

## Amaya Inc. Deal With William Hill PLC Folds

### Description

Earlier this month **Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA) was emerging as a likely candidate to merge with U.K.-based William Hill PLC. The proposed \$7.4 billion merger of equals came to an end this week as shareholders of William Hill opposed the union, citing it would bring little to no value.

William Hill interim CEO Philip Bowcock stated in a news release, "The Board has informed Amaya that it is withdrawing from discussions and wishes Amaya well for the future."

Parvus Asset Management, the largest shareholder of William Hill, spoke out against the merger, noting that shareholder value would be destroyed through the merger of both companies and, by extension, their problems.

Among the problems, as Parvus stated, were that poker is a declining, mature market, although Amaya's quarterly results and growing market clearly paint a different picture. Amaya has also garnered significant attention because of the actions of former CEO David Baazov, who has been charged for insider trading. Baazov has been removed from his position, and his actions have not impacted the performance of the company, which has improved steadily.

Amaya chairman Divyesh Gadhia offered similar advice to William Hill: "Amaya wishes the best for William Hill and its shareholders." Gadhia also commented on the proposed merger: "We evaluated a wide range of strategic alternatives to maximize shareholder value have concluded that remaining an independent company is in the best interest of Amaya's shareholders at this time."

### What's next for Amaya

William Hill's loss is Amaya's gain. Amaya operates a very strong business that has immense potential. The company's hold on the online poker market is estimated to be over 70%, and this figure could grow even higher. Amaya requires regulatory approval to operate online games in most jurisdictions, and with each and every approval, a bump in revenue and registrations is witnessed during results time.

Amaya is also branching out into other areas beyond poker, including sports betting and casino games. The Euro competition this past summer in France saw Amaya introduce sports betting in a number of countries in Europe, where betting is wildly popular.

In short, Amaya holds massive untapped potential that is slowly being unlocked on multiple fronts.

To further solidify Amaya's position in the market and silence the critics, the company released preliminary third-quarter results this week, nearly a month early. Projected revenues for the quarter now show the company posting between \$268 and \$278 million—an increase over the \$247 million posted for the same quarter last year. The official reporting date is set for November 14.

## Is Amaya still a good investment?

In the wake of both companies going their separate ways, Amaya's stock has taken a significant dip, falling 18% this week. Existing investors may want to take this opportunity to augment their existing holdings, and potential investors can look at this as a way to add Amaya at a significant discount.

Another way to look at it is that Amaya has had more than its fair share of less than favourable news over the past year, but none of it really has had that much bearing on the core business, which is thriving.

In my opinion, Amaya is still a great investment option, particularly for those investors looking for long-term growth.

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