

Why Amaya Gaming Group's Shares Have Upped the Ante

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of **Amaya Gaming Group** ([TSX: AYA](#)) soared 40% on Friday after agreeing to acquire Rational Group, the operator of PokerStars and Full Tilt Poker, for U.S.\$4.9 billion.

So what: With PokerStars and Full Tilt Poker boasting more than 85 million registered players on desktop and mobile devices, Amaya's all-cash purchase of Rational will transform it into the world's largest publicly traded online gambling company. Amaya even expects the deal to speed up the re-entry of PokerStars and Full Tilt into the U.S., where the government has cracked down on online poker in recent years, triggering plenty of excitement among investors about its revenue upside going forward.

Now what: The deal is expected to close by September 30, 2014, subject to the approval of Amaya's shareholders and to customary closing conditions. "This is a transformative acquisition for Amaya, strengthening our core B2B operations with a consumer online powerhouse that creates a scalable global platform for growth," said Amaya CEO David Baazov. "Working with the experienced executive team at Rational Group, Amaya will continue that tradition of excellence and accelerate growth into new markets and verticals."

With Amaya shares now up a whopping 260% over their 52-week lows, however, I'd wait for some of the exuberance to fade before betting *too* heavily on it.

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