

## 3 Ways Aphria Inc (TSX:APHA) Could Change Without Vic Neufeld

### Description

One of the big stories this month was the departure of **Aphria Inc** (TSX:APHA)(NYSE:APHA) CEO Vic Neufeld, who announced that he was stepping down on January 11. The news followed a series of critical pieces about Aphria's acquisitions and a Q2 earnings report that many took as a disappointment. Although Neufeld was adamant that his departure had nothing to do with the accusations levelled against him by Quintessential Capital Management, others saw the move as a vindication for the publisher.

While Neufeld transitions out of his role, Chairman Irwin Simon and President Jacob Ripshtein will step in to fill the vacuum. Although it's still not clear what direction Aphria's new management will take the company in, there are a few probable outcomes. We can start with one of the most likely.

### Fewer acquisitions

Under Neufeld, Aphria was known for being an [acquisition-hungry company](#), having wholly acquired at least three companies last year. This fact proved the source of major controversy, as it formed the basis for Quintessential's report, which claimed that Aphria had been buying up companies to the detriment of shareholders.

A new management team could change Aphria's acquisition-centric approach for two main reasons. First, acquisitions were a cornerstone of Neufeld's growth strategy, but new managers could favour alternate approaches, such as increasing production capacity or doing new R&D. Second, assuming that the Quintessential report was, contrary to public statements, part of the reason Neufeld left, his replacements will likely be encouraged to depart from his methods.

### Improved investor sentiment

Neufeld's departure will likely increase positive investor sentiment toward Aphria in the short term. Although [short attacks](#) against the company have subsided, the fallout from the Quintessential report still casts a shadow of doubt over Aphria. The fact that the company has faced legal action adds to the problem. With a new management team in place, investors may become more optimistic about Aphria, which will be perceived as having distanced itself from last year's woes. This effect may be short lived, however: many of the issues facing the company, including a high-profile lawsuit, are still ongoing.

### Possible buyout

Last but not least, there is a real possibility that, under new management's tenure, Aphria will be bought out and cease to be a public company altogether. Green Growth Brands is currently pursuing a hostile takeover bid for Aphria, which values the company at \$2.4 billion. The deal involves a trade of 1.57 Green Growth shares per Aphria share, which works out to about \$8.8. As of today, that's a hair under the stock's market value, which makes it unlikely that current shareholders will sell. But should Aphria dip again, Green Growth might manage to acquire a controlling interest, as the Green Growth

shares being offered are worth more than the lowest price Aphria hit in the last 58 days. If that happens, it's the end of Aphria as a publicly traded company.

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