



## Why Aurora Cannabis Inc. (TSX:ACB) Is Likely Going to Be the Company to Turn on the TAP With Molson Coors (TSX:TPX.B)

### Description

Recent [reports](#) from *Bloomberg* as well as from The Motley Fool have indicated that interest within the alcohol industry for additional cannabis-related tie-ups may only just be underway, with companies such as **Aurora Cannabis Inc. (TSX:ACB)** reportedly in talks with **Molson Coors Brewing Co. (TSX:TPX.B)(NYSE:TAP)** to pursue cannabis-infused beverages as early as this year.

While these talks are still preliminary, and there are reportedly four companies interested in such a partnership, here's my case as to why Aurora is ultimately likely to be the company that comes out on top.

### Deals, deals, deals

Aurora has continued to lead the charge within the Canadian cannabis sector as perhaps the most aggressive of its peers, choosing to acquire companies at breakneck speed and at valuations that other companies seem to believe don't make sense (two billion-dollar-plus deals are nothing to sneeze at).

While Aurora may be engaging in a strategy of "[paying a dollar to get a dime](#)," the reality remains that as stock prices rise, Aurora CEO Terry Booth looks like a hero to shareholders and is likely to continue to engage in such behaviour moving forward. Thus, the argument is that the price Aurora is willing to "pay" (either directly or indirectly through subsidized or guaranteed volume contracts) is likely to be much more substantial than its peers, leading to a situation where Aurora may come out of the gate as the penultimate deal-maker.

That being said, from a production standpoint, it may make sense for Molson Coors to tie its horses to more than one wagon, and the company may choose to enter supply agreements with multiple firms. I'm not arguing this may be the case; however, with the aggressive acquisition style of Aurora's management team, this deal may seem too good to pass up, with the hopes that investors will continue to "drink" this news up, potentially leading to a scenario where Aurora is awarded one of the available supplier agreements.

While other booze companies, such as **Constellation Brands, Inc.** ([NYSE:STZ](#)), have made deals with major Canadian cannabis players, choosing to up the ante with an additional investment recently, a deal with Molson Coors may be viewed as a much bigger deal for investors on both sides of the border, given the sheer size and scope of Molson within the Canadian market. Molson Coors is a company that has been hit hard in recent months, and the perspective of many analysts is that this deal could add value to shareholders on both sides of the border, as investors look for a story to latch on to.

The Canadian cannabis industry is one of the most exciting sectors to follow in this current environment, and I expect this trend to continue; while I remain firmly on the sidelines, for those speculating out there, I would bet a nickel that Aurora will not lose out on another opportunity to become bigger at any cost.

Stay Foolish, my friends.

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2. TSX:ACB (Aurora Cannabis)
3. TSX:TPX.B (Molson Coors Canada Inc.)

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chrismacdonald

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