



## Why Aurora Cannabis (TSX:ACB) Could Skyrocket Sooner Than You Think

### Description

Of all the cannabis companies out there, **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) has been the most unnecessarily beaten-down over the last few months. The company currently trades at or near 52-week lows after [missing earnings](#) expectations guided by the company's own forecasts only a month ago.

The world's second-largest cannabis company reported a higher loss than expected and blamed its weak sales on the lack of retail locations in Canada. This led to a series of downgrades for the company almost across the board for Aurora's 12-month price target.

A big part of the downgrade comes from the company moving further away from profitability. Aurora originally believed it would be profitable sometime in this fiscal year, but management has since changed its tune. Now the company believes it will be profitable by the end of 2020, but other analysts aren't so sure.

That's due to debt. The company has a lot of it and has been using shareholder funds to fund its [aggressive acquisition](#) strategy. This has diluted shares and sent potential investors packing.

But before you join them, there are still a few things to consider about Aurora that could start sending shares up again. For the long-term investor, this stock price could be an incredible opportunity.

While you'll see in the headline that profit could come sooner than you think, I still believe that Aurora is a great long-term investment that investors should consider.

I don't think it's reasonable to think that Aurora will suddenly become profitable in the next few months — certainly not before the end of this year. However, Aurora does have one thing that all the other companies don't: cheap production, and a lot of it.

If you've been following Aurora for a while, you've already heard that in June 2020 the company will be producing 650,000 kg of marijuana per year. That goal is set to increase to around 700,000 kg of marijuana by the end of 2020. This is an enormous increase from what Aurora is capable of producing at the moment, so this alone should both fuel the needs of Canadian cannabis users, and set Aurora

on the path towards global sales.

Aurora is set up in 25 countries, including Canada, where marijuana is already legal medicinally or recreationally. Aurora is setting itself up to become the marijuana powerhouse of the world, so when all of that production is up and running, there should be an incredibly high increase in sales. And again, that should start happening in June of next year.

And, of course, Aurora has been working incredibly hard to produce all of this pot as cheaply as possible. And it's well on the way. Aurora has the goal of producing marijuana for a cost of \$1 per sale per gram, and the company is nearly there. During its latest earnings report, the cost per gram fell from \$1.42 to \$1.14. That makes this company, by far, the cheapest producer of pot.

So, at the end of the day, it's this number that you should pay attention to as an investor. As production continues to grow, it's this price that means Aurora will be able to send cannabis around the world at an incredibly cheap price. So, despite its aggressive tactics when attempting to expand, I believe that at the end of the day, it's focus on mass production at the cheapest cost will ultimately see it make incredible profits within the next year.

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