



3 Reasons Why Aurora Cannabis (TSX:ACB) Stock Is a Steal at \$5

Description

Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB) and the broader basket of marijuana stocks have been picking up [negative momentum](#) in recent weeks, with shares of Aurora stock now down over 60% from all-time highs. Many pundits are now of the belief that the cannabis trade is all but over now that most of the meaningful catalysts are in the rear-view mirror.

With a lack of sustained profitability just under a year following nationwide legalization, many investors and speculators are collectively throwing in the towel, as the broader appetite for high-growth stocks continues to fade.

Nobody wants to see their investment down double digits just days after pulling the trigger, but there are potentially massive rewards for those investors with strong enough stomachs to go against the grain as others hit the panic button.

Here are three key reasons why the short-term pain from getting into Aurora on weakness may be worthwhile over the medium term.

Profitability concerns are overblown

The negativity following Aurora's last loss-filled quarter is now severely exaggerated to the downside.

Profitability expectations became so high in the post-legalization era such that not even 630% in year-over-year sales growth was enough to keep the stock from falling into the abyss. Talk about unrealistically high expectations!

Although losses were the sore spot for investors, Aurora continues to beef up its gross margins, and that leads me to believe that the company is on the road to profitability. The road may be longer than many speculators expect, though, so patience will be needed as management continues to drive down the cost of production.

Management is doing a lot of things right, and although the company still clocked in a significant loss,

the trajectory remains promising for those with a time horizon of at least three years.

Aurora's international expansion could reap massive fruit once more nations consider nationwide legalization

Aurora has been growing at tonne of weed within Canada, but it's also serious about growing to become a dominant player on the international scene.

Like its peer **Canopy Growth**, Aurora has been spreading its wings across various countries. As more nations look to follow in the footsteps of Canada with regards to their policy on the legality of cannabis, I believe Aurora and several other internationally focused producers will be well positioned to profit from a new wave of growth.

As you may know, it takes a ridiculous amount of time for countries to change their stance on things like cannabis, so if you've got a time horizon under three years, you may not be in the trade long enough to profit from the international tailwind.

Aurora has Nelson Peltz standing in its corner

Finally, billionaire hedge fund manager Nelson Peltz was hired as a strategic advisor earlier this year.

Peltz is no slouch, and with options to buy nearly 20 million shares, his services could take Aurora to the next level, as it moves forward with its global expansion while exploring potential partnerships in the space.

Peltz will give Aurora the edge on the M&A front, as bargains in the space come to be, so gone are the days of the expensive, shareholder-dilutive acquisitions that Aurora's infamously known for.

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