



All Eyes on Aurora Cannabis's (TSX:ACB) Upcoming Earnings

Description

Cannabis investors will be closely watching how **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) performs in its upcoming earnings. Aurora is a cannabis heavyweight, and a lot will depend on its quarterly performance. In case Aurora misses analyst guidance or estimates, expect the stock to decline significantly, dragging peer cannabis shares lower as well.

However, if it manages to outperform estimates and provide robust guidance, the stock will shoot up.

Aurora Cannabis expected to report earnings today

Aurora will be reporting its earnings on September 11, 2019, after market close. Analysts estimate the firm to post sales of \$108.3 million in the fiscal fourth quarter of 2019 (ended in June). This will be growth of 465.6% year over year.

Analysts have a high revenue estimate of \$125.6 million and a low estimate of \$100.96 million. In the prior-year period, ACB reported sales of \$19.15 million.

Analysts also expect Aurora to report earnings per share (EPS) of -\$0.05. This is 67% higher than the earnings of -\$0.15 in the fourth quarter of 2018. Analysts have a low EPS estimate of -\$0.08 and a high estimate of -\$0.02.

Aurora Cannabis has missed three of the last four earnings estimates

Shares of Aurora Cannabis have fallen over 2% in the last 12 months. The stock has been volatile, especially after cannabis legalization in Canada last October. Several stocks including ACB were trading at a premium valuation and lost significant value.

The recent weakness in cannabis stocks has impacted Aurora Cannabis as well. There have been regulatory issues [with a couple of companies](#). Tepid earnings and growing losses from **Canopy Growth**

also impacted Aurora shares recently.

But the key reason for ACB's lacklustre performance has been its earnings performance. Aurora has failed to meet analyst earnings estimates in three of the last four quarters. In the third quarter of 2019, ACB reported of -\$0.16, which was 167% below estimates of -\$0.06.

In the second quarter of 2019, ACB's earnings of -\$0.25 were 316% lower than estimates of -\$0.06. ACB reported EPS of \$0.12 in the first quarter, which was 400% above estimates of -\$0.04. In the fourth quarter of 2018, ACB's EPS of -\$0.15 were 400% lower than estimates of -\$0.03.

Aurora is trading at a significant discount to analyst estimates

Aurora Cannabis shares have started on a positive note this month, after slumping in August and July. ACB shares have gained over 12% since the start of September 2019. The analysts covering ACB have a 12-month average target price of \$13.22 for the stock, indicating an upside potential of 60.4% from its current price.

ACB will also benefit from the upcoming legalization of edibles in Canada. In June 2019, ACB announced its plans to expand into vapes, edibles, and concentrates.

Company CEO Terry Booth stated, "Aurora is the world's leading producer of high-quality cannabis and we're ready to introduce high-value product additions to this improved, federally legal market. From the beginning, we've invested in industry-leading production and distribution technology, and in consumer research to drive products to market that consumers will desire."

He added, "These things, together with the dynamic partnerships we've entered into on the accessory and technology fronts, position us well for this new market launch in December as per Health Canada's recent regulatory amendments."

In the last quarter, Aurora produced 15,000 kgs of products from 15 production facilities across the globe. Between March 2016 and March 2019, the company grew sales by a whopping 566% annually. ACB sales are expected to continue to grow at a solid rate. It now has sales and operations in 25 countries, which is likely to expand going forward.

ACB will have to deliver on high investor expectations and much more today.

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