



\$1,000 Invested in Aurora Cannabis at the Start of 2022 Would Be Worth This Much Today

Description

Despite its volatility, **Aurora Cannabis** ([TSX:ACB](#)) has been among the most [popular stocks on the TSX](#), with an average daily trading volume of three million. While ACB stock generated exponential returns just before pot was legalized for recreational use in Canada four years back, it has since trailed the broader markets by a wide margin.

Here, let's see how much a \$1,000 investment in Aurora Cannabis stock at the start of 2022 will be worth today.

Aurora Cannabis stock outpaced the TSX in 2018

Shares of Aurora Cannabis surged over 50,000% between December 2013 and October 2018. So, an investment of \$1,000 in ACB stock would be worth \$500,000 in fewer than five years. But once Canada legalized cannabis at the federal level in October 2018, the selloff in ACB stock has been extremely painful for shareholders.

In the last 50 months, Aurora Cannabis has been impacted by a range of industry-wide issues that include rising competition, a thriving black market, lower-than-expected demand, rising inventory levels, and massive losses.

In order to sustain its high cash-burn rate and aggressive acquisitions, Aurora Cannabis raised equity capital several times in recent years, diluting shareholder wealth in the process.

The selloff surrounding the stock market in 2022 has dragged ACB stock lower by 79% year to date. So, an investment of \$1,000 in Aurora Cannabis at the start of 2022 would be worth \$220.4 today.

ACB has been among the worst-performing [cannabis stocks](#) on the TSX and is down 99% from all-time highs. But past performance should not matter much to current and future investors. Let's see if Aurora Cannabis stock can stage a comeback in 2023.

Can ACB stock beat the TSX in 2023?

While the Canadian cannabis market continues to expand, Aurora Cannabis is forecast to report revenue of \$196 million in fiscal 2023 — a decline of 11.4% year over year. The company is now looking to shut down facilities to lower costs. It has also focused on gaining market share in the high-margin medical marijuana business to limp toward profitability.

The main driver for Aurora Cannabis and peers will be the eventual legalization of cannabis south of the border. While marijuana is legal in a few states in the U.S., it remains illegal at the federal level. The United States will provide Aurora Cannabis with access to a far larger market and drive sales via acquisitions as well.

In the near term, Aurora Cannabis needs to strengthen its balance sheet and regain investor confidence. In the fiscal first quarter of 2023 (ended in September), its sales fell 18% year over year to \$50 million. The company's adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) loss stood at \$8.7 million, as it used \$31.1 million to fund its operations in the quarter. In the last 12 months, its net loss stood at \$1.8 billion, while total revenue was \$210 million.

Aurora ended the first quarter with a cash balance of \$369 million, providing it with enough room to improve the bottom line. But looking at its track record, Aurora Cannabis has failed to achieve its financial goals consistently in the past, making it a high-risk bet.

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