

Altria Group, Inc.

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Altria in investment talks with Canadian cannabis company Cronos

Altria Group Inc (NYSE:MO), the maker of Marlboro cigarettes, is in initial discussions to either take a stake in or possibly acquire the Canadian cannabis company Cronos Group Inc (NASDAQ:CRON) as it looks to widen its business beyond traditional tobacco.

In a statement released late Monday, Cronos confirmed it is engaged in discussions concerning a potential investment by Altria. But the company said no agreement has been reached "with respect to any such transaction".

"There can be no assurance such discussions will lead to an investment or other transaction involving the companies," Cronos said.

READ: Tobacco powerhouse Altria in talks to acquire equity stake in Canadian cannabis grower Aphria, says The Globe and Mail

The legalization of marijuana by Canada this year is prompting renewed interest in investment in the country's cannabis companies. And news of the discussions between Altria and Cronos come on the heels of the US alcohol beverage group Constellation Brands, which sells Corona Beer, completing a C\$5 bn (US\$4bn) investment in the Canadian cannabis company Canopy Growth.

A deal between Altria and Cronos would be interesting as it would represent one of the first combinations of an old-school tobacco company, which is looking to offset a decline in smoking rates and an upstart cannabis company.

READ: Constellation Brands ups stake in Canopy Growth, invests an additional US\$4bn

Altria is also reported to be weighing an investment in the e-cigarette maker Juul in another bid to widen its repertoire of smoking products beyond cigarettes. And earlier this year, reports surfaced that Altria had contemplated taking a stake in Aphria, another Canadian cannabis producer.

While the tobacco sector is coming under pressure due to diminished demand for cigarettes, interest in cannabis and e-cigarettes is on the rise.

Cronos shares jumped by 10% in Tuesday's pre-market session to \$11.20 while Altria shares nudged up by 0.5% to \$56.00.

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Price: 50.16

Market Cap: \$93.71 billion

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: MO

Listing: NYSE

52 week High Low
57.88 39.31

Sector: Manufacturing & engineering

Website: www.altria.com

Company Synopsis:

Altria Group, Inc. is a holding company that owns three premier tobacco operating companies in the United States which have leading positions in the major tobacco categories of cigarettes, smokeless tobacco and large machine-made cigars. Altria also has a substantial position in the alcohol business with Ste. Michelle Wine Estates and an economic interest in SABMiller plc.

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