



## Alert: This Flaming-Hot Cannabis Stock Just Landed on the TSX Index

### Description

Don't look now, but **Alimentation Couche-Tard's** (TSX:ATD.B) cannabis retail bet **Fire & Flower Holdings** ([TSX:FAF](#)) just graduated to the TSX. Unlike cannabis producers, retailers can differentiate themselves from the pack through branding initiatives, and it's this ability to stand out that I believe makes up-and-coming retailers like Fire & Flower [so attractive](#) relative to most other pot players that are merely selling a commoditized good.

Couche-Tard's minority stake in Fire & Flower with the [option to take a majority stake](#) down the road through common share warrants is a subtle buy signal that hasn't really been recognized by the markets yet.

While the business of growing weed in massive quantities seems like a more compelling business model to investors, I think the business of cannabis retail is far more investable, especially when it comes to Fire & Flower, one of the most promising physical and digital weed sellers to arise from the TSX Venture Exchange.

Having Couche-Tard standing in Fire & Flower's corner will be a massive advantage that'll make the Edmonton-based pot retailer an unmatched force to be reckoned with.

First, Couche-Tard's management team provides its global retail expertise, which I think will be invaluable to Fire & Flower, as it looks to grow its store count. While Couche-Tard's partial stake in Fire & Flower was initially intended to help Couche-Tard leverage Fire & Flower's expertise in the world of cannabis retail, I ultimately think that the relationship will be beneficial both ways.

Convenience and full-on growth are where Couche-Tard shines. And as the two management teams share their knowledge and expertise over time, I expect ample synergies will be created.

Second, Fire & Flower now has the financial capacity to ramp up on growth. The company aims to beef up its digital platform, and when it comes time to grow its footprint in new markets, Couche-Tard's deep pockets and expansion expertise will provide an unstoppable combo that'll act as a one-two punch in the gut of most other private cannabis retailers.

Marketing, platform development, and expansion cost big money, and for small-cap firms with limited financial flexibility, such high expenses can act as a significant hurdle to a successful expansion. With Couche-Tard as a dance partner, such growth obstacles have been knocked down for Fire & Flower.

Third, Couche-Tard has the option to take a majority stake in Fire & Flower. Should things go according to plan, I wouldn't at all be surprised if Couche-Tard made moves to scoop up the retailer entirely.

While I wouldn't buy Fire & Flower based on the assumption that Couche-Tard will be back for a second or third helping of Fire & Flower shares, I think Fire & Flower is by far the most investable cannabis play out there today, and that's because having Couche-Tard on its side is a nearly unmatched advantage.

Stay hungry. Stay Foolish.

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## Author

joefrenette

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