



TFSA Investors: 1 Consumer-Focused Value Stock Selling at a Bargain Price

Description

Hexo ([TSX:HEXO](#)) is in the business of producing, marketing, and selling cannabis. The company is a [licenced cannabis producer](#) and is a leading branded cannabis producer and product innovator. The company's near-term strategy is to be a vertically integrated consumer packaged goods (CPG) company in the emerging legal adult-use and medical cannabis markets across Canada. Hexo aspires to expand internationally where regulations allow.

Hexo's primary business is to cultivate, process, package, and distribute cannabis in order to serve these markets, which it currently does through the company's 143-acre facility in Gatineau, Québec. The company serves the legalized Canadian adult-use and medical market.

Robust business strategy

The company's overall strategy is to establish a top global cannabis company with a leading market share in Canada. Hexo is focused on operational scalability, innovative products and brand leadership. In striving to achieve operational excellence, the company focuses on effective demand planning and production.

The company is focused on profitability and continuously looks to implement more effective techniques to streamline operations, lower production costs, drive meaningful improvements in yields and improve inventory velocity. The company's innovation department is actively working towards developing modern, cutting-edge cannabis products for the Canadian cannabis derivatives market. Further, Hexo plans to invest in [science-backed cannabis experiences](#) and platform technology, as it continues to develop advanced ingredients formulations for use with the company's partners.

Growth by partnerships

To expand Hexo's brand leadership, the company uses Hexo's dominant position in Quebec to strengthen distribution in select markets across the country. Hexo intends to partner with companies in different facets of the CPG market over the next few years. Fundamentally, Hexo brings the company's

brand value, cannabinoid isolation, delivery technology, licensed infrastructure, and regulatory expertise to any partnership. In turn, HEXO plans to leverage the international distribution, base products, and deep understanding of consumer markets of these partners.

The company sees significant potential in forging partnership opportunities in the cannabis space. Due to the length of time and level of complexity in developing arrangements, the company is now opening itself up to explore other types of partnership opportunities with CPG companies. As this approach continues to evolve, Hexo looks forward to introducing new formulations into the cannabis market.

Attractive product offerings

Hexo offers dried cannabis and cannabis-derived products including dried cannabis, cannabis oils, and decarb. The company offers 15 dried marijuana products priced between \$3 and \$15 a gram. Each product is carefully selected to treat symptoms universally reported by patients and meet the needs of adult-use customers.

The company also sells oil-based products. This includes Elixir, a cannabis oil sublingual mist product line, which is Canada's only peppermint-based cannabis oil product. Hexo also sells Fleur de Lune, Canada's first cannabis-based intimate oils. Both products provide alternative, smokeless methods to consume cannabis. In all, Hexo offers three oil-based products priced between \$69 and \$89 per bottle as well as an intimate-use oil product used in a spray bottle.

Overall, the company has also positioned itself to meet the booming cannabis beverage demand. This should serve long-term shareholders well.

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