



## Cannabis Investors: Is HEXO Corp. (TSX:HEXO) the Best Pot Stock to Buy for 2019?

### Description

Investors in marijuana stocks are sifting through the recent carnage and wondering which [cannabis companies](#) might be attractive picks to add to a pot stock portfolio heading into 2019.

Let's take a look at **HEXO** ([TSX:HEXO](#)) to see if it deserves to be on your [buy list](#) today.

### Steady performance

Aside from the rally that took the entire sector on a wild ride and subsequent crash from the middle of August to the end of October, HEXO has been a reasonably steady stock in 2018. The company started the year at close to \$4.50 per share and currently sits at \$5.15. If the gains hold, or extend over the next few weeks, investors should be content with the overall performance.

### Opportunities

HEXO is taking a measured approach to its growth. The company enjoys the benefit of being the top supplier to Quebec for the province's recreational marijuana sales, both at the brick-and-mortar locations and through the website. HEXO and a partner also have a three-year contract to manage the distribution facility for Quebec's online cannabis sales.

HEXO's Quebec production space is set to expand by about one million square feet in the coming weeks as it completes a large facility. This will add to the existing 310,000 square feet of capacity and should enable HEXO to meet expected demand through 2019.

In Ontario, HEXO has taken a 25% stake in a former Sears building that will serve as a major research, development and distribution hub for the company's extended cannabis product offerings, including cosmetics, vapes, and edibles. The two-million-square-foot facility is located in Belleville.

Overseas, HEXO is gearing up to take a piece of the growing medical marijuana market in Europe. The

company has entered a partnership arrangement with a Greek company to build a large production site that will serve as the base to supply medical marijuana to a number of European countries as they adjust their cannabis regulations.

## Beverages

HEXO recently launched its joint-venture company, Truss, with partner **Molson Coors Canada**. Investors might wonder how HEXO, being a small player in the industry, managed to score such a strong partner. The connection likely comes from the fact that HEXO is based in Quebec, and Molson is one of the province's oldest companies.

Truss is developing cannabis-infused beverages in anticipation of the opening of the edibles and drinks market in 2019. At this point, **Canopy Growth** is the only other Canadian cannabis producer with a major beer partner working on similar offerings for the Canadian market. **Constellation Brands**, the owner of Corona, owns a 38% stake in Canopy Growth.

## Should you buy HEXO?

As consolidation continues in the industry, it wouldn't be a surprise to see HEXO receive a takeover offer in the near to medium term. The leadership position in Quebec and the head start on cannabis-infused beverages could make it an attractive target.

At the time of writing, HEXO has a market capitalization of \$1 billion, which would be an easy deal to do for any of the large players in the industry.

If you are positive on the outlook for the cannabis industry, HEXO might be an interesting pick right now for your 2019 pot stock portfolio.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:HEXO (HEXO Corp.)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Investing

### Date

2025/07/01

**Date Created**

2018/12/13

**Author**

aswalker

default watermark

default watermark