



If I Were Going to Buy Any Cannabis Stock Right Now, it Would Be This 1

Description

Cannabis stocks have been on a tremendous roll (pun intended) over the past 16 months, which means that those still looking to get a piece of the action today need to dig a little deeper to uncover the hidden gems that still remain.

Companies that have become household names for many Canadian investors, **Canopy Growth**, **Tilray**, **Aurora Cannabis**, and **Aphria** have seen the value of their share prices double or, in some cases, even triple over that stretch.

Meanwhile, perhaps a lesser-known company going by the name of **VIVO Cannabis** (TSXV:VIVO), with a market capitalization of under US\$500 million, you might just find could be worth your while.

VIVO, formerly known as ABcann Global Corporation, is focused on delivering premium cannabis product that targets unique consumer segments and needs across both recreational and medical channels through the company's Beacon Medical, Fireside, and Lumina brands.

The company has plans to tap into burgeoning international demand, including markets in Europe and Australia, and hopes it can fuel that growth by way of its recent acquisition of Canna Farms, which effectively tripled its current production capacity.

But while capacity between VIVO's current Napanee, Ontario, and Hope, B.C., plants currently sits at just over 4,000 kgs, the company expects that capacity to reach upwards of 12,000 kg and approaching 57,000 kg by sometime in mid-2020.

The smart money is watching: M&A rumours swirling in the cannabis markets...

In addition to the promising growth prospects that lay ahead for VIVO, the rumour mill has been heating up lately with respect to the array of potential suitors that have been lining up to enter Canada's soon-to-be-legal recreational cannabis market.

Last month, a report surfaced from *BNN Bloomberg* that several consumer goods companies, namely “snack makers” were lurking to [partner up](#) with cannabis growers.

That report came in addition to a string of acquisitions that have already taken place involving mega-brewers **Constellation Brands** and **Molson Coors**, and, more recently, rumours that alcoholic beverage maker **Diageo plc** ([NYSE:DEO](#)) is now too [reported to be in talks](#) with a handful of licensed cannabis producers.

What’s particularly interesting about the Diageo rumours is that a review of the company’s investor relations page reveals that one of the company’s board members, Richard Fitzgerald, is a former CEO and chairman of Diageo Canada; meanwhile, a member of its senior executive team, Joel Mallard, also formerly held a leadership role at Diageo.

This, of course, could mean nothing at all, but at the same time, the fact that two key members of VIVO’s leadership team have existing ties with Diageo, rumoured to be a potential M&A partner for cannabis producers, probably doesn’t hurt the company’s prospects either.

Bottom line

At a market capitalization of under \$500 million and a stock that trades at less than \$2.00 per share, it’s not unreasonable to expect that this company has up to now been flying under the radar of many investors who have been following the cannabis markets over the past year or so.

But with its production capacity expected to expand more than 10-fold over the next few years and the M&A market beginning to heat up as October 17 approaches, this could be a name that perhaps warrants a closer look.

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