

## Amaya Inc. Is Firing on All Cylinders: Time to Buy

### Description

**Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA) is really hot, firing on all cylinders, and continuing to innovate in the online gambling world. And even though this company is dealing with drama, if you look beyond that and analyze the numbers, this is a stock that is primed and ready to shine.

It released a strong earnings report on Friday. Total revenue was up to US\$285.9 million, a 10% increase year over year. While its poker revenue was relatively flat at US\$215.6 million compared to US\$216.1 million the year before, its casino and sportsbook revenue was up 89% from \$31.5 million to \$59.6 million. With such strong revenue, it was able to show US\$89.7 million in adjusted net earnings, up 25% from the same period a year prior.

It continues to see an increase in customer registrations, which were up from 95.3 million ending June 30, 2015, to 103.5 million ending June 30, 2016. Its quarterly active unique users were at 2.35 million, up from 2.28 million in the same period last year. While poker continues to be the dominant force with 2.26 million unique players, its casino business saw 440,000 unique actives, and its sportsbooks are up from 170,000 to 230,000 quarter over quarter.

People like the games and continue to play them.

Here's what makes me excited about the above numbers: while Amaya has 71% of the poker market share, this is low-margin business, unfortunately. But casino and sportsbooks are high margin because it's player versus Amaya, whereas poker is player versus player.

And the company isn't slowing down.

Since launching in New Jersey almost a year ago, it has expanded its poker market share to 44%. To help increase this market share, Amaya rolled its two main poker brands, Full Tilt Poker and PokerStars, into one brand because of liquidity. The more liquidity on a poker site, the more people who will play there because it gives them the chance to gamble more. Combining the two large brands should help Amaya absorb more of New Jersey's online market.

The company has a few initiatives planned for the second half of 2016. The first is to re-launch in Portugal should it receive its licensing approval, which it has no doubt about. It also will be launching a mobile app for its casino games, so users can play on the go.

It wasn't all positive news on Friday. David Baazov, co-founder and CEO of Amaya, will be resigning. The markets are taking this rather negatively, but I think that's a poor way of looking at it. Baazov is under investigation for insider trading regarding the big acquisition that brought Full Tilt Poker and PokerStars into Amaya. Therefore, his leaving clears the company of any negativity.

Fortunately, the markets reacted and send share prices down a few percentage points. If you ask me, that just makes it an even better buy. The reality is simple: people like their phones and gambling online. Amaya is expanding into high-margin casino games and continues to dominate in poker. If

other states and countries see how successful Amaya is, growth could just be getting started. I am a firm believer in this company and encourage investors to buy shares.

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## Date

2025/08/18

## Date Created

2016/08/16

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