



Forget Canopy Growth (TSX:WEED): Why This Pot Stock Could Triple in Value!

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) has been on a rough ride this year, falling more than 45% in six months and falling to below \$30 a share. While it's likely attracted the attention of investors thinking that it could be a good buy, whether that's the case is questionable. Let's not forget that this is the company that is still [looking for a new CEO](#), is continuing to weigh down **Constellation Brands**, and that's still close to a valuation of \$10 billion.

Although it has been a big drop for Canopy Growth, the reality is that the stock was grossly overpriced to begin with; it simply wasn't worth the \$20 billion valuation that it reached earlier this year. That being said, the company is going to be a significant player in the edibles market, and that alone could drive a lot of growth and excitement. I wouldn't be surprised if Canopy Growth is able to get back to \$50 or even \$60, for that matter. However, a lot would have to go right for the company, and that's just not a bet I'd make today.

Underrated retail stock could offer more potential

Rather than Canopy Growth, investors may want to take a closer look at **Fire and Flower** ([TSX:FAF](#)). The cannabis retailer is coming off a strong quarter where its revenues reached over \$11 million. A year ago, the company wasn't generating revenues yet, as it was still prior to the launch of the recreational market. But Fire & Flower has been making a name for itself since then, growing its operations in many parts of the country and being a very formidable threat in the industry.

Just this week, Fire & Flower announced that through its subsidiary, it had closed a deal that would see it acquire another eight locations in Alberta. With licences in other key provinces like Saskatchewan, Manitoba, and Ontario, the company is setting itself up for some significant growth, especially once edibles start being sold in stores. In its most recent earnings release, Fire & Flower said that it had 22 retail stores open. With supply issues slowing sorting themselves out, we could see more pot shops opening, and Fire & Flower could be in a great opportunity to take advantage of that.

Key partnership gives the company a big advantage over its peers

While investors may be concerned given the pressure this growth will put on the company's cash flow, Fire & Flower has a [strong investor](#) in **Alimentation Couche-Tard** that will be able to lean on and to help gain insights from a global company that knows all about expansion. That partnership will give Fire & Flower a big advantage over its rivals, and that's where the company could be a great buy today. At a market cap of around \$130 million heading into trading on Tuesday, Fire & Flower is still a very small stock, but it may not stay that way, as the retail market continues to grow in Canada.

It's very plausible for the company to triple and get to a valuation of around \$400 million. A lot will depend on how the company's operations go and how much cash it's bleeding, but things definitely look good for Fire & Flower today, and amid all the selling in the cannabis industry, this could prove to be one of the better buys out there.

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