



1 Cannabis Stock I'm Buying While It's Still Cheap

Description

You'll think I'm crazy, but with markets at lows not seen in years, perhaps the craziness of the market place is getting to me. I've been looking hard for cheap stocks to buy up while I can. Whereas before I would have to have a couple thousand dollars stashed away, right now I might need only a couple hundred bucks to really make an impact in the future of my portfolio.

Before I tell you about my [cheap stock option](#), let me be honest. I'm not doing this with retirement around the corner, or even with my children's education looming. I'm still in my thirties with the time and patience to wait out this and other storms headed my stock's way. And there are likely to be a few more before it starts riding high again.

But if you're like me and have the time, patience — and even a little cash to spend, I would put it toward cannabis producer **Aurora Cannabis Inc.** ([TSX:ACB](#))(NYSE:ACB).

Here's why.

Large — and in charge

Now I know what you're thinking. Aurora has had major flack over the last year as the company continues to dilute shareholder prices by using that cash to make acquisitions — -and it hasn't ended there. The company believed it would achieve profitability this year, but has since admitted that likely won't happen, causing a major share selloff.

Today, the company has very little cash on hand, so investors are hoping the company finally make some sort of partnership to help bring in more funds.

This all sounds quite dire, and I'm not going to lie, things are not going well for Aurora right now. But it's not alone. Aurora and all other cannabis companies are seeing a huge turning point happen in the industry. It should be expected that many cannabis producers could go bankrupt, and while Aurora has a lot of debt, I don't think that will happen.

A large part of that is its size. Aurora is the second-largest producer of cannabis in the world, with 625,000 kilograms produced annually and a foothold in 25 countries, including Canada, where it can legally sell marijuana both recreationally and medicinally.

Low costs

Now it's one thing to be able to produce a lot of pot, but it's quite another to do it cheap. While the company is still working on paying off its debt of \$1.4 billion by cutting costs even further, it's already well placed among cannabis companies for being able to bring costs down.

While the cannabis producer in Canada produces cannabis at an average of \$7.37 per gram, Aurora is light years ahead by doing what it promised and bringing it to below \$1. In fact, as of writing that cost is at \$0.85 per gram it had reduced the cost of producing cannabis to \$0.85 per gram.

The company isn't stopping there, and frankly it shouldn't. If it's not going to be making any partnerships any time soon, costs will have to be cut even further.

The company has announced it will be making some aggressive changes and restructuring to pay down its debt and get investors back on board.

Did I mention cheap?

The main point in all this is that I don't believe Aurora is going any where, which leaves its share price of \$1.21 as of writing at an absurdly cheap price. But don't get me wrong: I don't think it's going to shoot back up to the levels seen back in 2018.

Those days [are over for cannabis companies](#), at least for the next few years while legislation and sales iron out. But the company could easily double its stock price with even a hint of good news.

Granted, I think it will need more than a good earnings report — such as a partnership — but it *will* happen eventually. And when it does, you'll be glad you were patient enough to weather the storm.

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Date

2025/08/24

Date Created

2020/03/14

Author

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