



Amaya Inc. Continues to Shine and Grow

Description

Business is going well for **Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA). In its fourth-quarter and full-year 2015 results, the company revealed that it is firing on all cylinders and is really doing a solid job solidifying its hold as the leading online gambling company and, more importantly, is diversifying its revenue across multiple games.

According to the report, its full-year revenue was \$1.37 billion, which was an 8% improvement over 2014. However, as the year went on the company saw increasing growth; its fourth-quarter revenue was 15% higher year over year. Its adjusted net earnings for the year were 18% higher year over year, but for the quarter it was a whopping 27% higher.

One of the primary reasons that the company was able to see this improvement in revenue and earnings was due to the growth of its non-poker games. In the fourth quarter of 2014, 93% of its revenue came from poker. While poker is a fine way to make money, it doesn't make nearly as much money as online casino games and sportsbook.

In the fourth quarter of 2015, the company had diversified significantly with 78% of its revenue coming from poker and 17% coming from casino and sportsbook.

What should have investors particularly excited is that this growth is continuing. According to the company, the first two months of 2016 saw 21% of its revenue come from online casino games and its sportsbook. If it can push that even higher, I expect the company to do magnificently in the coming years.

Other initiatives Amaya has include its live events, branded poker rooms, and the daily fantasy sports offerings. That last one, I believe, could wind up being enormously profitable over the next three years. In essence, you build a daily fantasy team with the players of the sport participating that night. The winner gets the pot minus the house fee. Because these are daily games, people spend a ton of money. Amaya runs the fifth-largest site in the world.

On the regulatory front, Amaya was finally able to launch its PokerStars brand in New Jersey today. This is big news for two reasons. First, New Jersey has a decent population size. Second, it sets

the groundwork for other states to allow Amaya to operate its games. Gambling is a great way to generate tax revenue, so many states are considering allowing online gambling if it'll pad the balance sheets.

All told, Amaya is in a very good position. The offer by CEO David Baazov to take the company private at \$21 per share seems to be still on the table; however, that was supposed to be official at the end of February, and there was no announcement.

While that may or may not happen, investors should be happy knowing that the company continues to grow. It has many opportunities to generate revenue, and I expect the next few years to be very exciting. Investors might want to vote no on any takeover offer because the growth potential is much greater if it remains as is.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date

2025/08/25

Date Created

2016/03/21

Author

jaycodon

default watermark

default watermark