

Aurora (TSX:ACB) Stock Could See 100% Growth in 2020 If These 3 Things Happen

### Description

There's no sugarcoating it: 2019 was a rough year for marijuana stocks.

**Aurora** (TSX:ACB)(NYSE:ACB) stock had a particularly tough go of things. The company lost close to 63% of its total market stock value in 2019, making it one of the worst performers in the marijuana marketplace.

The company has pressed the pause button on some of its more ambitious projects — including two production facilities in Canada — in the wake of an uncertain financial situation.

Yes, <u>Aurora</u> has found a way to cover more than \$230 million of convertible debt due on March 2020. But cash flow issues, with a burn rate of nearly \$210 million, has investors and industry insiders a little bit concerned about how Aurora turns things around and becomes profitable.

That said, not everything about this company is doom and gloom.

Aurora could bounce back in a big way — 100% growth or more in 2020 is possible if these three things happen:

### Cannabis in Canada could rebound

The <u>cannabis market in Canada</u> could be in store for a major course correction compared to a very lackluster 2019.

The legal cannabis industry in Canada is inefficient. Many people have turned back to the black market because it's easier and often a lot less expensive than shopping at legitimate licensed businesses that Aurora supplies.

Logistics, distribution across individual provinces, and building up enough supply to serve the demand in Canada proved to be a huge hurdle for Aurora last year.

The company spent a significant amount of money building out its infrastructure, reworking its logistics and supply chain, and growing its supply.

2020 could be the year of exponential growth for cannabis companies in Canada, with Aurora leading the charge.

## Still an industry leader

Aurora stumbled from a high of \$15.07 on October 12, 2018 to an almost record low of just \$2.48 at close on January 27, 2020. Despite this fall, ACB continues to be a cannabis industry leader.

The company is still the second largest company as far as sales and overall growing capacity are concerned in Canada.

As well, Aurora is currently responsible for the three best-selling cannabis products in several major Canadian markets. Sales figures in Europe for Aurora are also up considerably.

If the company can push forward with streamlined logistics and an ample enough supply to meet the demand, ACB should see a big bounce later in the year.

# Too cheap for its own good

ACB could be primed for a big year because it is currently trading at such a low price.

It isn't difficult to imagine that this company currently valued at about \$2.5 billion could be worth \$5 billion or more in the next year. If the company can even out some of the balance sheet and liquidity concerns that have made more risk-averse investors a little bit cautious, the stock could see a big jump in 2020.

### **Foolish takeaway**

While 2019 was a terrible year for ACB, 2020 could be a turnaround point for the marijuana industry. If these three reasons mentioned above become true, Aurora's stock could double in 2020.

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