



Aurora (TSX:ACB) Stock: Could it Increase by 100% in 2021?

Description

Ups and downs are part of the stock market. Stocks soar to new heights and fall to uncharted depths all the time, but relatively few see the persistent downfall of the stock price akin to **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB). And there were more factors in the play than simply the downfall of the marijuana sector.

In its prime in 2018 and 2019, Aurora's share price rose to over \$165 per share. Right now, the price is less than one-tenth of that (i.e., \$15.8 per share), and that's after a 30% rise from the start of this year. But there is an upside to the low price, and it's that there might be a chance that the stock might soar by 100%, riding the wave that the cannabis sector is experiencing.

Chances of Aurora growing 100%

The cannabis stock rally that shot the valuation of many companies on TSX through the roof has died down recently. Aurora has experienced a price drop of 34%, and while it was still far away from its lowest valuations in October 2020, the price is moving in that direction. It might be a permanent reversal of the momentum or a temporary dip.

From its lowest point last year to its highest in February, the stock has grown over 370% in fewer than four months, so it's not too unrealistic to hope that that stock can't increase by 100% before the year ends. The current dip might be similar to the one that the tech sector experienced last year, after which most companies in the sector quickly recovered.

The U.S. legalizing cannabis across the board or the licensing authority in Canada expediting the process of issuing licences to marijuana retailers might recreate upward momentum for the sector again.

The second-quarter results

The company [recently announced](#) its second-quarter results (ended December 2020), and they were

less than ideal. The net revenue and gross profit both increased compared to the same quarter last year, and the company sustained fewer losses from operations. The balance sheet is still strong, and thanks to the legal marijuana sales increasing during 2020, the net loss declined substantially.

The second-quarter results might be something to write home about, but they are a definite improvement compared to the company's prior results. And even though the marijuana sales number has been slipping once again in favour of black market products, major players like Aurora can make strides toward actual profitability by controlling production and minimizing costs further.

Foolish takeaway

Despite its historical performance, Aurora is still [a formidable name](#), especially in the medical marijuana business. It's still Canada's number one medical cannabis platform by revenue and has a variety of recognized brands under its name in both Canada and the United States. If the cannabis market is turning up for the better, there is a strong possibility that Aurora stock might grow by 100% again.

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