



## Is Aurora Cannabis (TSX:ACB) a Buy?

### Description

It appears that **Aurora Cannabis Inc.** ([TSX:ACB](#))(NYSE:ACB) might be having a comeback.

After reporting a net loss of \$158 million in its third quarter, the company came back swinging this week, saying it plans to report some strong numbers during its fiscal fourth- quarter report.

Aurora [expects net revenue](#) to be between \$100 million and \$107 million, up from \$19.1 million the year before. Sales should also be up, between 25,000 and 30,000 kilograms, putting it ahead of the previous guidance of 25,000 kilograms. The full report will be issued before September 15.

Yet despite all of these positive numbers, the company only had a slight increase in share price for the day. Shares spiked to about \$9.50 per share — an increase of 13% in overnight trading before falling almost immediately back down by 7% as of writing.

So, what gives? Should investors be worried, or is now the time to buy?

### The Bearish view

Let's get the most obvious problem out of the way. Aurora has a lack of any big-name partnership. While every other top cannabis producer has one, Aurora has maintained that it doesn't want a partner that could sway any decisions the company makes.

Billionaire financial advisor Nelson Peltz agrees with this method, but other analysts aren't so sure, as rather than using funds from an investment, Aurora has been diluting shares to pay for its acquisitions.

Granted, it's not that Aurora is against a partnership, but it refuses to be backed into a position where a majority shareholder could sway the company, which has hurt short sellers in the meantime.

Then there's the United States issue. Whereas its peers are counting on legalization in the U.S., Aurora has taken another approach and gone to pretty much any country but the U.S.

This could prove a problem, as Aurora may find it difficult to get in on the cannabis industry after legalization, what with its peers already being set up in such a huge market.

## The bullish view

Aurora has been on a strong trajectory as of late, which should continue for a number of reasons in the long term. First, there's the company's use of innovative techniques to produce the most amount of pot as the lowest price.

The company expects to produce close to 700,000 kilograms per year over the next few years, and is well on the way to doing so. This has put them in first place for the amount of pot a company is able to produce.

On top of that massive production is the cost behind it. Whereas other companies are paying somewhere between \$3 and \$6 per sale per gram to produce pot, Aurora is at around \$1.92, with a goal of \$1 per sale per gram, putting lot of cash in long-term investor pockets.

What Aurora also has is the international exposure it needs to be a behemoth of the marijuana industry. The company is already in 24 countries, with plenty more opportunity to expand into others that have legalized at least medical marijuana.

The one downside is that Aurora must meet domestic supply in Canada before it can really focus on its international revenue stream, but it is the best-positioned producer to do so.

## Is it a buy?

If you're looking for a company to create growth at all costs, then Aurora is probably not the stock for you. The company is looking for long-term stability; not ideal for short sellers but definitely ideal for those looking to buy up cheap stocks for long-term gains in a growing industry.

Its international exposure, mega-production, and cheap output all position Aurora to be one of, if not *the* top cannabis producer over the long term. That makes Aurora a **buy** in my books.

And it's not as if you'll wait too long. In the next three to five years, investors should really start seeing a bump in share price from this and other top cannabis companies.

But again, if you're looking for the quick turnaround of last summer, Aurora isn't going to be your best bet. It's far better to dig into [new cannabis companies](#) coming online and see where they take you. Of course, that option is a lot riskier.

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## **Date**

2025/08/17

## **Date Created**

2019/08/09

## **Author**

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