

Why Fire & Flower Holdings (TSXV:FAF) Is Worth \$2.16 Per Share

Description

Since the prospect of legalizing marijuana came into fruition several years ago, the Toronto Stock Exchange has been inundated with marijuana and marijuana-related listings.

One of the most underrated listings is **Fire & Flower** (TSXV:FAF), which is an independent retail chain of cannabis and cannabis accessories. The company carries **Aurora Cannabis** products in addition to many others.

What makes this company so unique?

This company has aggressive expansion plans and recently received a \$26 million investment from **Alimentation Couche-Tard** (TSX:ATD.B) with up to \$380 million more in growth capital. The company plans to expand internationally, which it intends to accomplish with the invested money.

Now that I have your attention, read on to find out more.

Expansion plans

The company currently has cannabis stores in five provinces and one territory with plans to expand within Canada and internationally.

The company recently opened its 22nd store in Alberta and has also received approval to open two retail cannabis stores in Ontario, one of which is already open. The company expects to have 65 stores open by July 2020.

Fire & Flower has laid out a 24-month execution plan to maximize its market share in Canada. This demonstrates that the company is committed to an aggressive expansion plan which is [furthered by its deal with Alimentation Couche-Tard](#).

As for international plans, the company intends to target markets in the United States, Mexico, Australia, New Zealand, and South Africa.

Alimentation Couche-Tard investment

In late July 2019, convenient store giant Alimentation Couche-Tard announced it would make a \$25.9 million investment in Fire & Flower in exchange for 9.9% equity.

This investment gives Fire & Flower a valuation of \$261.6 million, which means this roughly translates to \$2.16 per share. Given Fire & Flower's current share price of \$1.35, this represents an increase of 60%!

Alimentation Couche-Tard's investment also allows it to [increase its stake in Fire & Flower to 50.1%](#) through warrants. In return, Fire & Flower will receive up to \$380 million in growth capital.

Investors are clearly excited about this news, as Fire & Flower stock jumped 20% following this announcement.

Bottom line

Fire & Flower continues to dominate the retail cannabis sphere with multiple store openings every year.

With the 22nd store recently opened and additional plans to expand within the provinces and territories, Fire & Flower has positioned itself as the **McDonald's** of retail cannabis — consistent and accessible.

Alimentation Couche-Tard's \$26 million investment in the company provides the money and resources that is needed to support an aggressive growth strategy. With Alimentation Couche-Tard's global presence, the company is able to capitalize on the international experience of the convenient store chain.

Given Fire & Flower's plans to expand into the United States, Australia, New Zealand, and South Africa, this investment puts it in a good position to make the company global. With the additional \$380 million offered by Alimentation Couche-Tard, the company is well positioned to fund an expansion which could see stores being open in multiple countries at the same time.

Simply put, this marijuana stock is definitely one to keep your eyes on.

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