



Aurora Cannabis (TSX:ACB) Hires Billionaire Advisor: This Is Why You Should Care

Description

Will the fortunes of **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) rise with activist investor Nelson Peltz joining the [cannabis producer](#)? It's still early to tell whether the hiring will bring positive vibes, although Aurora is up 3.03% from last week's closing.

Investors were shell shocked by the unified drop of cannabis stock prices in December. Many didn't expect the share price of Aurora to sink below \$7. It's not a cryptocurrency but an industry leader in the promising cannabis space. Still, hopes remain high that Aurora will make amends in 2019.

Financial motivation

Nelson Peltz will not be doing charity work but is expected to weave his magic at Aurora. The billionaire is one of the most exciting personalities in the investment world. Peltz built his treasure by buying "junk bonds" in the 80s. His fortune grew when he used these high-yield bonds to fund leveraged buyouts.

An investor as astute as Peltz wouldn't take on the strategic advisor role without due compensation. In exchange for his acceptance, Aurora gave Peltz the option to purchase almost 20 million shares priced at \$10.34 per share. The arrangement will run for four years with a vesting option schedule in place.

However, the junk bonds mania during Peltz's heydays is far different from the marijuana craze today. Back then, marijuana was listed as a Schedule I Drug and still is in some U.S. states. Peltz needs more than magic to turn Aurora around.

Rolling up the sleeves

Given the financial inducements, Peltz must start rolling up his sleeves. For Peltz to reap the rewards, Aurora laid down a challenging job description. The utmost priority is to lock in and bring in deals with businesses outside the cannabis sphere.

Next and quite daunting is raising the closing price of Aurora's common shares. The shares of the Canadian cannabis producer need to hit at least \$31.02. Further, the stock should trade at \$41.36 for a specified number of trading sessions. Currently, ACB is trading at \$13.22. It's like climbing Mount Everest for Peltz.

The X-factor

Compared to peers and [major industry rivals](#), Aurora appears to be having difficulty breaking ground. There is extreme pressure for the Alberta-based company to assert its dominance. Investors are expecting a lion's share of the forecasted US\$50-75 billion in total sales of the global cannabis industry.

Last year, Aurora managed to garner 20% share of the total sales in the Canadian cannabis market. That is welcome news. The competitors would be left behind if the expected annual run-rate of more than 150,000 kilos by the end of March is realized.

Aurora's management team is confident that the 500,000 kilos in annual run-rate production could be achieved before the third quarter of 2020. But the battle for market share could be won when the facilities deliver 700,000 kilos annually.

Going back to Peltz, Aurora sees him as the classiest wheeler-dealer ever. He has a legacy to protect and might turn to be the X-factor after all. But to see is to believe.

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