



Aurora Cannabis Inc. Makes Another Big Move

Description

It was announced on Monday that **Aurora Cannabis Inc.** ([TSX:ACB](#)) was going to acquire just under a 20% ownership in **Liquor Stores N.A. Ltd** (TSX:LIQ) for \$103.5 million, with an option to increase its investment up to 40%. The move is aimed at setting up retail stores in Alberta, which is one of the provinces that has decided to allow private retailers to sell cannabis directly to consumers. Other provinces, like [Ontario](#) and [Quebec](#), have opted for stricter models, where sales would have to go through government-owned shops.

Retailer to convert stores into cannabis outlets

Liquor Stores said that it would convert some existing stores to sell pot, while also adding new locations where cannabis could be sold. In total, Liquor Stores has 231 stores across western Canada and in the U.S., with 178 of those locations being in Alberta.

Aurora continues to focus on speed

Fresh off the heels of its agreement to buy **CanniMed Therapeutics Inc.** after a long drawn-out battle, Aurora's newest investment will help the company get its products to the market much faster by leveraging the existing stores that Liquor Stores already has in place.

Aurora's chief corporate officer Cam Battley stated that the deal with Liquor Stores will allow the company to "begin converting stores very, very quickly so that we will be ready on day one." This is a good move for Aurora, as it allows the company to partner with an organization that has successfully operated retail stores and can use that experience to better meet the needs of cannabis consumers.

While Alberta might not be the largest market for pot in the country, down the road, we could see more provinces decide to let private retailers sell cannabis, and what Aurora learns from the experience in Alberta could help it succeed in other provinces as well.

Pot stocks are down as of late

Although Aurora's stock was flying high for 2017, it's struggled to find momentum in 2018. In the past

month, the share price has dropped 30%, as the bears have come out in full force, with sell-offs happening beyond just pot stocks; many industries have seen big losses recently.

However, this could present an opportunity for investors to get another crack to buy Aurora's stock at prices not seen since late last year. There's still lots of potential for pot stocks ahead of marijuana legalization, and it could be a good opportunity for investors to buy.

Bottom line

Aurora is making big moves lately, as it looks to knock **Canopy Growth Corp.** ([TSX:WEED](#)) off its pedestal as the top pot stock in the country. The investment with Liquor Stores should pay off in the long run, but Aurora is going to need more than success in Alberta to stay ahead of Canopy — a company that's already inked deals with multiple provinces.

More mergers and acquisitions are still likely in the cards for the industry, as there is still a lot of fragmentation, which presents a great opportunity for big players to consolidate and grow their positions by acquiring smaller competitors.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/08/29

Date Created

2018/02/06

Author

djagielski

default watermark