

## Is Amaya Inc. About to Go Private?

### Description

**Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA) has received more than its fair share of attention over the past few months. News has ranged from a long-standing court battle in Kentucky in which Amaya filed an appeal of over \$800 million in damages to former CEO David Baazov being removed from his post and engulfed in an ongoing battle for charges of insider trading.

None of the controversies impact the operation of the business itself, which is flourishing. The nature of Amaya's business model attracts more customers, and the wide array of offerings from both the sports and casino games can cross over from one to the other.

Another key point about Amaya's business is that it has only rolled out to selective jurisdictions where it has been granted approval.

So what has changed with Amaya for the company to be considering going private?

Former CEO David Baazov, who is no longer affiliated with the company, has presented an offer of \$6.7 billion for the company. This offer comes as talks for a merger with U.K.-based William Hill broke down last month.

Baazov's offer consists of a \$24-per-share offer in an equity and debt deal. This price represents a significant jump over the sub-\$18-per-share price the stock closed with on Friday. That being said, Monday morning the stock shot up over 16% to \$21.40 on the news.

Baazov's current stake in the company comes out to 17.2%, which is worth approximately \$427 million. In the regulatory filing, Baazov noted he would finance the equity portion of the deal, and an additional \$3.65 billion would be put up by financial backers.

### Why take Amaya private?

Baazov has been contemplating taking the company private for some time now and first provided a non-binding proposal to the company back in February. Citing the maturity of the market, he believed that the best interest of the company was in operating as a private company, where the costs and reporting responsibilities are significantly less than they are operating as a public company.

Despite the ongoing saga relating to the company's former CEO, Amaya remains a fairly lucrative business. PokerStars and Full Tilt Poker, which together comprise the most popular of the games that Amaya offers, have over 100 million registered users between them.

The games are only still available in a handful of states with several others waiting approval. Amaya began operating in New Jersey earlier this year, quickly taking the lion's share of online gaming in that state; this was accompanied by a bump in revenue. Industry pundits are quick to note that a similar surge could occur once pending approvals in states such as Pennsylvania or California are approved.

## Quarterly results are in

Amaya also announced quarterly results this week for the period ending September 30. During that most recent quarter, Amaya recorded revenues of US\$270.8 million—an increase over the US\$247.3 million posted in the same quarter last year. Amaya earned US\$85 million, or US\$0.42 on an adjusted basis, in the quarter—an increase over the US\$69 million, or \$0.35 per share, from the same quarter last year.

Looking towards the end of the year, Amaya is forecasting revenue to fall in line between US\$1.137 billion and US\$1.157 billion, which is slightly down from earlier estimates of US\$1.127 billion to US\$1.157 billion. Amaya's forecasted adjusted net earnings also shifted to US\$344-354 million from the earlier forecast of US\$332-352 million.

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