

Canopy Growth Corp. Is Wheeling and Dealing, and Investors Love it

Description

Earlier this month, Canadian cannabis producer **Canopy Growth Corp.** ([TSX:WEED](#)) announced two international deals in which the company has agreed it would supply product to two medical marijuana companies in two completely different markets.

The company announced its intention to provide Spanish supplier Alcaliber with specific strains of marijuana as well as cannabis seeds in an effort to continue to grow its European presence. Canopy has made deals with other medical marijuana producers in Europe, utilizing the scope and breadth of the company's export licence to make arrangements with suppliers in countries all around the world, including Germany.

The second deal Canopy made earlier this month was an exclusivity agreement with Australian company **AusCann Group Holdings Ltd.**, which will entitle the Australian company to pursue opportunities in the Australian market, which may not have otherwise been possible, growing Canopy's global reach further.

Since these announcements were made, shares of Canopy have risen approximately 10% on improved investor sentiment regarding the ability of the marijuana producer to continue to grow its global brand and beat its competitors to the punch in terms of the amount of global market share Canopy intends to hold in the near to medium term.

Another factor that has led to the rise of the broader Canadian cannabis sector overall is linked to reduced ambiguity with respect to the government's plans to "roll out" marijuana stores in key Canadian markets such as Ontario. Earlier this month, the Ontario government outlined their plan to introduce cannabis to consumers in 2018 using a model built on the liquor distribution model.

While opponents of this distribution model have noted significant inefficiencies with the current liquor distribution system, as well as sky-high taxation and costs placed on producers as well as consumers, the reality is that any plan appears to be better than no plan due to the fact that investors have waited significantly longer than many expected to receive any guidance whatsoever as to how the retail and distribution model would look like in key provinces such as Ontario.

Bottom line

While things are seemingly becoming clearer for Canadian investors interested in cannabis companies such as Canopy, significant headwinds remain for the industry, such the [taxation and distribution](#) headaches I have discussed at length in the past.

Growing its export business makes Canopy a unique company in the cannabis-production industry in Canada, given the approach most companies have had to the legalization process — namely, focusing almost all of the company's resources on expanding production to meet Canadian demand for legalized marijuana. Perhaps Canopy sees things clearer than other producers, or the company is

hedging its bets that the Canadian market for legalized marijuana will be as big as analysts seem to believe it will be. Whatever the case, these two international trade deals make a heck of a lot of sense, and renewed interest in Canopy is understandable.

Stay Foolish, my friends.

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