

## Canopy Growth Corp. Receives a \$245 Million Vote of Confidence, Gets a New Platform for Exponential Growth

### Description

There is every reason for **Canopy Growth Corp.** ([TSX:WEED](#)) investors to leap for joy upon news of a major investment from world leading Fortune 500 firm **Constellation Brands Inc.** ([NYSE:STZ](#))([NYSE:STZ.B](#)) that will not only provide Canopy with new growth capital, but present it with a new potential product mix and expansion opportunities into new markets in the near future.

Canopy Growth Corp. released today an already anticipated announcement that global beer, wine and spirits giant, Constellation Brands is taking up a 9.9% stake in Canopy for a total consideration of \$245 million in a transaction that is set to close on November 2, 2017.

Constellation Brands is taking up this minority interest in Canopy at \$12.98 per share, which is a 1.5% premium to the stock's Friday closing price of \$12.79.

Moreover, the United States based alcoholic beverages brewer and marketer has the lucrative option to double its stake through an exercise of stock purchase warrants over the next 30 months.

### A huge growth opportunity

While Constellation Brands was quick to point out that it "has no plans to sell any cannabis products in the U.S. or any other market unless or until it is legally permissible to do so at all government levels", this deal presents Canopy Growth Corp with a massive growth potential that investors may never have imagined before.

The new business relationship between Canopy growth Corp and Constellation Brands could be a formidable winning partnership for massive investment gains to investors in both stocks as the two aggressive growth companies have great innovative plans.

Market rumor is that Constellation and Canopy intend to bring to market some cannabis infused beverages, a first for the global cannabis and alcoholic beverages sectors.

While cannabis is still a controlled drug at the federal level in the United States, there is a growing likelihood that the Trump administration may finally warm up to the idea of a legalised marijuana sector after several states have adopted some form of legalisation over the last few years.

Canada is on target to fully legalise recreational cannabis by Canada Day in 2018.

However, it's not yet clear when the Canadian federal government will announce a legalisation framework for cannabis infused edibles due to health concerns as it takes a while for intoxication to kick in after consuming marijuana in edible form, as well as for fears for under-age children's exposure to the products.

One thing is clear though, marijuana infused edibles will eventually hit the market both in the U.S and Canadian markets, and cannabis infused beer could be a huge sell, a new innovative explosive growth product that could skyrocket Canopy Growth's revenues and significantly boost profit margins.

Canopy and Constellation are already taking the lead in exploring this new growth area.

It is still debatable whether marijuana and beer are competing substitutes, or complementary products, but a cannabis infused beer could seriously deliver a kick and an extra punch to a consumer, and a huge market portion may be curious to try a glass, and keep coming back for more "trials"!

Given this scenario, its high time investors begin to revise upwards the total addressable market for Canopy Growth Corp's product offerings, and potentially update their revenue and profitability growth rate estimates on the stock.

Canopy's stock could easily become a double candidate over the next year, especially after announcing plans to exponentially grow [potential productive capacity](#).

### Investor takeaway

Constellation has been a recipient of several international business awards, including a 2016 Forbes Magazine award for the "World's Most Innovative Companies," where the company ranked number 92 based on its potential to generate profitable growth in the future.

A business relationship with Canopy Growth Corp. could propel the two stocks into a new growth trajectory, while adding more reasons for Canopy's to be an [outperform candidate](#) for 2018.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:STZ (Constellation Brands Inc.)
2. TSX:WEED (Canopy Growth)

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