



## Why Aurora Cannabis Inc (TSX:ACB) Could Be a Great Buy at \$10

### Description

One of the hottest pot stocks in 2019 has been **Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB), and as well as it's been doing, it could still have a lot more room to run. Year-to-date returns have reached around 45% as Aurora recently hit over \$10 a share. Prior to this year, the last time the stock was trading consistently above \$10 was in October around the time marijuana legislation passed. Despite the recent run up in share price, Aurora is still around the same price it was a year ago, even after seeing [significant sales growth](#) since then.

### Why now might be a great time to buy

It's only recently that we've seen marijuana stocks start to rally again, and now that momentum is back on their side, we could see another wave push prices higher. There have been many positive developments in the industry over the past several months, most notably being the [passing of the farm bill](#) in the U.S., which has opened doors to hemp-derived cannabidiol products. Aurora and other cannabis companies are already eyeing the U.S. market, and for good reason, as it'll likely be the biggest in the world.

With legalization making traction in the U.S. it seems inevitable that we'll see legalization take place soon, especially if a Democrat takes control of the White House in the next election. Although that's not imminent, the potential could for the industry could be sky high.

Another reason to consider the stock is that it's still possible that a beverage deal could be in the works. We've seen other cannabis companies jump in value as a result of deals or investments with other industries, and although Aurora has been involved in talks, it hasn't yet made a big splash with a big partner in another industry. If that happens, it could also send the stock soaring.

### Why it's still a bit risky

The biggest concern when it comes to investing in Aurora is that it continues to struggle to make a profit. In each of the past five quarters, Aurora has recorded an operating loss, and in the past four

quarters the company has had negative cash flow from its operations totaling more than \$200 million. While Aurora can get around cash flow issues by simply issuing more shares, it's not ideal for shareholders, as it will lead to more dilution of ownership.

## Bottom line

For value investors, there's not much to see here as Aurora comes with a high price tag and a lot of red on its financials. However, if you're looking at the long term, there's definitely a lot of growth to look forward to. The cannabis rollout in Canada has been a disappointment and supply issues raise big concerns about how long it'll truly take for the industry to realize its full potential.

Although Aurora's stock may not be doing as well as investors may have hoped, certain factors are weighing it down. As the industry continues to progress and evolve, Aurora's stock could well take off.

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1. Investing

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