



Why Patient Investors Love This 1 Cannabis Stock

Description

Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB) has been a hard pot stock to love. After an initial love affair during the pre-legalization marijuana boom, Aurora slumped for investors and has yet to really recover. Meanwhile, that share price goes lower and lower, and many investors are feeling that rather than pick up the stock when it's down, it might be time to cut and run.

If this describes your impatience, I would urge you to reconsider Aurora as a long-term hold. It's true the [stock is far down](#), and that a lot of this is due to the company diluting shares by using shareholders' funds to pay for its acquisitions and debts. This is far from ideal, as many of the company's peers have seen a lot of success through partnerships that pay for these projects. Meanwhile, here's Aurora bringing its own shares lower and lower.

But again, if you bought this stock hoping for a quick turnaround in a year or two, that's your mistake. However, that certainly means it's not too late to take advantage of this great stock. In fact, Aurora could actually hold the top marijuana stock on the basis of production going forward. Given that analysts are estimating the cannabis industry could see US\$200 billion in legal cannabis sales around the world by 2030, that's a position you should be interested in.

What's important to remember about a stock like Aurora is that it's still in its infancy, as are so many other marijuana companies. It still has a lot to prove, and until investors give it a real chance to do that, I wouldn't give up on this stock. I'm not saying you'll have to wait around forever. In fact, let's take a look at what investors can look forward to in both the short and long term with Aurora.

Short game

It's important to remember that while the cannabis industry has been down, so have the markets. This has sent shares down even further than really necessary. That leaves room for Aurora to make a quick comeback in the next few months once the recession passes. A rebound could be in the cards even sooner, as Aurora is setting up to deliver its earnings results next month, and analysts are already impressed.

The company already expects its fourth-quarter results to include a few positive notes. First, that estimated sales should be between \$100 and \$107 million, with the company saying it sold between 25,000 and 30,000 kilograms of marijuana during the quarter. It also expects sales for the year to [hit \\$250 million](#), an increase of 353% year over year. Meanwhile, analysts believe the company can continue this trajectory, estimating \$710 million in 2020, and \$1.21 billion by 2021. If the company manages to hit even the minimum estimates, that's great news for investors who will see the company can follow through.

Another boost to short-term shares would be next June, when the company expects production capacity to hit 625,000 kilograms per year, and could even produce 700,000 kilograms by the end of 2020. Given that in the next year Canadian demand expects to hit around 800,000 kilograms or so, that means Aurora on its own could serve almost the entire country single handed. Luckily, it won't have to, and that's where we get into the long-term goals of this company.

Long game

I started out talking about the global cannabis industry, and that's where investors should really be interested in Aurora stock. While its peers are focusing on a U.S. presence, Aurora is working on a global presence, already set up in 25 countries, including tightly regulated Italy and super-consumer Germany. This will be a highly lucrative path for the company to sell its products, as the company can then ship out any excess pot it has after serving Canada.

And it should then have a lot of cash on hand, as Aurora has also set itself up to be the cheapest producer of pot. The company currently produces at \$1.92 per gram per sale, with a goal of hitting \$1 per gram. It's well on the way, as its two "Sky-model" facilities will soon support about 270,000 kilograms per year of production. Basically, Aurora is producing at a massive scale and then tuning its efficiency to produce cannabis at the cheapest cost possible to put in shareholder pockets.

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