



Why Bruce Linton Deserves to Be CEO of the Year

Description

I've followed **Canopy Growth Corp.** ([TSX:WEED](#)) since its introduction to the Toronto Stock Exchange approximately one year ago. Over the course of the past year, Canopy has made a series of significant deals happen; of the list of achievements pushed through by CEO Bruce Linton and his team, perhaps none has made more of an impact than the recent announcement of a \$245 million equity investment by **Constellation Brands, Inc.** ([NYSE:STZ](#)) for less than 10% of the company's shares. The investment includes warrants which could potentially double Constellation Brands's investment at ~\$13 should the company wish to exercise its warrants in the future.

This deal has provided a boost to Canopy's already impressive image within the industry, validating the company's competitive position within the "sin" sector. The old adage, "if you can't beat 'em, join 'em," certainly appears to hold water for Constellation Brands's management team, with this large investment seemingly a bid for long-term stability amid a shifting landscape, which will see legal marijuana compete with liquor, tobacco, and other big business over the long term.

Constellation Brands, a company known for its portfolio of liquor brands, including Corona beer, has seen its share price skyrocket over the past five years. With the company's stock price increasing more than six-fold over this time frame, expectations about where the company will be able to continue to attain growth was likely the primary driver behind the massive investment in Canopy, given the fact marijuana has yet to be officially legalized in Canada and the industry itself remains in its infancy.

With Constellation Brands making a bold bet on Canopy to outperform its competition in what is shaping up to be a race to the starting line in the Canadian cannabis industry, Bruce Linton and his team deserve a round of applause for bringing the company to where it is today. Indeed, a bet on Canopy is looking more and more like a bet that Mr. Linton and his team will continue increasing the company's value in a sector blanketed in uncertainty and opaqueness.

Bottom line

While marijuana remains illegal in the eyes of the U.S. Federal government, and indications are that cross-investments from U.S. to Canada remain in a grey area, and with the TSX seemingly erring on

the side of allowing this transaction to complete, the potential for similar investments in the future should provide a continued short-term boost to the industry as a whole.

Mr. Linton and his team have done an incredible job of making a deal happen, which many skeptics believed would not be possible; in doing so, he just increased the watermark for the industry.

Stay Foolish, my friends.

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2. TSX:WEED (Canopy Growth)

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