

Aphria Inc. to Acquire Nuuvera Inc. for \$826 Million

Description

What?

Global cannabis company **Aphria Inc.** (TSX:APH) announced on Monday morning that it has entered a definitive arrangement agreement to acquire 100% of the issued and outstanding shares of **Nuuvera Inc.** (TSXV:NUU), a cannabis company with a strong presence in Europe, Africa, and the Middle East, for approximately \$826 million. Aphria's stock has responded by falling about 4% as of 12:15 P.M. EST on Monday, while Nuuvera's has responded by rising about 12%.

So what?

The deal values Nuuvera at \$8.50 per share, which represents a premium of about 21.4% from its closing price of \$7 per share on Friday, and its shareholders will receive \$1 in cash plus 0.3546 shares of Aphria's stock for each share held under the terms of the agreement. Aphria stated that it expects to issue up to 34 million shares in connection with the transaction, which represents approximately 20.8% of the currently issued and outstanding shares in the market.

Here are five other important notes to make about the transaction:

1. The transaction "combines Aphria's low-cost, high-quality cultivation at scale with Nuuvera's expertise in cannabis processing, and provides access to Nuuvera's state-of-the-art testing and extraction facilities."
2. The transaction is expected to be accretive to Aphria's shareholders in the first full fiscal year after closing.
3. Nuuvera's highly experienced management team "will play a meaningful role within the combined company going forward."
4. The transaction is expected to close in April 2018.
5. Aphria is entitled to a \$25 million break-fee if the deal does not close.

Now what?

Vic Neufeld, Aphria's CEO, stated that this deal "creates a true global leader in medical cannabis with excellent potential for growth and value creation," and I could not agree more. This deal also comes just two weeks after Aphria agreed to acquire [Broken Coast Cannabis](#) for approximately \$230 million and less than two months after it reached deals with [Hiku Brand Company](#) and [Shoppers Drug Mart](#), so it's clear that Aphria has its sights set on being the world's largest cannabis producer.

With all of the information provided above in mind, I think all Foolish investors seeking exposure to the cannabis industry should consider Aphria to be one of the best investment options in the market today.

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Date

2025/07/03

Date Created

2018/01/29

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