

Bet on Amaya Inc. for Future Growth

Description

The past year has been a bit of a roller-coaster ride for the market. Most companies have nearly erased all gains for the year during the past several months as troubles in China and the tumbling loonie sent ripple effects through nearly all segments of the economy.

One company that has fared particularly well in the current environment is **Amaya Inc.** ([TSX:AYA](#)).

Amaya is a leading provider of technology-based software in the gaming and interactive entertainment industry. The company's brand portfolio includes PokerStars, Full Tilt Poker, Asia Pacific Poker Tour, Latin American Poker Tour, Caribbean Poker Tour, European Poker Tour, and, more recently, StarsDraft.

Let's take a look at Amaya and why the company is a great fit for your portfolio.

How is Amaya Doing?

Amaya currently trades at \$32.38, edging closer to the 52-week high of \$37.87. Year-to-date, the stock is impressively up by 13.45%, and over the course of a full calendar year, this is a respectable 7.97%.

Amaya surged over 20% in just over a week on news that the necessary regulatory approvals to operate in New Jersey were granted for the company's main products, PokerStars and Full Tilt Poker.

Analysts agree with that, and even see the stock potentially doubling. With New Jersey warming to Amaya's re-entry into the market, it may just be a matter of time before Delaware and Nevada, which are the two other states that allow legalized online gambling, are added to the mix.

In short, this means there is a huge potential upside to Amaya's re-entry into the U.S., which is in contrast to what transpired when both PokerStars and Full Tilt Poker last operated in the United States. They were shut down back in April 2011 for being in violation of the Unlawful Internet Gaming Enforcement Act of 2006. Amaya, which did not own either of the brands at the time of the closure, now owns both and wants to enter the U.S. market.

More on what the New Jersey approval means

While the state did approve the company to operate there, it came with a number of conditions for Amaya to abide by.

Specifically, play will only be permitted where the player is in New Jersey, and those players will only be permitted to play against other New Jersey players. Finally, the online site must be partnered with a physical casino. Both PokerStars and Full Tilt are slated to be linked with Resorts Casino.

The company also plans to promote Atlantic City through the software, much to the delight of regulators that spearheaded the approval. Those promotions could mean live tournaments, concerts,

and attractions from PokerStars that will bring revenues to Amaya and tourism to New Jersey.

While Amaya may seem overpriced given the current value metrics, the potential upside to the stock is immense. Consider for example the implications of an approval for online gambling in New York or California and the potential revenues for Amaya.

In my opinion, I think Amaya is a great opportunity for those investors looking to add a small position.

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