



Patience Will Be Rewarded With This Investment

Description

Most of us will recall a time when our parents or elders said, “Good things come to those who wait.”

That’s an important life lesson that draws parallels in the market, particularly when watching the incredible rise and fall of cannabis stocks over the past year. Now that we’ve passed through the initial month of legalization and much of the emotion and shock has subsided, we’re left with a handful of cannabis stocks on the market, which has had a [very volatile month](#).

Chief among those stocks is **Hexo** ([TSX:HEXO](#)), which is worthy of consideration.

Hexo’s reality check

While there has been plenty of coverage of cannabis-related stocks over the past few weeks, much of that was targeted towards Hexo’s larger and more known peers. That’s not to say that Hexo isn’t a great opportunity on its own, however; we should take a deeper dive into what the company can offer those investors that are patient.

Hexo currently trades at under \$6.50 per share, which represents an over 20% drop over where the company was trading a month ago. Before passing on the stock, investors should recall the emotional roller-coaster that cannabis stocks were on over the past month and look further back. When we look back to the previous six-month period, Hexo showcased a strong 28% gain, which is more in line with expectations.

In terms of market cap, Hexo comes in at just over \$1.2 billion at current levels. That may seem a tad on the heavy side considering that in the most recent quarter, the company posted just \$1.4 million in revenue.

Where Hexo does appeal to investors is in terms of long-term potential.

The legalization market in Canada is just one month old, and during that time suppliers have struggled to meet the demand of customers. From the perspective of Hexo, the company’s flagship greenhouse

with a 250,000-square-foot capacity realized its first harvest in the most recent quarter, while a much larger, one-million-square-foot facility, which will dethrone the current largest greenhouse, is on track for completion next month.

Superseding that facility is another 2,004,000-square-foot facility in Belleville, Ontario, which Hexo recently announced a 25% share in; it will provide manufacturing capacity for advanced cannabis products.

Hexo has also branched out into the international market through its partnership with the Greece-based Qannabos. Hexo plans to leverage that partnership to provide a production and distribution centre in Greece, leading to a solid footing on the European front.

In short, Hexo is ramping up on the supply side to meet the growing needs of the market, both on the domestic and international fronts.

Turning to the product side, Hexo has already secured a number of agreements with companies and governments to provide a supply of products. This includes a multi-year deal with the province of Quebec, and an agreement with **Molson Coors** to develop a line of cannabis-infused drinks under a new company name called Truss. Hexo also reached an agreement with both the Ontario Cannabis Store and B.C. Liquor Distribution Board to provide its line of cannabis oil and mist products.

Buy now or wait?

Hexo poses an incredible opportunity for long-term investors in a market that is still very much in its infancy. That being said, the market itself is still incredibly volatile, particularly over the short term, as we saw during the previous three months.

Investors that have an appetite and tolerance for risk and are willing to invest for [long-term growth](#) will be handsomely rewarded for their investment in Hexo.

Again, “Good things come to those who wait.”

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