



## Meet the Next Aurora Cannabis (TSX:ACB): Fastest-Growing Weed Stock

### Description

A specialty and generic drug manufacturing company is pulling all the stops in the cannabis space. The name is **HEXO** ([TSX:HEXO](#)), and it wouldn't be a surprise if the company come to be the next **Aurora Cannabis**.

HEXO is not [one of TSX's biggest movers and shakers in 2019](#) for nothing. The play in the marijuana sector is about production capacity and strategic partnerships. Obviously, this \$2.4 billion cannabis producer, marketer, and seller is going the extra mile to be successful.

### Steady climb to prominence

Nobody expected this relatively smaller cannabis player to outperform the industry giants this year. Prior to the legalization of adult-use marijuana last October, Aurora Cannabis was predicted to be the number one cannabis grower by 2020. The potential pot production capacity could reach 700,000 kilograms annually.

HEXO was nowhere to be found on the leaderboard. Actually, the company was ranked eighth on the top 10 list. Based on estimates, the peak production capacity could only be 15% of Aurora Cannabis's potential.

The stock price at the beginning of 2019 stood at \$5.71. As the year progressed, investor interest picked up. Currently, HEXO is trading at \$8.67, which represents a 51.8% increase. The price soared to \$11.11 last April 29 but dipped due to market volatility. Shares of Aurora Cannabis are up 44.85% year to date.

### Better market positioning

Aurora Cannabis is the [producer powerhouse](#), but HEXO enjoys the upper hand because of market positioning. The former's infrastructure is built for mass cultivating and processing of cannabis edibles. However, Health Canada is expected to set limit the potency of derivative products with THC content.

HEXO sealed landmark supply agreements with five provincial governments. Most noteworthy is the five-year contract with Quebec's Société québécoise du cannabis. The contract alone could fetch over \$1 billion in revenue.

The company also has the head start in expanding beyond the borders of Canada. HEXO is partnered with Qannabos, which is a prominent cannabis operator in Greece. With the development of a large-scale licensed facility (350,000 square feet), HEXO can distribute cannabis-derived products and supply branded product lines to all markets in the European continent.

HEXO's joint partnership with **Molson Coors Brewing** through **Molson Coors Canada** is still cooking. Soon, the brew will be finished. The entry into the cannabis-infused beverages market would be the next big move.

## Flawless execution

HEXO has established strategic partnerships that will shape the cannabis industry. The joint venture with Molson Coors will make it the leader in Canada's cannabis-infused beverage market. Its foothold in the Eurozone is secured with Qannabos.

The company's winning attributes are brand leadership, new product innovation, and operational scalability. While HEXO and Aurora Cannabis are both incurring losses as they build scale, HEXO is depleting cash at a much slower pace.

Thus, investors can expect long-term value when HEXO's true power is on full display. The company is the change maker in the post-legalization era.

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