



## Canopy Growth Corp.: The 12 Days of Christmas

### Description

With Christmas less than two weeks away, **Canopy Growth Corp.** (TSX:CGC) is winding up its most successful year in the company's short history. In celebration of its fantastic year, I thought I'd run through the Twelve Days of Christmas—investor style.

**On the first day of Christmas, Canopy Growth gave to investors...** the first marijuana unicorn in Canada. That's right, Canopy Growth's market cap sits at \$1.3 billion as of December 14, and in November went from \$1 billion to \$2 billion in less than a week of trading.

**On the second day of Christmas, Canopy Growth gave to investors...** a grand vision for what the Canadian recreational marijuana market could be—a potential \$8.7 billion industry.

**On the third day of Christmas, Canopy Growth gave to investors...** an investment story that didn't revolve around financials or energy stocks. That's a good thing in a country where these two sectors account for almost 59% of the A&P/TSX Composite Index.

**On the fourth day of Christmas, Canopy Growth gave to investors...** a rejuvenated Smiths Falls. When **Hershey** closed the chocolate factory in 2009 after 45 years in operation, putting 600 people out of work, things looked pretty bleak for the Ottawa Valley municipality. Now the 463,000 square foot plant, of which 168,000 is licensed for medical marijuana production, is pumping out product as fast as it possibly can.

**On the fifth day of Christmas, Canopy Growth gave to investors...** Snoop Dog and his Leafs by Snoop brand of Cannabis. Canopy Growth began selling three of the rapper's whole-flower dried cannabis strains in October at prices between \$9 and \$12 per gram. The Maple Leafs might not like it, but investors should.

**On the sixth day of Christmas, Canopy Growth gave to investors...** one humongous M&A deal. On November 30, Canopy Growth announced it was buying Bowmanville-based **Mettrum Health Corp.** ([TSXV:MT](#)) for \$430 million, or 38 times Mettrum's EBITDA. The deal takes out a competitor while adding capacity. It's a win/win for shareholders.

**On the seventh day of Christmas, Canopy Growth gave to investors...** tremendous volatility. As Fool.ca contributor Joey Frenette [points](#) out, although the short-term volatility in Canopy Growth's stock appears to be over, more is on the horizon. Use this to your advantage, buying whenever the pros want to shake out the weak hands. Warren Buffett does.

**On the eighth day of Christmas, Canopy Growth gave to investors...** a second investment opportunity in **Loblaw Companies Limited** ([TSX:L](#)). The Federal Task Force on Marijuana Legalization and Regulation opposes the sale of pot in stores where alcohol and tobacco are sold. Loblaw's acquisition of Shoppers Drug Mart, which has applied to distribute medical marijuana, is looking even smarter thanks to the task force.

**On the ninth day of Christmas, Canopy Growth gave to investors...** a diversified revenue stream. Canopy Growth CEO spoke about the Task Force's recommendations December 13 on the *Business News Network*. He sees strong growth for the edibles market providing diversified revenue streams for the company beyond its dried cannabis category.

**On the 10th day of Christmas, Canopy Growth gave to investors...** a business that can ship coast to coast. While Canada could get punished under a Trump presidency, the hotel owner's election has a silver lining. In the U.S., pot producers can't ship across state lines. Here in Canada, licensed producers can ship coast to coast. Canopy, as the market leader in a country with a better model, should benefit elsewhere as a result.

**On the 11th day of Christmas, Canopy Growth gave to investors...** a minimum age of 18. The other task force recommendation that's interesting for Canopy Growth is the age minimum of 18 instead of the age of majority, meaning in most provinces, licensed producers will get to sell to an additional batch of customers that alcohol producers can't.

**On the 12th day of Christmas, Canopy Growth gave to investors...** a whopping total return of 263% in 2016.

Merry Cannabis!

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)
2. TSX:WEED (Canopy Growth)

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## Date

2025/08/26

## Date Created

2016/12/15

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