



TLRY Stock: Here's What's Coming in 2023

Description

The [cannabis sector](#) has continued to drive the performance of the **S&P/TSX Capped Health Care Index** to kick off the new year. This sector has had a strong start to 2023. **Tilray** ([TSX:TLRY](#)) is an Ontario-based company that is engaged in the research, cultivation, production, marketing, and distribution of medical cannabis products in Canada, the United States, Europe, Australia, New Zealand, Latin America, and internationally.

Today, I want to discuss what lies ahead for Tilray and the cannabis sector at large in 2023. Let's jump in.

How did this cannabis stock perform in 2022?

Shares of this top cannabis stock have [plunged 45%](#) year over year as of early afternoon trading on Friday, January 20. However, the stock has jumped 6.8% in the opening trading weeks of the new year. Investors who want more details can toggle the interactive price chart below for Tilray.

Should investors be encouraged by Tilray's recent earnings?

Tilray unveiled its second-quarter (Q2) fiscal 2023 earnings on January 9, 2023. The company finished the quarter with 8.3% cannabis market share, which puts it in the top position among cannabis producers in the country. Meanwhile, beverage-alcohol sales climbed 56% to \$21.4 million. This included revenue from acquisitions.

The company posted gross profit of \$40.1 million in Q2 FY2023 — up 22% compared to Q2 fiscal 2022. Moreover, cannabis gross profit jumped 37% to \$18.6 million. Meanwhile, its gross margin percentage rose to 37% compared to 23% in the previous year. Tilray met success after implementing several cost-savings programs. The company has seen strong success since the Tilray-Aphria transaction in May 2021, achieving \$119 million in cost savings.

Here's why Tilray is one of my favourite cannabis stocks on the TSX right now

Canada's cannabis market has battled challenging conditions since recreational legalization became official in October 2018. Tilray has stood out among its peers due to its popular brands and products. The company is focused on product innovation as well as data and consumer insights to drive business going forward.

Tilray also hopes to win big from the growing trend of medical and adult-use recreational cannabis acceptance across Europe. Germany, Europe's largest market, holds promise for the company, as it already boasts a domestic footprint in the form of its Aphria RX facility. It also boasts a facility in Portugal.

The company also aims to expand its United States CPG and craft-beverage portfolio in the months ahead. It already owns the SweetWater Brewing Company in the U.S., the 10th-largest craft brewer south of the border. Tilray plans to significantly expand its distribution in the northeast to bolster its national brand.

Is this cannabis stock worth buying today?

Shares of Tilray are trading in favourable value territory compared to its industry peers at the time of this writing. Meanwhile, this top brand is geared up for strong revenue growth going forward. This remains the top cannabis stock available on the TSX. It has already captured poll position among the top producers and is well positioned to expand its influence internationally.

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