



## Is Village Farms International Inc (TSX:VFF) the Next Cronos Group Inc (TSX:CRON)?

### Description

At the end of 2018, shares of **Village Farms International Inc** (TSX:VFF) fell to around \$4, a 12-month low. Since bottoming out, the company's stock has been on a tear, rising roughly 250% to surpass \$13 per share.

Have the last 60 days really created \$400 million in extra value for the company, or is this sudden surge about to pop? That all depends on whether it can execute on its aggressive plan to become the next **Cronos Group Inc** ([TSX:CRON](#))([NASDAQ:CRON](#)), a company with a 1,000% higher market cap.

### A legendary pivot

For years, Village Farms was little more than a vegetable grower. Specializing in tomatoes, cucumbers, and peppers, the company produced value-add, ready-to-eat packages of branded vegetables with names like Exquisite Heirloom, Savory Roma, and Delectable Tov.

The business was profitable, but decades of experience growing high-quality plants created a once-in-a-lifetime opportunity for a transformational pivot.

With a 30-year history developing and operating mega-scale greenhouses, the company has a unique entry point into the massively growing cannabis market. Thus far, new companies like Cronos Group have dominated, with market capitalizations well into the billions of dollars. With a value of just \$600 million, Village Farms could be the next big thing in marijuana.

In 2019, the Canadian cannabis market alone was worth more than \$4 billion. By 2025, the U.S. market could surpass \$25 billion in value. Globally, the marijuana market is expected to top \$150 billion within five years. This is a serious opportunity, folks.

Today, Village Farms operates many of the largest greenhouses in North America, including a 4.8 million square foot operation in British Columbia and a 5.7 million square foot facility in Texas. It also has contracts with partner growers, adding an additional 8 million square feet of greenhouses in

Ontario and Mexico.

Even before the business pivot, Village Farms was ready to become one of the largest vertically integrated cannabis producers in the world. All that's left to do is execute that vision. With a proven history of tech-enabled, low-cost production, Village Farms is a great bet to succeed compared to the litany of cannabis competitors that are starting from scratch.

## Village Farms will be a cannabis leader

As competing cannabis growers go to market, execution will be key. Specifically, growers need to ensure they can produce a quality, consistent product at attractive prices. With a targeted production cost of under \$1 per gram, Village Farms is set to lead the industry.

Village Farms' greenhouses should give it a competitive edge that few companies can match. First, they provide an unparalleled ability to produce cannabis quickly, consistently, and independently from prevailing weather conditions. Additionally, they already have a scaled team of expert growers ready to start immediately. Other cannabis companies are building their facilities for the first time, hiring less experienced workers and managers in order to scale quickly.

By the end of the first quarter of 2019, Village Farms aims to expand production to more than 1 million square feet of cannabis. By the middle of the year, the company should achieve a run-rate of 75,000 kilograms.

The stock has popped strongly in recent weeks due to justified excitement for the company's future, but if it can execute, Village Farms has a great chance of surpassing a \$1 billion market cap this year.

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**Author**

rvanzo

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