



Why Aphria Inc. Is Soaring Over 15%

Description

What?

Medical cannabis producer **Aphria Inc.** (TSX:APH) is roaring over 15% higher in today's trading session following its announcement that it has entered an agreement to acquire 100% of Broken Coast Cannabis Inc., a medical cannabis producer based in British Columbia, for a total cost of approximately \$230 million.

So what?

In the press release, Aphria provided the following information about the acquisition:

"The transaction is expected to add incremental annual production of 10,500 kgs, a portion of which is market ready today, elevating Aphria's forecast annual production to 230,000 kgs while also providing Aphria with geographic diversification, a cross-Canada distribution platform, and access to over 40,000 medical patients."

Aphria's chief executive officer Vic Neufield went on to state:

"Adding one of Canada's most sought after premium brands represents a major triumph for Aphria and our shareholders and firmly establishes our position as a Canadian leader in premium indoor cannabis production ... We look forward to learning from each other and bringing more Broken Coast cannabis to current medical patients and future adult recreational use consumers in Canada."

Now what?

Aphria will pay the \$230 million price tag with \$10 million in cash and the rest in shares, and the transaction is expected to close by January 31, 2018, following the standard closing conditions.

This is the third major deal Aphria has announced in the last two months, as it announced a \$10 million

investment in [Hiku Brand Company Ltd.](#) on December 21 and a supplier agreement with [Shoppers Drug Mart](#) on December 4; these deals have it positioned to be one of the industry's leaders for the foreseeable future, and it has the potential to become one of the most profitable cannabis companies in the world following the legalization of adult recreational use of cannabis in Canada, which is expected to be announced at some point this year.

I think Aphria is the most well-positioned company to benefit from the growth of both medical and recreational cannabis, making it my favourite stock in the industry today. If you're seeking exposure to this high-growth industry, take a closer look and consider beginning to scale in to long-term positions in Aphria over the next couple of trading sessions.

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