



## Aurora Cannabis (TSX:ACB) Just Won a Huge Supply Contract That Could Change Everything

### Description

**Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB) is a [cannabis export powerhouse](#). Shipping weed everywhere from Germany to the U.K., it has become a truly international company.

Currently, Aurora's international operations reach 24 countries, and with 40 nations in total having legalized medical pot, that reach could get even wider.

Recently, Aurora's international operations got a big boost when it was announced that the company had won a tender to supply 400 kilograms of cannabis to Italy over the course of two years.

As the sole winner of the contract, Aurora will have a dominant position in Italy's emerging cannabis market. This bears well for Aurora's future, as it shows that the company is establishing a strong position in one of the world's fastest-growing cannabis markets.

### Why the European market matters so much

As Sean Williams reported in a recent fool.com piece, 40 countries worldwide have legalized medical cannabis, with a significant number of those are in Europe. Medical marijuana is a booming business in Germany, the U.K. and Denmark, with many more EU countries soon to follow.

As medical pot is so widely accepted in Europe, the continent has become one of the most lucrative cannabis markets in the world: according to consultancy.eu, the cannabis market in the region is worth €16.6 billion a year.

This means that the more a Canadian company expands into EU markets, the greater its potential revenue growth.

### Illegal pot gets cheaper while legal weed gets more expensive

A massive accessible market isn't the only reason why the EU is so important to Canadian pot producers — a relative lack of growth potential at home is another.

Although the Canadian marijuana market was bolstered by the legalization of adult-use sales last October, there are signs that the recreational weed market has *already* peaked.

In a recent quarter, **Aphria** saw its [recreational sales decline 35%](#), while Aurora's recreational sales growth was tepid compared to international medical sales growth.

One of the reasons for this is the fact that black market pot keeps getting cheaper, while the legal stuff becomes more expensive. According to a recent StatsCan report, street prices have fallen from \$6.23 to \$5.93 per gram, while in-store prices have risen from \$10.21 to \$10.65.

This means that black market cannabis is far more affordable than the legal equivalent, providing customers with a strong incentive to choose dealers over stores.

## Foolish takeaway

Aurora Cannabis has long been one of the largest and fastest-growing weed companies. With its massive international presence and a huge share of the domestic adult-use market, it's a juggernaut in every sense of the word.

Now, with an exclusive Italian supply deal in place, it's ready to move 400 kilograms worth of weed in one of the EU's most lucrative markets. If there was ever a good time to consider investing in Aurora over its competitors, now would be it.

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