



## HEXO Corp. (TSX:HEXO) vs. Canopy Growth Corp. (TSX:WEED): Which Marijuana Stock Should You Buy Today?

### Description

The resurgence in the cannabis sector to start 2019 is largely responsible for dragging the Canadian equity market out of the December doldrums. Investors are now wondering whether [pot stocks](#) will continue to lead the way through the end of 2019 and beyond.

Let's take a look at **HEXO** ([TSX:HEXO](#)) and **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) to see if one deserves to be on your [buy list](#) right now.

### HEXO

With a market capitalization of just \$1.85 billion, HEXO arguably punches above its weight class in the cannabis sector.

The company is already the leading player in Quebec, and the recently announced acquisition of Newstrike Brands will boost HEXO's reach to eight provinces. A new one-million square foot production facility is now complete, which should provide HEXO with the capacity to meet rising demand.

HEXO's current revenue primarily comes from sales of medical and recreational marijuana, but the company is pursuing initiatives to give it a strong presence in the edibles segment once the Canadian government opens up the market. HEXO has formed a new company, Truss, with partner **Molson Coors Canada** to develop and market cannabis infused beverages. HEXO is also working on its strategy to develop, produce, and ship cannabis-based cosmetics, vapes, and edibles.

Overseas, HEXO has entered an agreement to build a large production facility in Greece; the site will serve as a hub to supply the growing European medical marijuana market.

HEXO's stock price is up 70% this year.

## Canopy Growth

Canopy Growth is widely viewed as the company to beat in the emerging global market for medical and legalized recreational marijuana products.

With a market capitalization of roughly \$20 billion, Canopy Growth is already a giant in the cannabis space. The company was an early mover in consolidating the Canadian sector, picking up key competitors at attractive prices before the industry went wild.

Canopy Growth was also the first Canadian cannabis player to enter a partnership with a major global beverage company, which has provided it with an important head start in preparation for the launch of the cannabis beverage market. **Constellation Brands** initially bought a 9.9% position in Canopy Growth, but then decided to go big, raising its ownership to 38% last summer with a massive \$5 billion investment.

The backing of Constellation Brands helped legitimize Canopy Growth as a market leader.

Canopy Growth has established businesses in key target markets around the world, including Europe, Australia, and South America. It was also recently given a license to create a hemp processing facility in New Jersey. If the U.S. eventually legalizes cannabis at the federal level, Canopy Growth should be one of the leading companies in the market.

## Is one a better bet?

If you like betting on the little guy, HEXO is making all the right moves and its stronghold on Quebec combined with its beverage partnership could make it a takeover target. Whether a big buyout premium is on the way remains to be seen, but the company is in an attractive position today.

Investors who think a big shakeout is on the way in the cannabis sector might want to make Canopy Growth the first pick. When all the dust settles, this stock should be one of the survivors with a strong global presence.

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2. TSX:HEXO (HEXO Corp.)
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