

Why Amaya Inc. Shares Surged by 9% on Monday Morning

Description

On Monday morning, shares of PokerStars-owner **Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA) surged by as much as 9% (as of this writing). Yet we haven't heard any updates from the company since February 8. So what exactly is going on?

Potential interest from Playtech

U.K.-based Playtech is the world's largest publicly traded online betting and gaming software provider. In plain English, the company provides software to online casinos.

Playtech has rejected calls to return more cash to shareholders and instead plans to go on an £800 million shopping spree. The most likely target is rival OpenBet, which would cost roughly £250 million.

But according to anonymous sources, Playtech is also taking a look at Amaya. Of course, this would cost Playtech a lot more than £800 million, but CEO Teddy Sagi is known to be a very aggressive deal maker.

This all comes on the heel of Amaya CEO David Baazov's intention to take the company private for \$21 per share. Of course, he will need other investors to make that happen, and perhaps this is what Mr. Sagi is considering. Besides, joining forces with Mr. Baazov would certainly be less expensive than trying to outbid him.

This could be just the beginning

When Mr. Baazov originally announced his intentions, *The Business News Network* claimed that one prominent shareholder doesn't see a deal at this price. Instead, there could easily be a bidding war.

It's easy to see why. Amaya is trading essentially as a zero-growth company, even though it is ramping up its sports betting and online casino offerings. In the meantime, PokerStars has roughly 70% share of the online poker market, and this lead should be safe, since it can offer the most games and biggest tournaments.

Furthermore, Amaya could achieve numerous synergies if Amaya were combined with another online gambling firm. To illustrate, online poker could be marketed more easily to sports bettors, and sports betting could be marketed to online poker players. Different offerings could be combined into the same piece of software, and gamblers could use the same currency for each offering.

Here's the best part: even with all these potential catalysts, Amaya's Canadian-listed shares are still only trading at \$19. And even if there is no offer at all, the company still offers tremendous value as a standalone entity. For all of these reasons, I am very happy to be a shareholder, and I would encourage others to join me.

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