



Aurora Cannabis (TSX:ACB): Is the Stock Price Pullback Complete?

Description

Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB) took a big hit when investors sold off most [marijuana stocks](#) in recent weeks.

The past few sessions, however, have been more favourable, and investors who are sitting on the sidelines are wondering if this is the right time to step in and buy Aurora Cannabis stock for their pot stock portfolios.

Let's take a look at one of Canada's largest players in the cannabis sector to see if it deserves to be on your buy list.

Growth

Aurora Cannabis has taken an aggressive approach to consolidating the Canadian medical marijuana industry. The company bought CanniMed for \$1.1 billion in January in a deal that added important production capacity as well as research and development expertise. In July, Aurora Cannabis closed its \$2.5 billion takeover of MedReleaf. The acquisition brought a large client list of medical marijuana patients and further expanded production capacity as well as the portfolio of recognized brands.

With a current market capitalization of more than \$9 billion, Aurora Cannabis has the size to make additional moves in its bid to compete with larger peers **Canopy Growth** and **Tilray** as the Canadian and global markets expand.

Opportunities?

A number of smaller players might be attractive, but **HEXO** could be the one that Aurora Cannabis targets. HEXO has a dominant position in Quebec and is already working to enter the cannabis-infused drinks market through its partnership with **Molson Coors Canada**.

Rumours have emerged that Aurora Cannabis might be in talks with potential beverage partners, but acquiring HEXO could be a way to get instant access to the segment. HEXO has a market capitalization of about \$1.3 billion.

A larger deal would be a takeover of **Aphria**. In that case, Aurora would become a giant in the medical cannabis space in both Canada and abroad. Aphria's current market capitalization is about \$4 billion.

Risks

Despite the plunge in the stock price from \$15 per share on October 15 to the October 29th closing price of \$7.70, the stock still looks expensive. Current annualized revenue is less than \$80 million.

The entire sector is in the same boat, so investors just have to be careful when deciding how much exposure they want to have to the [marijuana industry](#).

Should you buy?

At the time of writing, Aurora Cannabis has a stock price of \$10 per share. Investors who had the courage to step in at \$8 are already sitting on some nice gains, and more upside could certainly be on the way. As one of the larger players, there isn't much chance of getting a big takeover premium. That said, any news of a major investment from a beverage giant could send the stock back toward the recent highs.

Aurora Cannabis will likely be one of the few companies that survives the consolidation process to dominate the global medical marijuana market. If you like the industry's long-term prospects and have the stomach for additional volatility, the stock might be attractive today.

Otherwise, there are additional ways to play the emerging marijuana market.

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aswalker

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