



3 Top Cannabis Stocks to Buy for the Long Haul

Description

The cannabis industry is forecast to grow at an annual rate of 25% globally in the upcoming decade. Several countries might legalize pot in the next few years driving demand for marijuana higher in the process. Keeping these factors in mind, let's look at three top [cannabis stocks](#) that investors can consider buying right now.

Green Thumb Industries

One of the largest pot producers in the world, **Green Thumb Industries** ([CNSX:GTII](#)) is valued at a [market cap](#) of US\$3.32 billion. GTII stock is down 71% from all-time highs, allowing you to buy the dip.

Unlike most other cannabis companies, Green Thumb has delivered consistent profits, making it an attractive bet for both value and growth investors. In the third quarter (Q3) of 2022, Green Thumb reported revenue of US\$261 million — an increase of 12% year over year. Its net income stood at US\$10 million, which was Green Thumb's 10th consecutive quarter of profits.

In the first nine months of 2022, sales grew 17% to \$758 million, and GTII is on track to end the year with US\$1.01 billion this year — an increase of more than 1,300% in the last six years.

Green Thumb is a multi-state operator and has 77 retail locations in 15 states south of the border. Valued at 3.3 times forward sales, Green Thumb has massive upside potential and trades at a discount of 120% compared to consensus price target estimates.

Cresco Labs

Another U.S.-based marijuana heavyweight is **Cresco Labs** ([CNSX:CL](#)), which has generated \$860 million in sales in the last four quarters. Earlier this year, Cresco Labs announced its intention to acquire **Columbia Care**, another multi-state operator.

The transaction is expected to complete in 2023, and the combined entity will expand to 18 states in

the United States by 2025. Around 12 of these states will bring in more than US\$1 billion each year.

Analysts expect Cresco to increase sales from US\$822 million in 2021 to US\$926 million in 2023. So, the stock is priced at less than one times forward sales.

Cresco ended Q3 with \$130 million in cash, providing it with enough room to fund its expansion plans for the next year.

Tilray

The final stock on my list is **Tilray** ([TSX:TLRY](#)), a Canada-based marijuana producer. Tilray has reported 14 consecutive quarters of positive adjusted EBITDA (earnings before interest, tax, depreciation, and amortization), which is a rarity among TSX pot stocks.

In the fiscal Q1 of 2023 (ended in August), Tilray reported revenue of US\$153 million, an increase of 9% year over year, while adjusted EBITDA stood at US\$13.5 million. However, the company's net loss widened to US\$66 million in Q1 compared to a loss of US\$34 million in the year-ago period.

Tilray expects adjusted EBITDA between US\$70 million and US\$90 million in fiscal 2023 (ending in May). It is also confident of generating a positive cash flow by the end of this fiscal year. Additionally, Tilray has forecast sales to touch \$4 billion in annual sales by the end of Q4 of fiscal 2024.

In the last few years, Tilray completed the acquisitions of SweetWater Brewing and Manitoba Harvest, which should allow it to gain traction in U.S. markets if and when cannabis is legalized at the federal level.

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3. TSX:TLRY (Aphria)

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