

## Investors Should Buy Amaya Inc. Despite Volatility

### Description

It's been a roller coaster ride for **Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA) with shares experiencing rapid rises and drops in price. The primary drivers of this include the uncertainty of whether or not this company is going to be taken private by its CEO, if the CEO did insider trading, and the long-term viability of the online gambling industry.

It's sometimes easier to avoid a volatile company entirely. But it's through this uncertainty that investors can make a significant return on investment. Where others might avoid it, you have an opportunity to seriously profit.

While CEO David Baazov has agreed to step aside due to these allegations, the prospects for the company remain strong. Amaya itself has not been implicated, so there are no ramifications that could harm shareholders. Because of this, I believe investors should still strongly consider purchasing shares of this company because online gambling is, by and large, the future, and the company has considerable growth ahead of it.

In its full-year 2015 results, the company announced that it had seen an 8% gain in revenue year over year to \$1.37 billion. While 8% doesn't seem exciting, the growth started small and increased each quarter; Q4 2015 was 15% higher than Q4 2014. Its yearly adjusted net earnings were 18% higher over 2014, but its Q4 net earnings were 27% higher. The company is growing faster quarter after quarter.

The big reason for this has to do with its non-poker games. Poker has limitations on how much money the company can earn from it. In Q4 2014, 93% of its revenue came from poker. However, by Q4 2015, 78% of its revenue came from poker with an additional 17% coming from its casino and sportsbook.

Amaya revealed in its earnings report back in March that 21% of its revenue was derived from casino and sportsbook in January and February. If this trend continues, earnings will continue to rise for the company.

But there's a slew of other initiatives that Amaya is working on that makes this the powerhouse entertainment company of the future. It puts on live events, has branded poker rooms that provide sponsorship opportunities, and has daily sports games. People really love to build daily fantasy teams, and Amaya gets a cut of the fees and the winner gets the rest. Amaya runs the fifth-largest daily fantasy site in the world.

In March, PokerStars was given permission to launch in New Jersey. On the surface, this doesn't appear all that impressive because it's only one state. However, as other states see it working well in New Jersey, they are likely to follow New Jersey in search of extra tax revenue. As more Americans are able to play, revenue for Amaya should skyrocket.

The bad news tends to overshadow all the good news, but I believe the prospects are bright and strong for Amaya. As its earnings grow, this stock will only appreciate in value. Therefore, take

advantage of the volatility and start picking up shares. Chaos can be a good thing.

**CATEGORY**

1. Investing
2. Tech Stocks

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