The Sky Is the Limit for Canopy Growth Corp.

Description

Canopy Growth Corp. (TSX:CGC) has plenty to look forward to in the coming months following another piece of good news from a government agency.

Tuesday saw the company push forward as Canada's Task Force on Marijuana Legalization and Regulation released a 106-page report disclosing dozens of recommendations. This marks another step forward towards the legalization of cannabis on a national level. The organization suggested that brick-and-mortar locations and mail orders of the plant should be made available. Legalization of the substance will not be discussed until the spring.

The news proved to be a breath of fresh air for Canopy Growth as CGC shares surged 6.3% on Tuesday. Other marijuana stocks welcomed the news as well, including **Aphiria Inc.** and **Aurora Cannabis Inc.**, which gained 5% and 6%, respectively, on Tuesday. The organization's recommendations as far as dosage, structures, and how each province will tackle the issue is in line with what Canopy Growth has had in mind for the future of the industry.

In Canada, Canopy Growth is expanding its presence. The company is on the verge of acquiring another major cannabis corporation in **Mettrum Health Corp**. The move will combine the companies into one corporation that will have 40,000 medical marijuana patients, marking close to 50% of the nation's total medical cannabis users. The move will help to save costs for the production of the substance as well as infrastructure costs.

The move will benefit investors from both companies greatly as Mettrum shareholders will gain 0.7132 common shares of CGC stock per common share of Mettrum. This amounts to $8.42 per Mettrum common share, giving investors about 22.3% of the new company, while Canopy Growth investors will hold a 77.7% stake on it.

Moving forward, Canopy Growth CEO Bruce Linton discussed the company's future plans, which include other pending acquisitions that will help bolster his company's portfolio in Canada and abroad. The company currently has about $68 million to spend in its near-term plans, including an agreement it has in place to buy **MedCann**, which is a pharmaceutical distributor that caters to German pharmacies.

The deal is pending approval from shareholders, and it will be paid in CGC shares, which are selling at about $10.63 apiece. The agreement is valued at about $7.2 million, and it is one of several acquisitions currently in tab for Canopy Growth.

The two aforementioned acquisitions, along with a third one, will make up the bulk of the $68 million that Linton and co. are investing towards a more profitable future. This plan includes building facilities in Quebec and Ontario, as well as taking action on whatever needs to be done to break through the German market.

There is plenty of untapped potential in Europe; Germany could be the first move towards a larger industry overseas. If Canopy Growth has a successful stint in the Eastern European nation, the rest of the continent could come next. Additionally, the company is in a good position to succeed at home and abroad due to its investment in the edibles market, which would be more attractive to those who want to consume marijuana without smoking.

CGC shares are still selling at an affordable rate, considering everything the company has planned for years to come. If the legalization trend in more areas of the country continue, there is no telling how much companies such as Canopy Growth can rake in on an annual basis. It is only a matter of time until the company's foray into Europe's cannabis industry becomes a reality, suggesting a potential for expansion that knows no boundaries.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:WEED (Canopy Growth)

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