



## Pay Attention to These 4 Things in Aurora Cannabis (TSX:ACB) Results

### Description

Next week **Aurora Cannabis Inc.** ([TSX:ACB](#))(NYSE:ACB) will be reporting its third- quarter fiscal 2019 results.

At this time, I would like to do a quick review of Aurora's stock price performance this year, and in fact, in the last two years.

Pulling up a two-year price graph, we can see that the bulk of the gains in the stock price happened in late 2017, when the stock price jumped from under \$2.00 per share to close 2017 at over \$8.00 per share and to open 2018 at \$10.36.

Since then, the stock has certainly been volatile, but it is trading at similar levels one and a half years later.

Moving on now to Aurora's upcoming [results](#), here are four things to pay attention to:

### Shares and dilution

Aurora has issued shares fast and furiously over the last year, with shares outstanding increasing to 968 million, up big over even the last six months as the company has financed its acquisitions through issuing shares.

Furthermore, the company recently filed a prospectus to enable it to raise up to \$750 million through common shares, debt securities, subscription receipts, units, warrants, or any combination thereof during the 25 month period that the prospectus is effective.

So expect further increases in share count, further diluting shareholders.

### Cash balance — and cash burn

With \$133 million of cash used in operations in the last quarter, this company is burning through cash

at a very rapid pace.

Pay close attention to Aurora's cash situation next week.

## Production volumes and sales

Aurora reported a 20% market share in the latest quarter, and reported that production would reach 150,000 kilograms by the end of February, compared to production at the beginning of February of 120,000 kilograms. That's a 25% increase, with further production increases to be expected as the company continues its ramp.

Q2 production increased 57% sequentially and kilograms sold increased 162% sequentially.

## Selling price and costs

Recall that in the last quarter, costs were on the rise, and the company reported a cost per gram increase of 47 cents relative to the first quarter, to \$1.92 per gram.

Management noted that this was a temporary increase, as production was ramping up and there were temporary inefficiencies due to this.

General and administrative costs were also up last quarter, and can be expected to be up again in the third quarter as investment in growth has continued. R&D spending can be expected to rise well, as the company has ramped up its scientific research spending toward its goal of increasing its credibility in the medical marijuana market.

With regard to pricing, last quarter saw it hold up firm as demand far outstripped supply. We should keep a close eye on this trend when the company releases its third quarter.

## Final thoughts

The stock's dismal performance since January 2018 notwithstanding, Aurora Cannabis stock is still factoring in [big growth](#). The third-quarter report next week will continue to give us clues as to what investors should do next.

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