



Canopy Growth (TSX:WEED) Looks to Disrupt Cosmetics Industry With Key Acquisition

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) continues adding to its arsenal with yet another company being added into the fold.

On Wednesday, Canopy Growth announced that was going acquire a company out of the U.K., This Works, for approximately \$73.8 million. This Works sells skincare products and sleep solutions, with customers in 35 countries around the world. In its press release, Canopy Growth made it clear this was an important part of its overall strategy, which included “the introduction of new CBD-infused products and brands to the global beauty, wellness, and sleep solution space.”

CBD oils and other similar health products are rising in popularity, and getting into these spaces is a good way for Canopy Growth to continue growing its brand and reaching a new, broader clientele. Canopy Growth has been focused on global dominance, and it hasn't been shy about taking on an acquisition to help further its goals.

Why it's a good deal for the company today

With competition in Canada likely on the [rise](#) and its deal with **Acreage Holdings** [far from a sure thing](#), this acquisition is a good way for Canopy Growth to hedge and focus on another part of the world. However, it's not just about geographical diversification, as the industry itself presents some very attractive opportunities.

Canopy Growth Co-CEO Bruce Linton said in that release, “We believe CBD has the potential to disrupt the cosmetic and sleep solution industries and have been working for years to build and establish the right entry point into this opportunity.”

CBD has gotten a lot of hype from health enthusiasts and getting into cosmetics and other personal care items is a good way for Canopy Growth to take advantage of the growing trend. For consumers that don't want to smoke or inhale cannabis, using a cream or oil is an appealing alternative.

However, investors shouldn't get too excited about this acquisition just yet, as it's still a fairly small subset of the industry in a part of the world where CBD still has a long ways to go. It's a good move for the company, and it's a key piece that will help grow Canopy Growth's brand, but it will still be a small piece of the pie for the foreseeable future.

Bottom line

This is a long-term play for Canopy Growth that shouldn't mean a whole lot to investors today. It does, however, give the company the capability to launch personal care products with CBD not just in Europe but potentially in North America as well. Although there hasn't been a lot of movement in CBD personal care products just yet, it's one area that could have a lot of potential down the road.

The one concern I'd have as an investor is whether the cash could have been better spent acquiring capacity within Canada. There's a lot of fragmentation in the industry, and there are plenty of companies out there that could have added value and increased Canopy Growth's overall production capacity.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis

Date

2025/08/23

Date Created

2019/05/22

Author

djagielski

default watermark

default watermark