



## Buy Amaya Inc. for the Growth Potential

### Description

**Amaya Inc.** ([TSX:AYA](#)) is a provider of technology-based solutions in the gaming and interactive entertainment industry.

Amaya owns a number of gaming and consumer brands including PokerStars, Full Tilt, Asia Pacific Poker Tour, Latin American Poker Tour, Caribbean Poker Tour, and the European Poker Tour. Together, these brands comprise the largest poker business in the world.

What exactly makes Amaya a great buy? Let's take a look at what the company has in store for the future.

### Completing the transition to B2B

Amaya stated during the most recent quarter that the divestiture of the B2B business is now complete.

Part of that transition includes the sale of the Internet-based casino platform to Las Vegas-based NYX Gaming Group Ltd. in a deal worth \$150 million.

Completing the transition allows the company to focus on the consumer gaming sector, where significant growth and opportunities lie—just in the last quarter the company added 1.9 million customer registrations, bringing total customers to more than 95 million.

### Moving into fantasy sport betting

Amaya recently announced the acquisition of U.S.-based Victiv, which will bolster the company's presence in the realm of fantasy sports betting.

The platform will be re-launched in time for the upcoming NFL season as StarsDraft, and will also offer an opportunity for soccer league play in Europe.

The acquisition came after the company looked at no less than 12 different alternatives, evaluating each to see whether it would be able to handle the expected volume of an Amaya-branded release in

the fantasy sports industry.

In case you're wondering how big that industry is, it could be well over \$1 billion within the next few years. Currently, the fantasy sports betting market is roughly \$100 million per year in the U.S.

Amaya could potentially grab a sizable piece of this market as the PokerStars database already has one in 10 adults in the U.S.

### **Results and an outlook that looks great**

Currently, the stock is priced at just over \$29, and is up by nearly 3% year-to-date. Over the course of a full year, the stock is flat at just below 1%. Longer term, the stock is now up over 300% since 2013.

Amaya's latest quarterly reports were impressive. Revenues were up by 10% over the previous quarter to \$320 million. EBITDA was up by 24% over the previous quarter to \$138 million.

Adjusted earnings per share came in at \$0.43 for the quarter, a considerable increase over the \$0.30 reported in the previous quarter. This beat the forecasts of analysts, who were expecting the figure to be \$0.38 per share. A buy recommendation is on the stock, with many analysts calling for a price of \$50.

Looking forward, Amaya is seeking to aggressively expand the customer base through new verticals, additional acquisitions, and continued lobbying for regulation of online poker.

The company is also pursuing an aggressive marketing campaign, and has signed up soccer superstars Cristiano Ronaldo and Neymar Jr as global ambassadors of PokerStars. Both of these players have extensive social media followings that number in the millions and the company intends to market to those audiences to attract new customers.

While Amaya does have some internal issues that will no doubt be resolved, the fact remains that the stock remains at an attractive price and there are significant growth prospects for the future. In my opinion, buying in now and reaping those rewards that will come is well worth the risk.

### **CATEGORY**

1. Investing
2. Tech Stocks

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1. Editor's Choice

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