



## HEXO (TSX:HEXO) Stock at \$10: Will Shares Double Again?

### Description

**HEXO** ([TSX:HEXO](#))(NYSE:HEXO) is one of the best-positioned pot stocks on the market. It has a validated business model that differentiates itself from the rest of the industry.

It seems like others are catching on. Since the year began, shares have nearly doubled. Is the stock still a buy at \$10?

### This stock was ready to roar

Last year, just before shares took off, I called HEXO the only cannabis stock worth owning right now. It wasn't hard to connect the dots.

"To profit from this industry, you need to identify companies like **Coca-Cola**, which sells commoditized ingredients at a premium price simply by packaging them in a certain way," I [explained](#). "HEXO is not like the competition. This company isn't trying to ramp production as quickly as possible. Instead, it's focused on value-add products, just like Coke."

That's the entire investment pitch in a nutshell. In 2018, when pot stocks first took off, everyone was obsessed with raw production growth. Long-term profits, however, were most attractive for value-add producers. That's where I urged readers to focus.

"For example, HEXO is co-producing THC-infused drinks with **Molson Coors**," I wrote. "This could be a multi-billion-dollar category. Ask yourself which product consumers will flock to: a cannabis beverage made by Molson or one sold by an unknown pot startup?"

This stock was the best positioned pot producer for years. The marijuana bear market kept the valuation low, but all investors needed was another wave of enthusiasm. That's exactly what happened at the start of 2021.

## Will HEXO stock go even higher?

Predicting short-term movements in stock prices is a losing game. Ray Dalio likens it to playing poker with the best. If you want to succeed as an investor, you need to keep a long-term outlook.

What's the long-term outlook for HEXO stock? Pretty good.

The global market for cannabis is already [projected](#) to surpass \$100 billion by 2026, growing at nearly 30% per year. The biggest growth segment isn't flowers, but value-add products like concentrates, edibles, and vapes. This is exactly where HEXO is positioned to dominate.

"Cannabis is a brand business," [explained](#) the company's CEO. "We're not about commodity farming. We're focused on developing products that offer very specific experiences and are dose-controlled, shelf-stable and delivered to the adult-use market through non-prescription channels."

It's this focus that will send HEXO stock higher over the long term. Even after the recent spike to \$10, the business is still valued at just \$1.2 billion. The value-add segment globally should be worth well above \$20 billion. The only question left is how much market share HEXO will command.

There's no doubt there's uncertainty here. If there wasn't, the potential upside wouldn't be so lucrative. Two cannabis stocks will become the Coca-Cola of marijuana. These two businesses will command sky-high margins, rabid customer loyalty, and a global distribution chain that lets them win everywhere.

Will HEXO be one of those titans? No one knows for sure, but with a price tag of just \$1.2 billion, this is a cheap way to get exposure.

### 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. Quote Media
6. Sharewise

7. Yahoo CA

**Category**

1. Cannabis Stocks
2. Investing

**Tags**

1. Cannabis

**Date**

2025/08/18

**Date Created**

2021/02/28

**Author**

rvanzo

default watermark

default watermark