



Canopy Growth Corp. (TSX:WEED): The Weed Company That Lays the Golden Egg

Description

Cannabis companies could have ended 2018 with a bang were it not for the supply shortages and supply chain hitches. These problems that emerged after the legalization of adult-use marijuana dampened investor enthusiasm. Still, 2019 opened with a renewed zeal as new entrants listed on the Canadian markets.

The most prominent IPO listing that went down was that of **Slang Worldwide** (CSE:SLNG). But **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) has a lot to do with Slang's impressive debut last January 29. Clearly, there is an advantage when you partner with the goose that lays the golden egg. Such is the power of Canopy Growth.

The growing influence of Canopy Growth

The co-founders of Slang, Peter Miller and Billy Levy, are the previous owners who of cannabis company Mettrum Health Corp Canopy Growth acquired in 2017. The partnership with Canopy is through a joint venture in licensed cannabis producer Agripharm Corp., where Canopy has 40% ownership and Slang 20%.

Canopy Growth casts a large shadow over the cannabis industry. Canopy Rivers was formed for prospecting purposes and investing in cannabis companies for future collaboration. Last February 4, Canopy Rivers revealed the plan to raise US\$85 million from investors, and Canopy Growth will put in 35% of that.

Canopy Growth's tactical moves aren't stopping anytime soon. The company's presence in Europe and the U.K. is being felt thanks to Canopy's Spectrum Cannabis that supplies and distributes medical cannabis products in this market.

A hemp industrial park will be developed in New York after Canopy Growth earmarked a US\$150 million investment in January. Canopy Growth is set to [capture the U.S. markets](#). The revenue from cannabis-induced beverages is potentially huge; it will be produced with partner **Constellation Brands Inc.**

([NYSE:STZ](#)), one of the largest beer distributors in the world.

The undisputed industry leader

Canopy Growth's push towards industry leadership is unstoppable. Investors in the cannabis space are seeing the true picture now that the fog is slowly clearing. Like most of the weed stocks, Canopy Growth had a forgettable ending in 2018. WEED closed the year at a low of \$36.61.

But what the stock's performance is showing investors lately is that Canopy Growth could be [a winning stock not only in the cannabis sector](#). WEED is currently trading at \$61.38, which represents a 67.65% climb from the year-end price. The stock's 52-week high is \$76.68. Reaching that price level isn't a pipedream.

The drawback of Canopy Growth is the investors' perception that companies in the cannabis industry might suffer the same fate of tech companies during the dot.com era. Investors are hesitant to bet all out on cannabis stocks, especially Canopy Growth. Investors need to be completely convinced and allayed of the fears.

The thing that will kill the goose that lays the golden egg is if the situation in late December happens again. Otherwise, Canopy Growth's income will grow even bigger, with significant contributions from the company-backed entities. For long-term investors, it is worth investing in the stock now.

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