



Is Aphria Inc. (TSX:APHA) the Most Volatile Cannabis Company?

Description

Aphria (TSX:APHA)(NYSE:APHA) has seen its share of ups and downs on the market over the past few months. Of course, the market has been pretty volatile lately, and Canadian cannabis companies are relative newcomers on the scene. Some level of volatility is thus hardly surprising. Still, with a beta of 3.79, APHA has been more volatile than all of its main competitors.

By way of comparison, **Cronos Group** currently has a beta of 3.43, while **Canopy Growth** and **Aurora Cannabis** currently have betas of 3.0 and 1.16, respectively. Let's review why APHA has been so volatile lately and what we can learn from it for the future of the Ontario-based cannabis company.

Short-seller report and change in management

In early December, a report jointly issued by Quintessential Capital Management and Hindenburg Research alleged that Aphria is a scheme to "funnel funds from retail shareholders into insiders' pockets." The bombshell report sent APHA's stock straight into a spiral down, and even after management disputed the allegations, APHA struggled to fully recover.

The loop finally seemed to come full circle when APHA [decided to part ways](#) with CEO Vic Neufeld and co-founder Cole Cacciavillani. With this news, APHA hoped to finally break away from the shadows of the short-seller report. The move helped APHA's stock climb by as much as 10% on the day it was announced.

Green Growth Brands takeover bid

Green Growth Brand — a company that also operates within the cannabis industry in the U.S. — expressed interest in acquiring APHA. The Ohio-based firm proposed to offer \$11 per share to acquire APHA for a valuation of about \$2.1 billion. APHA's management was not amused by the offer, however, claiming that the deal significantly undervalued APHA. Still, the news had a positive effect on Aphria's stock price; partnering up with a company such as Green Growth Brands would help Aphria's growth.

Green Growth Brands came forward with a formal offer just about a week ago, and the company is open to [negotiating its offer price](#). Partnering up with a company such as Green Growth Brands would help Aphria's growth. This more recent development has helped APHA ride a wave of enthusiasm among investors, which translated to big gains in the stock market.

Aphria's Europe operations

Last September, Aphria announced that it would collaborate with Denmark-based Schroll Medical to cultivate and distribute organic medical cannabis. Just last week, Aphria announced it had completed the first transfer of marijuana plant cutting to Schroll. Naturally, prospects of Aphria tapping into the fast-growing European medical cannabis industry — and teaming up with an established European company to help boost its production in the process — sent investors into a frenzy.

What's next for Aphria?

Aphria has seen a series of news that has affected the company's stock price over the past few months. Some of these were positive; others were not. The company has survived thus far, though, and now sees itself in an excellent position. While no one knows what will happen next, Aphria's ability to navigate a minefield has to speak volumes in the eyes of investors. As the saying goes, what doesn't kill you makes you stronger.

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