



OrganiGram's CEO Is Leaving: Newsworthy or Noise?

Description

OrganiGram ([TSX:OGI](#))([NASDAQ:OGI](#)) has been a favourite pick of investors who have been watching cannabis stocks. Recently, OrganiGram has been in the purview of investors primarily for good reasons. The company's surging stock price and ability to capitalize on value-added products has provided mostly positive stories over the past year.

However, of late, OrganiGram has been in the news. This time, the buzz is around CEO Greg Engel, "stepping away" from his designation in OrganiGram.

Indeed, the news has stirred some investors, as the stock plummeted by 5% following the news. However, I don't think it is going to be that big of the deal moving ahead.

Here's why I think Greg Engel's departure is not necessarily newsworthy and why the noise surrounding it could disappear soon.

The ties are not entirely severed

After a four-and-a-half year tenure, the CEO of OrganiGram has decided to part ways from the company and its managerial responsibilities.

However, that does not bring an end to Greg's role in OrganiGram. As per OrganiGram, he is going to continue as a valued member of its advisory board.

Of course, his innovative leadership and proficiency have helped OrganiGram scale to new heights in the marketplace. Accordingly, some investors have been wary of the change.

That said, the past few years have shown a pattern with organizational changes. Various high-profile CEOs have stepped down or been let go. It appears to be part of the maturing process of this sector.

Accordingly, I think OrganiGram's operations will remain undeterred from this singular event. The company's been headed on the right track and has made a series of moves I view as positive for the

cannabis player's long-term growth objectives.

OrganiGram's growth-by-acquisition strategy

OrganiGram has been making deals of late that position the company well for long-term growth.

A [high-profile deal](#) with **British American Tobacco** ([NYSE:BTI](#)) has sparked interest in this relatively small-cap cannabis player. Indeed, if OrganiGram can integrate its operations and business model with that of BTI, the company's growth trajectory could change substantially for the better.

Additionally, its recent acquisition of **The Edibles & Infusions Corporation** deserves consideration. I think edibles is a key growth area that's relatively under the radar right now. If OrganiGram can become a leader in this space, long-term profit margins could improve substantially.

Additionally, I like the way this deal is structured. The deal has various milestone considerations. Upon the achievement of specific targets, consideration will be paid over time, providing company investors with assurances the company didn't overpay for this deal. I like that.

Bottom line

OrganiGram is a relatively small cannabis player in the Canadian market, with a market cap of less than \$1 billion.

That said, this company is one of the best positioned for growth in terms of its recent acquisitions and strategic shifts.

Accordingly, for those looking to put a few dollars on this sector, OrganiGram is an intriguing choice. It's not a company I'd bet the farm on, but its growth prospects do look enticing from here.

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2. NYSE:BTI (British American Tobacco p.l.c.)

3. TSX:OGI (OrganiGram)

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