



What's Happening With Aurora Cannabis (TSX:ACB)?

Description

Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB) may still be in the second spot for top cannabis producer in Canada, but lately analysts and investors haven't been so sure about the stock. The good news has gone so far up and down that, honestly, I think it's spooked investors.

So, let's take a good look at what's really going on with Aurora right now.

Production

The reason the company holds the second top spot is mainly because it's the [second-largest cannabis company](#) on the TSX by market cap. Not only that, but it is able to produce cannabis for the cheapest price per gram. In its third-quarter results from May 14, the company said its production increased 1,200% year over year, with the average cost per gram dropping 26% to \$1.42.

Production should really ramp up by mid-2020, with the company forecasting between 625,000 and \$660,000 kilograms of cannabis per year from its 14 cultivation sites.

Partnerships

The company is in a good spot to take on a partnerships, but its recent partnership with billionaire strategist Nelson Peltz has made the company think twice. He maintains that the company is strong enough on its own and doesn't need to partner with others if it means having to bend to the will of another company. **Bank of America** tends to agree, recently rating the stock as a buy.

Instead, the company has been acquiring companies like crazy and, some say, diluting share prices in the process. Yet these acquisitions will hopefully allow the company to move into the United States, as its peers have done, so it's all set up if the U.S. legalizes marijuana.

Summer slump or sizzle?

Last October, on the eve of marijuana legalization in Canada, Aurora hit all-time highs of around \$13 per share. The stock then quickly slumped, as did most other stocks, and has been working towards that price ever since, trading at the time of writing at \$11.23 per share.

Part of that growth has been due to the company's strong financial results. The company focused in on profitability, hoping to increase its sales for recreational use, as it continues to grow medicinal use. Aurora generated \$75.24 million in gross sales and \$65.15 million in net sales, with a substantial increase in recreational marijuana sales. But growth in sales doesn't mean the company will be profitable, or at least yet. Analysts are now predicting the stock to rise between \$13 and \$17 per share in the next 12 months.

Foolish takeaway

Aurora Cannabis is set up to continue to take on one of the top spots in the cannabis industry. Shares have already risen almost 60% since the beginning of the year at the time of writing, and analysts predict that will only increase as the company continues to ramp up production.

And that's the key here. The company can produce a lot of cannabis and sell it to 24 out of 40 countries that have already legalization medical marijuana.

Of course, it remains unclear whether not having a brand-name partnership will help or hurt the company in the long run. This can especially be a problem because it doesn't get the cash that its competitors have coming in from partnerships. That means cash coming from shareholders will continue to be used.

But regardless, this company is in for some solid growth at least [through 2020](#).

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alegatewolfe

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