



The Latest Twist in Aurora Cannabis Inc.'s Pursuit of CanniMed Therapeutics Inc.

Description

There's been no shortage of drama in the cannabis industry lately. Here's a quick recap for those that haven't been keeping score:

Aurora Cannabis Inc. ([TSX:ACB](#)) tried to acquire **CanniMed Therapeutics Inc.** (TSX:CMED) back in November. However, CanniMed was not thrilled with the deal and sought to pursue its own acquisition of **Newstrike Resources Ltd.** (TSXV:HIP).

Most recently, Newstrike shareholders [voted to approve the deal](#), and CanniMed investors were just days away from voting on whether or not to go through with it. Aurora had previously stated that its offer for CanniMed was conditional on the Newstrike deal not going through.

Change of heart?

In the latest twist, Aurora is now looking to acquire both CanniMed and Newstrike. CanniMed recently announced that it was postponing its shareholder vote on the Newstrike deal, which was originally scheduled for January 23, and by the end of Friday, we had learned that both companies were now on Aurora's radar.

It is a surprising development considering that CanniMed and Aurora have had a very public feud since all of this started, and CanniMed even filed a lawsuit against Aurora earlier this month for damages as a result of the takeover attempt. However, it looks like those scars have quickly healed and that the three companies may all join forces.

Together, the companies would create the largest cannabis company on the TSX. **Canopy Growth Corp.** ([TSX:WEED](#)) currently holds that distinction with a market cap of over \$7.1 billion; however, Aurora is not far behind at \$6.1 billion, and this deal would put it over the top.

The acquisitions would offer Aurora a quick way to expand its capacity and grow its business in what is becoming a very competitive and fragmented industry. As a result, we're likely to see [even more mergers and acquisitions](#) take place before pot is legalized later this year.

What happens next?

The coming week should provide some answers as to how this will all play out, and if the three companies are all able to come together. The speed at which we've seen things turn from hostile to friendly suggests that it may not take long before we see a conclusion on all of this.

If, for some reason, all three can't come together, then Aurora may have to settle on just its initial plan, which was to buy CanniMed. Although there was some doubt as to whether that deal would happen given all the animosity, it certainly appears as though talks have turned positive.

What does this mean for investors?

We'll likely see share prices soar on the news, as Aurora had only previously considered acquiring CanniMed, and the news that it would consider acquiring Newstrike as well will only send the stock higher. Aurora is showing investors and all the players in the industry that it wants to be the market leader.

The industry is going to be a difficult one to grow market share in with many competitors and many restrictions when it comes to advertising, so acquisitions and brand recognition will be very important.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ACB (Aurora Cannabis)
2. TSX:WEED (Canopy Growth)

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