



Aurora Cannabis Stock Hits 52-Week Low: What Investors Should Know

Description

Aurora Cannabis ([TSX:ACB](#)) shares hit a 52-week low last week as pot stocks continue to suffer. The once-great marijuana producer looks less and less promising these days. So what's going on?

Here, I'm going to dig in and see whether Aurora Cannabis shares are indeed a bad buy or merely need more time to come off this bad trip.

The stock's recent rise and fall

Cannabis stocks in general got a bit of a boost earlier this spring, after the U.S. House of Representatives sent through a new federal legalization bill. While the bill isn't likely to pass the Senate, it was nice to see lawmakers moving again.

From this, Aurora Cannabis and its peers got a bit of a boost. But all those gains were quickly wiped away after investors realized the news would be short-lived. And that became especially true for Edmonton-based Aurora, whose Canadian competitors are focused on taking action to turn a profit ASAP. Meanwhile, Aurora seems to be more talk than action.

What Aurora Cannabis has been up to

Earnings for Aurora Cannabis during the last quarter were rough, to say the least. Total revenue came in 10% lower than the year before, and the only reason EBITDA losses dropped to \$9 million from \$80 million between 2020 and 2022 was because of cost savings.

It doesn't help that the company has been on an acquisition spree, diluting shareholders' investments in the process. I'd hope that Aurora would stop making acquisitions and instead take a break to focus on profit. Unfortunately, shares continue to struggle after the company announced the acquisition of TerraFarma, parent of Thrive Cannabis. Today, the stock seems stuck under the weight of Aurora's balance sheet — one that isn't backed up by major partners like its peers enjoy.

Is it all bad news?

It's possible the Thrive deal will help in the long term. Thrive has been EBITDA-positive for 12 months, with innovative, award-winning products that could indeed help revive Aurora's shares. The deal is expected to close in the fourth quarter of 2022 and will take time to pan out if it occurs. So until then, I'm waiting for Aurora Cannabis to make more moves toward immediate profitability.

What current Aurora Cannabis investors should do

Here's the big question. And it's certainly not an easy one to answer. It seems clear that Aurora shares have more room to fall. However, if you're already an investor in Aurora Cannabis, you probably bought cannabis stocks in the first place because you were thinking long-term.

If you're willing to wait until the U.S. legalizes pot everywhere (which of course could take years), that's what I would recommend.

However, if you're tired of seeing red, I get it. It's perfectly fine to cut your losses and invest the proceeds into something more stable, especially in this volatile market.

Shares of Aurora Cannabis stock are down 43% year to date and 64% in the last year.

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