



## Amaya Inc. Is a Chance to Get in Before Everyone Else

### Description

There are two types of market timing that investors can engage in. The first is the well-known attempt to call a bottom or a top. This is obviously ideal because you can buy the most shares at the cheapest price or sell at the highest price. Traders often attempt this with varying degrees of success.

But the other type of market timing is getting in before everyone else. This type of market timing requires that you think long term and, in some cases, be contrarian. You have to be willing to suffer in the short term because once everyone else gets involved, the profits are potentially very lucrative.

**Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA) is one company that presents this opportunity. Between the CEO being accused of insider trading and questions about whether or not the company will be taken private, many investors have opted to sit on the sidelines. But I believe this company is ripe for growth that will provide a significant return on investment.

If we look at our society, it's clear that people prefer to be on connected devices more and more, whether it's for watching sports or reading books. I believe online gambling is the future, and Amaya is a juggernaut in the space.

In 2015 the company revealed that its revenue built up momentum as each quarter went on. By Q4 2015, its revenue was 15% higher than it was the previous year. Net earnings were 27% higher year over year, even though the full-year numbers were only 18% higher.

There's one clear reason for this: there's only so much money that Amaya can make from each game of poker. And in Q4 2014, 93% of the company's revenue came from poker. Fast forward a year, and that number had been reduced to 78% with 17% of its revenue coming from its casino games and sportsbook.

In March Amaya revealed that January and February had already seen that 17% grow to 21%. So long as this continues to happen, Amaya is going to see revenues and earnings grow.

Another initiative that I believe Amaya can dominate internationally is the daily fantasy sports. Whether this is gambling or not is up to interpretation, but the fact remains that people love building fantasy

teams. Amaya runs the fifth-largest daily fantasy site in the world, and it gets a cut of the admission fees in every game.

Furthermore, Amaya overcame a significant hurdle in March when it got permission to launch its PokerStars brand in New Jersey. I expect to see other states move towards approving PokerStars because of the revenue potential.

All in all, the company's prospects are significant. It's true that the CEO is accused of insider trading and that there are some potential lawsuits; however, I believe the future of this company is bright. It owns the dominant brands in online poker, and it has the incumbent status as it looks to launch new games. Get in before everyone else and start a position while there is fear in the market. That's where wealth comes from.

## CATEGORY

1. Investing
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