



Aurora Cannabis Inc. to Acquire CanniMed Therapeutics Inc. for \$1.1 Billion

Description

What?

Aurora Cannabis Inc. ([TSX:ACB](#)) and **CanniMed Therapeutics Inc.** (TSX:CMED) just announced that the two companies have entered a supportive agreement in which CanniMed's board will support Aurora's offer to acquire all of its issued and outstanding shares not already owned for a total consideration of approximately \$1.1 billion.

So what?

The deal values CanniMed at approximately \$43 per share, which represents a 181% premium over its closing price on November 14, 2017, the trading session prior to Aurora's public disclosure that it would pursue a takeover of CanniMed. The deal also represents a 79% increase from its previous offer of \$24 per share, which [CanniMed strongly opposed](#), and a 14.6% premium to its closing price of \$37.51 on Tuesday.

The deal comes less than a week after the two companies [reached an agreement](#) to discuss a possible transaction, which was extended twice in order to give the two management teams enough time to complete the deal it just announced.

As a part of this deal, CanniMed has entered a termination agreement with **Newstrike Resources Ltd.** (TSXV:HIP), which it was in the process of acquiring as a way to prevent the takeover by Aurora, and this termination will result in a \$9.5 million breakup fee that will be paid to Newstrike.

Now what?

I think this is a phenomenal deal for CanniMed's shareholders, so I would most certainly vote in favour of it.

I also think this is a phenomenal deal for Aurora, because the combination of the two companies will create a powerhouse in the cannabis industry with the size and scale to compete with the other powerhouses, **Canopy Growth Corp.** and **Aphria Inc.**

With all of this being said, I think Foolish investors seeking exposure to the high-growth cannabis industry should strongly consider beginning to scale in to long-term positions in Aurora, Canopy, or Aphria over the next couple of weeks.

CATEGORY

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1. Investing

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