside in the years to come, it remains one of the top brands. And with shares down 56% year to date, it's a great time to pick up the cannabis stock if you're willing to wait it out for U.S. legalization.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

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. alegatewolf
2. kduncombe

Category

1. Cannabis Stocks
2. Investing

Date

2025/07/21

Date Created

2022/06/27

Author

alegatewolf

default watermark

default watermark