



Here's Why Aurora Cannabis' (TSX:ACB) Latest Move Is a Big Deal

Description

Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB) is one of the most recognizable brands in the marijuana industry. However, the Edmonton-based pot grower has had a strained relationship with investors and analysts.

As evidence of this, Aurora was recently downgraded by a well-known analyst who, just a few months ago, was bullish on its prospects. But Aurora is still making strides in the industry — and its latest move is likely one that supporters and detractors alike can agree was a good one.

Aurora gets licences for two outdoor growing facilities

Aurora is already projected to be the top company in the industry in terms of production capacity. In this department, the firm is wiping the floor with the competition.

With a projected capacity of about 625,000 kilograms per year — a milestone the company is expected to reach by 2020 — Aurora is looking at all of its competitors in the rear-view mirror.

However, the marijuana firm recently announced that it had received two licenses for outdoor cultivation from Health Canada, which will likely add to its peak production capacity.

These licenses are for two separate facilities that are located in British Columbia and Quebec. Besides being able to grow even more marijuana, the company has major plans for these facilities.

Aurora is planning on using these sites for R&D purposes. By setting up high-tech equipment, the company hopes to conduct genetic research that will yield useful results for the efficient production and cultivation of high-quality cannabis products.

Why this should matter to investors

Any company can boost its earnings by reducing costs and racking up higher margins. While research surrounding the most efficient ways to grow marijuana has come a long way, there is still a lot left to discover.

OrganiGram Holdings (TSXV:OGI), one of Aurora's competitors in the Canadian cannabis market, [recently experimented](#) with new ways to grow its products in an attempt to reduce costs. Though OrganiGram's experiment backfired, such research will eventually bear fruit.

With its strong international footprints, if Aurora manages to discover cheaper and more efficient ways to grow marijuana, its bottom line will undoubtedly increase.

Further, Aurora confirmed it has received the Health Canada processing license for its Aurora Air facility. This facility will be used to produce edibles, gummies and other high-margin cannabis derivatives products that are set to become legal in Canada by the end of the year.

The bottom line

Aurora is still not profitable. The company has also spent considerable amounts of funds on acquisitions, which it has had to pay for by [relying](#) on dilutive forms of financing.

Both of these factors make the firm relatively unattractive in the short term. However, this latest move demonstrates Aurora's commitment to the long-term. Investors who decide to stick with the company might be handsomely rewarded in the future.

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