

## Canopy Growth Corp. Looks to Make a Big Acquisition in Europe

### Description

**Canopy Growth Corp.** ([TSX:WEED](#)) is once again looking to expand its global reach when it comes to the world of pot. The company already has a presence in Jamaica and in parts of Europe. Now, Canopy has its sights set on Spain and is bidding on Alcaliber SA, which is a pharmaceutical company that produces morphine and thebaine.

The two companies are not unknown to one another and entered a strategic partnership last year. However, it's not a forgone conclusion that Canopy will acquire Alcaliber, as other companies are still vying for the purchase as well, which could reach as high as EU\$275 million. It could take a month until we find out the winning bid.

### **Why it may be only a matter of time before we see pharmaceutical companies partnering up with cannabis companies**

It's been long rumoured that big players in the pharmaceutical industry are sizing up cannabis companies for potential acquisition targets. However, a big hurdle right now is the legality of pot in the U.S. While some states have legalized pot, federally, the drug is still illegal, and the attorney general has given the [green light](#) for law enforcement to go after violators, even if the drug has been legalized within the state.

Until cannabis is legalized at the federal level, we'll likely see big pharmaceutical companies staying on the sidelines to avoid the risk of running afoul with law enforcement. As tempting as it may be for pharmaceutical companies to partner up with marijuana, it's still far too early for that to happen.

However, it could result in a boom for both industries, as medicinal marijuana would complement other drugs offered by pharmaceutical companies.

### **What the potential deal means today**

Even though the deal may fall through, this is a good sign to investors as Canopy continues to try and grow its brand beyond its borders. More importantly, the company is not taking on added risk and trying to invest in the U.S. where it could draw the ire of the TSX. We've already seen **Aphria Inc** (TSX:APH) [come under fire](#) for its investments south of the border.

Unfortunately, unlike in Canada, there is no timeline for when the U.S. will legalize cannabis, and there's no guarantee that it ever will. At the very least, investors will need to wait for a change in power at the White House before legalization can gain any traction.

### **What does this mean for investors?**

Canopy is making a strong effort to continue to grow its top line, and that is great news for investors. The company recently turned in a solid quarter that saw it finish in the black, and its ability to continue to grow its revenue will be key for the stock's growth.

While legalization in Canada will certainly give the stock a boost, it's still a relatively small market compared to the rest of the world. In order for the company to justify its high price tag, it will need to show investors a lot more potential than what currently exists within the domestic market.

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