



Why Canopy Growth Corp (TSX:WEED) Is Still the Top Pot Stock

Description

The cannabis industry is currently flying high. Last year, Canada legalized the recreational use of marijuana, and the U.S. legalized hemp, a cousin of marijuana but with negligible amounts of the main psychoactive chemical contained in marijuana. It is now rumored that Mexico will be the next country to legalize marijuana, and no doubt more will follow.

Few companies have benefited from these milestones more than **Canopy Growth Corp** ([TSX:WEED](#)) (NYSE:CGC). Production capacity and sales have skyrocketed over the past few years for the Ontario-based cannabis firm. Canopy's stock price hit its 52 weeks high — and, for that matter, its all-time high — in October of last year.

However, even the high-flying cannabis sector was not immune to market troubles. Canopy's stock lost 50% of its value between October and December. Still, Canopy has recovered and is currently doing just fine. Many investors looking for a bargain may prefer other (cheaper) cannabis stocks, but I believe Canopy is still the king of the castle. Here is why.

Why Canopy may still have room for growth

Canopy is currently the largest producer of marijuana in the world by market cap. In Canada, the company benefits from numerous provincial selling agreements and possesses the best distribution network among all cannabis companies, along with the largest market share. The company also has one of the highest production capacity behind only **Aurora Cannabis** ([TSX:ACB](#)) (NYSE:ACB).

Canada isn't the only territory where Canopy is currently beating out its competitors. The company has a strong international footprint. Here are just a few of the countries in which Canopy currently operates. In January, Canopy entered the U.K. Market, partnering up with Oxford-based research company Buckley Canopy Therapeutics. This partnership gave birth to Spectrum Biomedical UK, which aims to supply the continent with standardized medical cannabis therapies.

Canopy also has a presence in Poland through its partner, Spectrum Cannabis Polska. Two months ago, Canopy imported medical cannabis for the first time after Poland completed its regulatory

approval process. In Spain, Canopy partnered (through one of its subsidiaries) with Alcaliber, a company that operates within the narcotics industry. In Brazil, Canopy has partnered with Entourage Phytolab to develop cannabis-based pharmaceutical medical products for the Brazilian and international markets.

Perhaps the most notable international expansion for Canopy was when it crossed south of the Canadian border and [into the U.S.](#) After hemp was legalized at the federal level, Canopy obtained a license to cultivate hemp in New York. Canopy will invest between \$100 million and \$150 million into its New York operations and will produce all sorts of extracts.

As if that weren't enough, there is one more notable reason why Canopy is the top dog in the cannabis industry. The company benefited from a \$4.3 billion investment by the beverage maker Constellation Brands. This much access to cash will further Canopy's growth efforts. Canopy also plans on mixing its specialty — cannabis-based products — with that of Constellation Brands, which will help diversify the company's product line even more.

The bottom line

Many cannabis companies benefit from one or two of potential advantages such as production capacity, international footprints, provincial agreements, entry into the U.S. market, and a partnership with an internationally recognized brand with a lot of cash on hand. However, no other cannabis company benefits from all of these advantages; only Canopy does. That is why the Ontario-based cannabis firm is [still king of the castle](#), and while it is also the most expensive pot stock, the best doesn't come cheap.

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