



3 Top Marijuana Stocks With Serious Hemp Growth Exposure

Description

Canadian marijuana firms are going all out to increase their clout on the global cannabis market, and their recent forays into hemp production could further accelerate future revenue and profitability growth rates for the leading players.

The recently opened U.S. hemp market is expected to hit the US\$22 billion mark by 2022, while Canadian hemp operations are expected to feed lower cost hemp cannabidiol (CBD) as an ingredient in wellness and medical cannabis products, thereby fuelling faster profitability growth.

Here are three top marijuana stocks with significant exposure to the hemp growth play.

Canopy Growth Corp

If the nascent marijuana industry ever evolves into a winner-take-all market, then **Canopy Growth Corp** ([TSX:WEED](#))(NYSE:CGC) could be a likely runaway candidate for the pole position in the combined cannabis and hemp markets, as it has created a strong, capable and vibrant hemp division over the past three years.

The company entered the North American hemp market as early as 2016, and its 2017 acquisition of Green Hemp Industries' assets and intellectual property beefed up its hemp presence in Canada. Upon the closing of the Green Hemp transaction, the company had the capacity to operate approximately 300 acres of existing hemp production with available scale to hit 2,200 acres for the 2018 growing season.

Indeed, Canopy's 2018 hemp operations utilized 4,500 acres and with an expected yield of approximately 7000 kilograms of hemp-derived CBD, and this run rate is repeatable every year.

Further, the November 2018 acquisition of leading hemp research firm ebbu Inc solidified Canopy Growth's hemp-specific IP portfolio, while the recently announced [New York investment deal](#) to set up a US\$100-150 million Hemp Industrial Park capable of producing tons of hemp extract annually signified an emphatic entry into the recently opened up U.S. hemp market.

Aurora Cannabis Inc.

Aurora Cannabis (TSX:ACB)(NYSE:ACB) is a serious contender in the global hemp market. The company is [yet to make a grand entry](#) into the U.S. CBD market, but it has already created a serious hemp advantage in the emerging global hemp product market.

The company strategically invested in hemp through a controlling stake in **Hempco Food and Fiber** and it already has advantageous access to a growing farmer base that could supply low cost hemp for CBD extraction.

A recent acquisition of Europe's leading hemp operation of Borella and Agropo significantly boosted the company's global hemp exposure and the hemp outfit could significantly drive revenue growth in the upcoming quarterly report. Around 6000 acres of hemp are expected to be planted in Europe for global distribution this year.

Further, the company's acquisition of ICC Labs last year gave it access to over 400 acres of planted medical hemp for CBD production.

Most noteworthy, **Radiant Technologies**, an Aurora Cannabis investee, announced Monday that it has received its Standard Processing License from Health Canada and will use its patented extraction technology that could allow Aurora to significantly increase cannabis and hemp extracts production rates at higher yields and lower average costs.

Organigram Holdings

Organigram Holdings Inc. (TSXV:OGI) entered into a long-term agreement with a New Brunswick based industrial hemp research company 1812 Hemp to secure the supply of hemp plant material and support research and development on hemp genetic improvements and traditional plant breeding methods.

The company has access to over 6,000 kilograms of dried hemp flower from a 2018 harvest that it intends to purchase and extract CBD starting this first quarter of 2019. It also intends to maximize the CBD yield from hemp in the two companies' arrangement, a deal that could lead to reduced average production costs for the hemp oil.

Organigram has a serious supply of hemp material that is close to Canopy Growth's right now, and the company has secured a right-of-first refusal on 1812 Hemp's future hemp harvests, which are expected to significantly increase starting this year.

Investor takeaway

There are other leading cannabis firms that have shown some keen interest in the hemp market, and **Aphria** on of them. Through its majority owned subsidiary QSG Health Limited (QSG), the company has its eyes set on pursuing the health and wellness market with CBD products. **The Green Organic Dutchman** is another contender to the hemp growth play after its recent acquisition of Hemp Poland.

Tilray shouldn't be counted out as well, as the company recently contracted with LiveWell Canada for the supply of hemp derived CBD. LiveWell is expected to source hemp oil from Canadian and United States farmers. That said, Tilray seems to be just testing the waters and may make more serious

investments in the hemp growth play later.

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