



Why Zenabis (TSX:ZENA) Stock Is a Steal at the Current Price

Description

One cannabis stock that may be falling under your radar is **Zenabis Global** (TSX:ZENA). Zenabis is a Canadian licensed producer of medical and recreational cannabis and is also involved with the production of floral and vegetable products.

Zenabis currently operates three facilities strategically located on the East and West Coast of Canada, with a fourth facility expected to receive its production licence by Q2 2019. At full capacity, [Zenabis could become one of the largest producers of cannabis in the world](#) with 131,283 kg of capacity expected by early Q3 2019.

In February, it was announced that Zenabis had signed an agreement to supply Shoppers Drug Mart with dried marijuana and cannabis oil. Zenabis has also signed supply agreements with Pharmasave and National Access Cannabis along with distribution agreements with eight Canadian provinces and one territory.

Internationally, Zenabis has secured supply agreements to deliver up to 6,000 kg to Europe by 2020. The company has ventures to supply dried flower and cannabis oil to Panama and Paraguay, once legalized, and has agreed to ship CBD isolate to Germany.

In addition to the impressive list of supply agreements, Zenabis is focused on reducing its price per gram and overall production costs. Currently, they are average \$1.10 per gram at the company's Atholville facility. Zenabis expects to average \$0.70 per gram once its Langley facility is operational.

One of the main methods of obtaining this goal is the utilization of greenhouse production as opposed to indoor cultivation. Zenabis's facility in Langley, British Columbia, is almost fully dedicated to greenhouse production, with 450,000 sq. ft. of cultivation space and a 96,000 kg capacity.

Zenabis is well positioned to become a leading licensed producer in Canada and is planning on taking advantage of the potential market for THC/CBD-infused drinks. The company advertises a ginger and cannabis-infused lemonade on its website and has partnered with Hillsboro Corp., maker of True Buch Kombucha drinks, to produce cannabis-infused tea.

Zenabis currently employs +600 Canadians and has partnered with First Nations communities, who have invested \$10 million into Zenabis. On May 24, 2019, Zenabis announced that it had received approval to begin trading on the Toronto Stock Exchange under the symbol "ZENA."

Andrew Grieve, CEO of Zenabis, mentioned how this milestone "elevates our profile as a quality issuer ... this will open the door to a broader range of investors and provide us with improved liquidity."

As of late May 2019, Zenabis is down 72% on the year, and this is why it is potentially a steal at the current price. Zenabis reached its 52-week high of \$6.85 in late 2018 and hit the 52-week low of \$1.48 a week ago. Anything under \$2 may be a bargain for Zenabis stock.

Zenabis will likely not sit at these levels for long. It might be good for investors to keep an eye on this stock, especially if other international markets begin to legalize cannabis. Once its facilities in Nova Scotia and British Columbia are fully licensed and optimized, the green sky's the limit.

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