



This Pot Stock Just Revealed 2 Major Announcements

Description

Pot stocks are a proven way to make [money](#). In 2018, many skyrocketed in value by more than 1,000%.

To be sure, cannabis is also a proven way to lose money. The marijuana bear market of 2019, for example, saw the industry lose half of its value in a matter of months.

Long term, however, the biggest gains are still to be made. My favourite pot stock could still rise *ten times* in value this decade. This is a story worth sticking around for.

In recent weeks, we received some fantastic news regarding its growth potential. Now is the time to take advantage.

Cannabis demand is growing

Let's get one thing out of the way first: cannabis demand is still growing rapidly. According to New Frontier Data, cannabis demand in Canada hit \$2.5 billion in 2019. The firm expects 18.2% annual growth through at least 2024, when industry sales should approach \$6 billion.

Due to the COVID-19 pandemic, those estimates may prove too rosy for 2020. That's likely why pot stocks have had a weak year thus far.

Canadian Imperial Bank of Commerce, for example, recently [trimmed](#) its forecast for 2020 sales by \$900 million. Although it still expects domestic sales to more than double year over year.

"Improvements on product breadth, pricing and availability have driven sales somewhat, but the lack of a more fulsome physical retail presence will limit upside, as consumers continue to show preference for buying in person," CIBC's report said.

So, we still have rising industry sales, but growth has been lower than expected. Long-term estimates, however, remain intact. You can capitalize on this mismatch by purchasing one of the cheapest pot

stocks, even though its growth trajectory is just beginning.

This pot stocks is too cheap

Last year, **Hexo Corp.** ([TSX:HEXO](#))(NYSE:HEXO) was worth nearly \$2 billion. Today, the valuation is under \$400 million. Two recent announcements indicate that this price tag is far too low.

On July 23, Hexo launched its line of vape products to both adult-use and medical consumers. These new products are now available throughout all of Canada. Offerings include three ready-to-use vape pens and four 510-thread cartridges.

Not long before, the pot stock partnered with **Molson Coors Canada Inc.** to co-launch cannabis-infused beverages in the U.S. This was a surprise development, as an earlier deal included the Canadian market only.

We learned some important things through these announcements.

First, Hexo is capable of tapping the Cannabis 2.0 opportunity. This market includes value-add products like consumables and vapes, which are easier to brand and come with higher profit margins.

Second, Hexo can gain the trust of multi-billion dollar partners. Molson and Hexo started their collaboration in late-2018. The recent expansion of their partnership indicates that Molson is a true believer in the company.

Hexo stock now trades at 3.3 times forward sales, a 20% discount to its peer group. That's despite the company's higher anticipated growth rate. Revenue has doubled year over year and is expected to nearly double again over the next 12 months.

Pot stocks have had a difficult 2020. But if you're willing to be patient, this looks like a fantastic buying opportunity.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. TSX:HEXO (HEXO Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis

Date

2025/06/29

Date Created

2020/08/02

Author

rvanzo

default watermark

default watermark