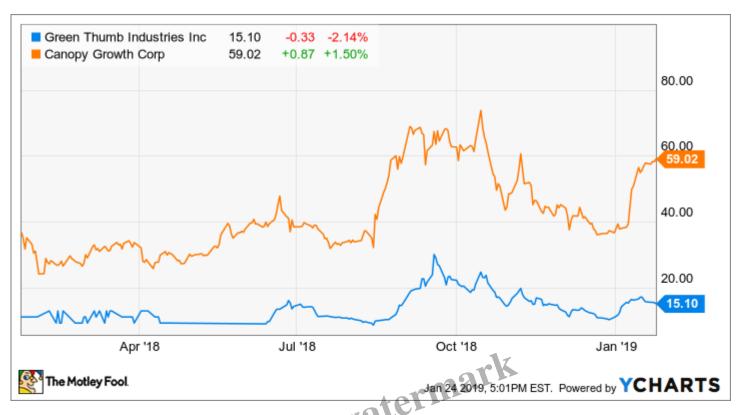


Could Green Thumb Industries (CSE:GTII) Be the Next Canopy Growth Corp (TSX:WEED)?

Description

Investors in the marijuana industry have finally seen light at the end of a seemingly never-ending tunnel these past few weeks. The **Horizons Marijuana Life Sciences ETF** jumped from \$14 at the end of last year to about \$18 per share at the time of writing this article, demonstrating that the markets are finally learning to trust pot stocks again.

Among those who have had gains not seen since October are **Canopy Growth Corporation** and **Green Thumb Industries Inc.** (CSE:GTII). The former has jumped almost 50% in the past few weeks. But while Green Thumb hasn't had such drastic gains, the company is set up to see huge leaps in the next year.



GTII data by YCharts

But could it be the next Canopy Growth? Let's take a look.

American expansion

The Chicago-based cannabis consumer packaged goods company has been hitting the American market hard over the past few months. The company is already set up with licenses in 12 states, including Pennsylvania, New Jersey and Nevada.

Most recently, Green Thumb acquired an Ohio processing license that boosted the stock 6% in midday trading. The license gives Green Thumb the ability to open five dispensaries.

This announcement came not long after the company signed a definitive agreement to acquire Advanced Grow Labs (AGL) to enter the Connecticut market. This was huge news for Green Thumb, as AGL is one of only four companies in the state licensed to grow and process marijuana. The company should have the agreement closed by the first quarter of 2019.

These licenses put Green Thumb in a <u>strong position to sell across America</u>, with 13 manufacturing facilities and licenses for 93 retail locations across 12 states. Like Canopy Growth, the recent Farm Bill in the states will prove a big win for both companies.

Expansion is already paying off

Green Thumb is already in a strong financial position, but the acquisition of AGL was huge for the company. The deal brought in \$80 million USD, with \$15 million USD being paid in cash and 7.0 million Subordinate Voting Shares of Green Thumb.

With the deal to be done and dusted by the time the next quarter results are released, investors should look forward to some great forward-looking news.

Analysts are sure that Ohio is just the latest in Green Thumb's plans to expand. With the markets doing better, plan on seeing some more leaps over the next 12 months.

Canopy Growth is in the same position receiving licenses across the states, most recently in New York. The company is also setting itself up for future opportunities should the U.S. legalize marijuana completely by partnering with **Constellation Brands** and marijuana data research in states that have already legalized cannabis.

As big as WEED?

While Green Thumb is expanding rapidly, I don't think we can say that it's <u>as big as Canopy Growth</u>. The difference is Canopy Growth is global, whereas Green Thumb is sticking close to North American markets.

That's not to say it's a bad thing or that Green Thumb doesn't have the potential to reach some huge share prices. The company has an opportunity to be set up to sell if and when the U.S. legalizes recreational cannabis.

For now, the stock is in a much stronger position than many other marijuana producers. The next 12 months will see the opening of dispensaries across the states — and the start up of the company's acquisition of AGL.

While the next year may not see a share price as high as Canopy Growth's, the company is still a good buy. At \$15.50 per share at the time of writing this article, the stock price is a steal. Analysts believe the stock won't go anywhere but up in the next 12 months, and could hit within a range of \$21 to \$50 per share.

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