



Why Canopy Growth Corp (TSX:WEED) Is Still Top of the Class

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) has been one of the biggest winners of the recent explosion of the cannabis market. The company's share price has increased at a dizzying pace over the past five years.

Canopy is now the biggest pot company in the world by market cap, and with a high production capacity, about 30% of the domestic market share, and strong international operations, it is hard to bet against the marijuana giant. Canopy recently made several moves that are likely to keep investors' enthusiasm high. Let's see what the Ontario-based pot grower has been up to.

Updated guidance

Canopy made headlines last week during the GMP Securities cannabis conference in Toronto. The CEO of the company — Bruce Lipton — announced the acquisition of the Spanish cannabis company Cafina. This acquisition bolsters Canopy's international presence, which is already very strong compared to that of most of its peers. But that wasn't it for Canopy.

The company also announced an updated guidance that left investors licking their fingers. According to the CEO, Canopy expects at least \$744 million in revenues during the current fiscal year, which is much higher than most analysts' estimates.

While the company likely won't be profitable yet, choosing to continue aggressively pursuing expansion projects, Canopy's revenue is a strong indication of its current place in the cannabis industry. During the last quarter, the Ontario-based firm was second to none in terms of sales, beating its closest rival by about \$30 million.

Another acquisition

Canopy made yet another move last week. The company is reportedly on the verge of acquiring **Acreage Holdings**, one of the largest vertically integrated cannabis company in the U.S. Despite

marijuana still being illegal at the federal level south of the border, the U.S. is the largest cannabis market in the world.

While the hemp market suddenly became more attractive last year once legislation was passed that made it legal (and Canopy plans on [entering said market](#) via a licence it acquired in New York), acquiring a well-established cannabis company operating in the U.S. would be an even better way for Canopy to dip its toes in the water. Shares of Canopy jumped by as much as 10% on the heels of its potential deal with Acreage Holdings.

Should you buy?

Canopy looks increasingly likely to be the dominant force in the marijuana market for years to come. In addition to its strong domestic and international operations and high production capacity, the company is now looking to enter the U.S. market in a big way. If this deal pans out, Canopy's share value will likely reach new heights.

Let's not forget the firm's secret weapon: boatloads of cash to fund its growth via its partnership with **Constellation Brands**. Unlike some of its competitors, Canopy no longer has to rely on dilutive forms of financing to expand its production capacity or make new acquisitions. Canopy is already up by more than 50% this year. There is likely more coming, and now may be a good time to jump on the bandwagon.

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