Is Canopy Growth Corp. (TSX:WEED) the Best Marijuana Stock to Buy Right Now?

Description

With the Canadian recreational marijuana market about to launch, investors are wondering which cannabis companies are best positioned to succeed.

Let's take a look at **Canopy Growth** (TSX:WEED)(NYSE:CGC) to see if deserves to be the top cannabis stock for your portfolio today.

Early leader in Canada

Canopy Growth emerged as an early leader in the Canadian medical marijuana space. The company had the foresight to buy competitors when the market was still unsure about how the industry going to play out. Some of the deals might have appeared expensive at the time, but they have since proven to be wise moves. The most important was probably the purchase of Mettrum Health in early 2018 for about $430 million. Mettrum added important production capacity and national brands, giving Canopy a leg up in the medical marijuana market.

Positioned for international growth

Canopy Growth has also made moves to establish itself in key international markets where medical cannabis demand is rising, and longer-term opportunities could develop for recreational sales.

The company was the first Canadian cannabis producer to receive approval to export dried cannabis to Germany, and its distribution subsidiary in the country is supplying pharmacies with a growing variety of products.

Canopy Growth also has partnerships or subsidiaries in Australia, Colombia, the Czech Republic, Lesotho, Jamaica, Chile, Denmark, Spain, and Brazil.

Beyond smoke

In Canada, pot smokers will be able to legally purchase marijuana in the coming weeks. Canopy

Growth has supply deals with the provinces and territories and is ramping up its production capacity to meet the anticipated demand.

The big opportunity, however, likely lies in the consumables market, and cannabis-infused beverages are quickly becoming a major focus. Canopy Growth was the first cannabis producer to partner with a global drinks company when it sold a 9.9% stake to Corona-owner **Constellation Brands** for $245 million last year.

Constellation Brands made headlines in August when it announced an additional $5 billion investment to increase its holdings in Canopy Growth to 38%.

Canopy Growth is also positioned well to capitalize on demand for branded goods. It purchased Hiku Brands in July to expand its retail footprint in Canada. Hiku is known for its innovative branded products targeting specific markets in the cannabis space.

Should you buy?

Canopy Growth currently trades for $63.50 per share, giving it a market capitalization of $14.5 billion. Based on the company's existing revenue, the stock is extremely expensive, so investors have to be of the opinion that the company will grow into the valuation.

If you think cannabis is going to be a major disruptor in both the medical and beverage markets and are willing to ride out some volatility along the way, Canopy Growth is probably the best choice for your portfolio today.

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Date
2025/08/20
Date Created
2018/09/24
Author
aswalker