

Aurora Cannabis Inc

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European legal cannabis a "prime investment target" for North American money

European cannabis has become a "prime investment target for excess cash" for North American firms emboldened by high valuations in USA, a sector expert says.

Ben Langley, chief executive of investment company Grow Biotech, said that a "steady wave of capital flowing to Europe" is starting to roll across the Atlantic from entrepreneurs and investors who have "cash to deploy, global ambitions, and experience operating in 'legal' markets".

According to broker Liberum, cannabis sector fundraising in UK has only reached £45m year-to-date, "a drop in the ocean" compared to the £30bn raised in North America.

There's a feeling that North American companies have already had their windfall - with mega corporations forming such as Canada-based Canopy Growth Corporation (TSE:WEED) listed in Toronto with a market cap of \$7.9bn and Aurora Cannabis Inc (TSE:ACB) trailing not far behind with its \$4.3bn valuation.

British cannabis and CBD companies

Bolstered by a £7.8m Series A funding round in September, British medical marijuana company Cannaray is now aiming for a £100m float that would make it the largest cannabis business on the London Stock Exchange.

The funding round came from a group of private investors, of which 60% was from US.

Another major UK deal came in September when medicinal cannabis investment group World High Life announced the £9m acquisition of Love Hemp, a UK company which already turns over £2.5m a year selling their products in retail chain WHSmith.

WATCH: Zoetic International building out its CBD sales channels as momentum builds

London-listed Zoetic International PLC (LON:ZOE) has undertaken a major shift in direction this year, moving firmly into the CBD business in August with a CBD oil sales operation on both sides of the Atlantic.

Before the end of the year, Zoetic plans to begin production of its first feminised seeds, ie those that produce the buds that produce the CBD, with initial sales expected in the first quarter of 2020.

"As we expand the techniques we have been developing, we have every reason to believe that we have the capability to become a trusted supplier of significant volumes of feminised seeds on a monthly basis", new chief executive Nick Tulloch said.

David Stadnyk, one of the founders of Toronto-listed Supreme Cannabis, set up World High Life with the "ambition to become a leading European medical cannabis and CBD investment company", setting its sights on the German market for 2020.

"North American cannabis wealth and experience is currently an enabler of growth, rather than something to be feared,"

Share Information

Code: ACB
Listing: TSX
Sector: Cannabis
Website: auroramj.com

Company Synopsis:

A community minded medical cannabis company based in Vancouver, British Columbia.

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maintained Langley.

Meanwhile others such as Canopy Growth this year made investments in production, with Spanish hemp producer Cafina and German medical marijuana firm C3 benefitting from investment, and its rival Aurora took over Portuguese pot producer Gaia Farm and also won a tender to produce and distribute cannabis in Germany.

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