



Is Cronos Group Inc. (TSX:CRON) the Best Underdog Weed Stock to Buy?

Description

Investors searching for the best [cannabis stocks](#) to add to their portfolios have a wide variety of choices today.

The number of marijuana stocks now trading on major indexes has increased significantly in the past two years, with many sporting valuations in the billions. The biggest names get most of the attention, but there might be interesting opportunities in the “smaller” stocks that still have a significant presence but are still catching up to their larger peers.

Let's take a look at **Cronos Group** ([TSX:CRON](#))([NASDAQ:CRON](#)) to see if it deserves to be on your radar.

Canadian market

Cronos Group, like its peers, is providing medical marijuana to registered Canadian patients, but it is also preparing to compete for recreational business once the market becomes legal next month. The company has supply agreements in place with British Columbia, Ontario, Nova Scotia, and P.E.I., and it has 355,500 square feet of production space lined up in Ontario and British Columbia.

International

Cronos Group recently announced a joint venture in Colombia that will develop, cultivate, manufacture, and export cannabis products in Latin America.

The company also has operations or partnerships in Germany, Poland, Israel, and Australia.

Ginko deal

Earlier this month, Cronos Group made headlines when it released details of a partnership agreement with Ginko Bioworks, an organism company that has expertise in leveraging the power of biology to genetically engineer products for the food and pharma industries.

The two companies will conduct research to extract cannabinoids from cannabis plants and reproduced them in a lab environment to be used in medical and recreational products.

The idea sounds a bit like a sci-fi movie, but the implications are significant if the companies get to the point where they can leapfrog the entire industry that is currently spending billions to build massive greenhouses to grow plants to get the small bits that are useful.

Biological manufacturing could completely disrupt the cannabis sector.

Should you buy?

Cronos Group might be seen as an underdog when compared to some of its [larger peers](#) in the Canadian cannabis market, as some have a head start on the industry, but that could turn out to be an advantage if the Ginko play works out.

At the time of writing, the stock trades at \$14.50 per share, giving Cronos Group a market capitalization of just over \$2.5 billion. This is well within reach of the larger players who might decide to bring Cronos Group under their umbrella before it gets too big.

There is no guarantee that Cronos Group will become the target of a takeover battle, but consolidation is likely to continue, and I wouldn't be surprised to see the company get bought.

If you like routing for the underdog, Cronos Group might be an interesting pick today.

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