



2 Ways the Stars Are Aligning for Aurora Cannabis Inc. (TSX:ACB) Stock Ahead of Legalization

Description

Aurora Cannabis ([TSX:ACB](#)) stock has figured as the [odd one out](#) in some measure among the big producers in 2018. This reads strangely considering shares had climbed 13% in 2018 as of close on September 19. However, Aurora had consistently [under performed its cannabis producing peers](#) like **Canopy Growth** and **Aphria**.

Aurora stock increased 67% month-over-month as of close on September 19. Is Aurora ready to have its run as we sit less than a month away from recreational legalization? Let's look at two factors that could propel shares back to all-time highs before the landmark date.

As far as deals go, the third time may be the charm

Aurora made the two largest deals in industry history in 2018 with its \$1.1 billion acquisition of CanniMed Therapeutics and a roughly \$3.2 billion deal for MedReleaf. These deals propelled Aurora to become the largest producer not only in Canada, but also worldwide.

The merged companies have the potential to reach a combined capacity of over 570,000k kilograms a year. However, Aurora took heat for what many viewed as an over extension at an early stage.

Aurora stock slipped in the weeks following both deals. A recent report from BNN Bloomberg revealed that **Coca-Cola** was in "serious talks" with Aurora to develop cannabis-infused beverages. Aurora stock surged into double-digits after the story broke, but the company said that it had not yet reached a deal with Coca-Cola.

The report suggests that Aurora and Coca-Cola will aim to develop beverages infused with cannabidiol. The CBD market has been forecast to grow into a multi-billion-dollar industry by the beginning of the next decade. Aurora's ability to secure a deal with such a large player would represent its most high-profile splash yet.

A flurry of earnings reports expected in the fall

Aurora last reported its fiscal 2018 third-quarter results back in May. In that report Aurora posted revenue growth of 211% year-over-year to \$16.1 million. Active registered patients also surged 110% quarter over quarter.

The company is set to release its fourth-quarter and full fiscal 2018 results early next week. This will give investors their first glimpse at Aurora's earnings in over four months. Aurora has said that the fourth quarter will show the significant impact that the CanniMed acquisition has had on its overall business.

Aurora called CanniMed's CBD capsules a "game changer" going forward; it also announced that it would produce softgels back in August.

A good fourth-quarter report to shore up the full fiscal 2018 would secure greater confidence ahead of recreational legalization on October 17. Aurora has had a massive year, but even at its current price – \$10.87 as of close on September 19 – the stock still offers decent value relative to its peers.

Investors who bought the August dip have reason for excitement in the coming weeks. Those who did not may still have an opportunity to jump in before the roll-out changes the dynamics of this young market.

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