



Is Amaya Inc. About to Be Acquired?

Description

Amaya Inc. ([TSX:AYA](#))(NASDAQ:AYA) continues to be a source of controversy, which, surprisingly, has little to do with the company's bottom line, which is both healthy and growing.

Over the past year, Amaya has been a topic of concern more than once.

Early this year a court decision in Kentucky found Amaya liable for nearly \$1 billion in damages. That case pre-dated Amaya's \$4.9 billion acquisition of the PokerStars and Full Tilt brands. Damages were initially estimated to be just one-third of what the court found, and Amaya had set aside cash as part of its acquisition to cover those costs. Amaya is currently appealing that decision.

Former Amaya CEO David Baazov was then linked to insider trading allegations in what became a major investigation. Rafi Ashkenazi ultimately replaced Baazov as CEO, but Baazov remains the largest shareholder in the company and was contemplating taking the company private prior to being removed.

Will Amaya be bought?

The online gambling software company attracted a fair amount of interest from potential suitors over the past week, both from private equity firms as well as from companies in the betting industry.

Interest in the company is coming from across the pond from both GVC Holdings PLC and William Hill PLC. GVC is a gaming and sports betting company similar to Amaya, based in the Isle of Man, while William Hill is a British bookmaker.

Both companies have not formally responded to comments about the meetings with Amaya, which apparently transpired in the past week. Amaya provided a response, saying only that it would be acting "in the best interests of the company."

News relating to the meeting and the potential deal sent Amaya's share price up to levels not seen in nearly a year.

Amaya's lucrative business

Amaya's business model remains one of the most lucrative opportunities in the market. Online betting has massive appeal and income potential, especially when considering that Amaya still operates within a fairly limited market.

The online gambling sector has massive, untapped potential. Gambling companies often require state and regulatory approvals to operate within certain jurisdictions, and Amaya is no exception to this. Amaya was granted approval to begin operations in New Jersey earlier this year and quickly became the largest revenue-generating online gambling company in that state.

Amaya is also reaching out to obtain regulatory approvals to operate in international markets. The company already has significant revenue-generating operations in the U.K., France, Italy, Spain, and Malta. Further approvals in both the Netherlands and the Czech Republic are likely to follow.

The truth remains that, controversy or not, Amaya is one of the best opportunities in the market at the moment. If anything, the controversies surrounding the company have made Amaya an even more attractive opportunity. Neither the court case nor the investigation of the former CEO have any bearing on Amaya's business model, which remains both strong and growing.

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1. Investing

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