



## Will Aurora Cannabis Inc (TSX:ACB) Crush it with High-Potency CBD Oil Cartridges?

### Description

The era of cannabis legalization has arrived, and **Aurora Cannabis** ([TSX:ACB](#)) is shaping up to be the big winner. After posting earth-shattering [223% revenue](#) growth last quarter, the company is now on track to rival **Canopy Growth** in terms of sales. Over the past month, Aurora has risen on the strength of its revenue growth and earnings, which were in the black for the first time last quarter. And now, there's a new development that could send Aurora even higher.

It all has to do with a little thing called vaporizing.

### High growth in vaporizing

Vaporizers ("vapes") are explosively popular smoking alternatives that turn liquid oils into "smokable" vapor. With fewer health risks than smoking and often lower costs, they are rapidly gobbling market share away from cigarettes. And with the approval of its new high-potency, vape-ready CBD oil cartridges, Aurora is ready to bring the vaping revolution to cannabis. On October 16, the company announced that its new CBD oil products, which are intended to be used in vaporizers, had achieved the necessary compliance approvals from Health Canada.

This is a major boon for the company. Globally, nicotine vaporizer liquid is growing at a CAGR of about 20%. This is significant growth, and should the popularity of nicotine vaping carry over to the cannabis industry, it will make for strong sales of Aurora's new product line. This, for a company that is already posting triple-digit revenue growth, is sure to make investors salivate.

### Possible effect on earnings

While we're on the topic of Aurora's revenue, we might as well take a moment to discuss its earnings. In its most recent quarter, Aurora posted positive earnings for the first time ever. While most of its reported income came from unrealized gains on investments, the high revenue growth observed recently may result in an operating profit eventually (assuming costs can be kept in check). High-potency cannabis oil may contribute to the company's revenue growth by tapping into smoke-wary

THC aficionados.

## The only producer to crack a lucrative cannabis market

Should high-potency CBD Oil cartridges [prove popular](#), Aurora will enjoy a large market share, at least in the short term. A recent press release by the company said that it is the “only licenced producer to have successfully navigated the technical and regulatory challenges required to bring this product to market.” If this claim is true, then Aurora will have a de-facto monopoly until its competitors overcome the necessary regulatory hurdles.

Most likely, that will happen sooner or later: Aurora does not have a *patent* on high-potency CBD oil cartridges. But as the first company to get regulatory clearance for the product, it will get it to market faster than its competitors. If Aurora’s offerings are popular, the company may also enjoy a first-mover advantage and maintain its lead even after other companies catch up.

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