



Should You Be Loading Up on Aurora Cannabis Inc. as it Battles CanniMed Therapeutics Inc.?

Description

Shares of **Aurora Cannabis Inc.** ([TSX:ACB](#)) have dropped 18% as of close on December 21 since reaching an all-time high of \$8.66 in late November. I have [discussed](#) why Aurora and other cannabis producers have a lot to prove ahead of recreational legalization in 2018. Aurora Cannabis stock saw its momentum stall after it submitted an acquisition bid for **CanniMed Therapeutics Inc.** (TSX:CMED). CanniMed leadership responded with hostility to the takeover attempt.

In a recent article, I'd [covered](#) the reaction from CanniMed. Its CEO Brett Zettl questioned the stock valuation at Aurora Cannabis. He accused Aurora Cannabis of attempting to shortchange CanniMed shareholders at the \$24 per share price offered.

His company followed that up by approving a shareholder rights plan that would effectively prevent Aurora Cannabis from completing the acquisition. CanniMed has also requested that the Ontario Securities Commission review the hostile bid.

CanniMed also placed its own bid for **Newstrike Resources Ltd.**, a Brantford-based cannabis producer. Aurora Cannabis responded by questioning the feasibility of the deal, stating that Newstrike would require a significant infusion of cash to finance its plans for expansion.

A ruling is expected to clear up the matter soon, as Ontario and Saskatchewan regulators met on the evening of December 21. The Ontario Securities Commission began deliberation on December 22 regarding the challenge from CanniMed.

Aurora Cannabis has stipulated that its offer will no longer stand if CanniMed moves forward with its acquisition of Newstrike. It has also asked that regulators strike down the shareholder rights plan put into place by CanniMed. Suffice it to say, the results will be hugely significant for the current cannabis market.

With this in mind, is Aurora Cannabis a buy right now? The company boasts a market cap of over \$3 billion, and its top two competitors **Canopy Growth Corp.** and **Aphria Inc.** have both breached the

double-digit mark since the beginning of September.

Like the other top producers, Aurora Cannabis has been busy in the lead-up to recreational legalization set for July 2018.

On December 4, Aurora Cannabis announced that it had increased its stake in the Australia-based Cann Group Ltd. It also made a \$12 million investment in biotechnology company Radient Technologies Inc. Aurora Cannabis has also pursued a licensing agreement with CannaRoyalty Corp., a company that provides access to a portfolio of cannabis drug-delivery technologies. Some of these technologies include THC Pain Relief Cream, THC Hydrating Lotion, a metered dose inhaler, and several other products.

The results of the deliberations from the Ontario Securities Commission will likely have a big impact on Aurora Cannabis as we look forward to 2018. It will also set a precedent that could set off a string of takeovers from the larger producers in Canada. Priced at \$7 as of close on December 21, Aurora Cannabis is an extremely attractive buy considering its production capacity — second only to Canopy Growth Corp.

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