

## Aurora Cannabis (TSX:ACB) Gets a Huge Win: Should You Buy?

### Description

The Canadian cannabis market is on a tear. With legalization in the rear view mirror, pot companies are fighting to take advantage of the opportunity. While most cannabis firms have core operations concentrated in the U.S. and Canada, the global cannabis market is much larger than North America's cannabis market. According to some studies by the Arcview Group, consumer cannabis spending is expected to reach \$16.9 billion by this year (up from \$12.2 billion last year), and eventually ascend to \$31.3 billion in 2022.

### The largest market outside of North America

Germany is widely considered to be the largest cannabis market outside of North America. Back in 2017, the German parliament voted to legalize medical uses of marijuana. Marijuana sales are expected to reach close to \$1.6 billion by 2022, a more than 500% increase from their 2018 levels. Thus, with more than 20,000 pharmacies allowed to fill medical cannabis prescriptions and over 690,000 (and growing) consumers, Germany presents a huge opportunity for pot companies to establish themselves on a global level.

### This pot company is poised to benefit

**Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) is already one of the largest cannabis producers in the world by market cap. The Edmonton-based firm was one of the big winners during the last quarter (the first since recreational marijuana was legalized in Canada), bringing in sales of \$55.78 million (up 83% from the previous quarter), and a gross profit percentage figure that was higher than that of any of its main competitors.

However, Aurora also has strong international footprints. The pot grower is active in 24 countries, including the U.K., Australia, Denmark, and yes, Germany. Last month, the company's share price jumped after it announced it had commenced sales of oils to German pharmacies. That was merely the beginning for Aurora, with CEO Neil Belot looking to continue exploiting a high-margin market that is, in his own words, "undersupplied."

It seems Aurora's efforts have been rewarded. Last week, the German Federal Institute for Drugs and Medical Devices selected Aurora Cannabis along with **Aphria Inc** (TSX:APHA)(NYSE:APHA) and German-based company Demecan to receive a license for the domestic cultivation of medical cannabis in Germany. Aurora and Aphria were each granted five of the 13 lots available, with Demecan receiving the remaining three. With each lot capable of producing 200 kilograms per year, both Aurora and Aphria will be able to produce 1000 kilograms per year.

## What does this mean for Aurora?

Both Aurora and Aphria were selected based on their outlined plans for domestic cannabis production. While the amount produced won't be substantial, the fact that Aurora already has a leg up on most of its competitors on this growing market is notable. Investors can add this new notch on the company's belt. If Aurora's [recent appointment](#) of Billionaire Nelson Peltz pans out and the company manages to line up a partner, Aurora's stock could skyrocket. Now may therefore be a good time to jump aboard the Aurora ship.

### CATEGORY

1. Cannabis Stocks
2. Investing

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### Date

2025/08/18

### Date Created

2019/04/09

### Author

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