



Don't Let this Opportunity Go Up in Smoke!

## Description

Investors that took advantage of the rally that transpired in the new cannabis market before and shortly after legalization last fall are now reflecting on some impressive gains. **Hexo** ([TSX:HEXO](#)) is one such example that deserves a closer look, particularly with regard to several growth opportunities that lie on the horizon for investors.

Let's take a closer look at those opportunities and what they mean for the longer-term investor.

## Hexo is growing

Hexo recently acquired Newstrike Brands, which provided a handsome boost to Hexo's capacity, as well as finally establishing Hexo as one of the larger cannabis players on the market. This is a significant development because up until that acquisition, Hexo was viewed as more of an acquisition target than a major player to the market despite solidifying a series of key supply and distribution deals across multiple provinces.

Taking into account Hexo's newest acquisition, the company's capacity is now set to come in near 150,000 kilograms per year, and production space will see an impressive bump by 470,000 square feet, adding to a series of new production facilities constructed over the past year, including a flagship one-million square foot facility completed at the end of last year. Hexo now has supply agreements across eight provinces, and in the case of Quebec, a multi-year supply agreement with annual upticks in supply.

Perhaps one of the most intriguing developments made by Hexo over the past year was the company's joint venture to develop a line of cannabis-infused beverages, which is expected to come to fruition later this year. The unit charged with bringing that to market is called Truss, a result of the partnership between Hexo and **Molson Coors**.

Hexo is clearly looking at establishing a first-to-market advantage on this front, and given the excitement the new product segment is garnering, investors could be handsomely rewarded.

## Hexo is more diverse than most realize

In addition to its supply agreements with the provinces and the ongoing developments at Truss, Hexo has several other ongoing initiatives that should be of interest to investors. First, there's Hexo's line of Elixir products, which the company forged an agreement to sell in the Liquor Distribution Branch stores in B.C. last year.

Then there's Hexo's international venture. The company is currently in the process of establishing a processing, production and distribution centre in Greece, which will in turn cater to the growing medical cannabis market in the E.U. as regulations there continue to ease. Greece legalized cannabis for medicinal use in March of last year, and the European market share for cannabis use is set to hit \$110 billion within a decade.

## Isn't Hexo expensive?

Hexo's stock price has more than doubled since the turn of the year, and while that may trigger [some concerns and warnings](#) from some investors, the fact of the matter remains that the cannabis market is still in its infancy at a global level, with Canada serving as ground zero in many ways. Yes, there is a risk, and yes, the stock may appear to be expensive at the moment, but over the course of a [longer timeframe](#), Hexo will only go up.

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