



## This Cannabis Stock Can Rise 300% by 2023

### Description

Legal pot is going to be huge. That's a near certainty.

In the U.S., for example, black market cannabis sales were estimated to be US\$64.3 billion in 2018. Legal sales, meanwhile, totaled just US\$10.3 billion. Simply taking market share from illicit sales should fuel legal sales growth for a decade or more.

Additionally, legal cannabis has opened the floodgates to new users and use cases. New Frontier Data, a data and analytics firm focused on the cannabis industry, believes legal sales in the U.S. will nearly triple to US\$29.7 billion by 2025. Notably, black market sales are still expected to be US\$57.3 billion. That means the total market size in the U.S. could reach US\$87 billion by 2025, up from US\$74 billion today.

All of this is encouraging, but these numbers are still way too conservative. That's because they don't account for new [cannabis segments](#) like edibles, vaporizers, beverages, cosmetics, medicines, and more. When accounting for these opportunities, many cannabis projections can be *tripled*. Here's why.

Consider the global alcohol market. Globally, alcohol sales total roughly \$1.4 trillion. By 2025, they're expected to surpass \$1.6 trillion. Sales of cannabis-infused beverages, meanwhile, are virtually non-existent. To ignore this market opportunity is to write-off hundreds of billions of dollars in sales potential.

Investors and analysts aren't the only ones ignoring adjacent markets for cannabis; companies are doing it too. Well, most are. There's one Canadian pot stock that's capitalizing on every cannabis opportunity imaginable. If you truly want to take advantage of the marijuana boom, this is the stock for you. On many metrics, shares could more than triple by 2023.

### Building the infrastructure

Instead of focusing on a traditional cannabis model, which nearly every other competitor is doing, **HEXO** ([TSX:HEXO](#))(NYSE:HEXO) is charting a different course.

If you're not familiar with the power of platforming, get acquainted. This business model doesn't focus on providing everything to its customers. Instead, it simply builds the base infrastructure, inviting other individuals and companies to build on top of it. As the name suggests, these companies only provide a *platform*.

In many ways, this business model is significantly more lucrative than being a complete end-to-end provider. Consider the Windows operating system from **Microsoft**. The thousands of mission-critical applications that were subsequently built on top of Windows weren't pioneered by Microsoft. Instead, they were created and monetized by thousands of developers around the world, who used Windows as a base platform.

HEXO is building the world's first *cannabis* platform. Instead of trusting itself to build everything from scratch, it's simply assembling the basic infrastructure like grow facilities, research and development centres, and packaging and distribution hubs. It's then inviting outside companies to use this platform to design, create, and scale their own products.

One such partner is **Molson Coors Canada**. In this case, HEXO can leverage Molson's existing brand power, eliminating the need to build an upstart brand from scratch. Molson, meanwhile, can create safe and effective cannabis products quickly, without needing to scale up its own marijuana infrastructure.

This month, the Molson-HEXO partnership expects to release its first cannabis-infused beverages in Canada, beating nearly every competitor to market. Globally, cannabis-infused beverages could eventually generate \$100 billion in sales, just as much as traditional cannabis form factors. Molson and HEXO have a big lead.

In 2020, HEXO wants to establish more partnerships targeting additional adjacent cannabis markets like edibles, sleep aids, cosmetics, and more. Its platform model allows it to acquire globally recognized brands and bring products to market faster than any of its peers.

Wherever there is opportunity, HEXO is prepared to strike. You can't say that about any other cannabis stock.

Next year, sales are expected to approach \$200 million. By 2023, they could approach \$1 billion. That would still represent just a small fraction of the overall market's size. Given current valuation multiples, HEXO stock could have 300% upside by 2023 if its platform model continues to gain traction.

## CATEGORY

1. Cannabis Stocks
2. Investing

## POST TAG

1. Cannabis
2. Editor's Choice

## TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)

2. NYSE:TAP (Molson Coors Beverage Company)
3. TSX:HEXO (HEXO Corp.)
4. TSX:TPX.B (Molson Coors Canada Inc.)

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