



## Why Scoring a Perfect “10” Is Elusive for Aurora Cannabis (TSX:ACB)

### Description

Cannabis investors are still in a quandary as to why **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) is finding it difficult to hit the perfect score of “10.” The company has the distinction of having the largest funded production capacity. That alone places this Canadian cannabis producer at the top of the ruling class.

Absurdly, the stock is also trading below \$10.00 as of this writing. Many are expecting Aurora Cannabis to polarize the weed industry. With the potential of producing a peak of 750,000 kilograms annually, the company’s top line would dwarf that of rivals. But investors want to see an off-the-charts bottom line.

### Pot sales revealed

Aurora Cannabis came out with the second quarter results that revealed pot sales. Recreational marijuana contributed 41% to the \$54.2 million net revenue. The data did not disappoint, as it represented an 83% increase from the first-quarter revenue. On a year-on-year basis, that is a 363% jump.

The company sold \$21.6 million in the consumer market in a span of 11 weeks during the second quarter and post-enactment of the Cannabis Act on Oct. 17, 2018. But the bottom line results only validated the lingering doubts.

It certainly wasn’t stellar, much less strong given the reported net loss of \$237.8 million. Aurora Cannabis chopped off about “2” from the perfect score of “10” with that substantial negative figure.

### More negative scores

Investors would have to patient for the turnaround, as Aurora Cannabis CEO Terry Booth stated that the company will achieve sustained positive EBITDA at best by the beginning of fiscal 2019 fourth quarter — the second quarter of the calendar year.

Hence, the delay and the wait could mean another “2” points deduction from the scorecard. Some are

suggesting that the bottom line should be ignored for the moment. But for investors who have pinned their [hopes on cannabis stocks](#), patience is running thin.

Finally, the current annualized production run rate is a measly 120,000 kilograms as Aurora claims. But the production yield could reach 150,000 kilograms by the end of the first quarter. Let's give Aurora a little leeway despite the advertised 750,000 kilograms at peak production capacity. Anyway, it's just the beginning of something big. The production aspect merits a "1" point subtraction.

### **The perfect "10" is coming soon**

On a scale of 1 to 10, the final score is "5." You might not agree with the score and have a higher or lower rating depending on the parameters. However, you'll have to agree that the perfect score of "10" is not elusive.

Aurora Cannabis will undoubtedly capture a substantial market share. It would be hard to imagine Aurora Cannabis falling behind. The company's production capacity will be the key to market dominance. The company is also waiting for the opportune time to enter the U.S. marijuana market.

All things considered, [the price of Aurora Cannabis could be twice or thrice](#) the level it is today.

### **CATEGORY**

1. Investing

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