



## Forget Baazov's Offer: Here's Why Amaya Inc. Is Still a Great Opportunity

### Description

Few companies on the market have been prone to as much controversy this year as **Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA), but with a little over a week left in 2016, Amaya continues to impress.

### The story so far

Former CEO David Baazov, who was accused of allegations of insider trading has since been removed from his post as CEO, has come into the spotlight once again. Earlier this year, Baazov floated the idea of taking Amaya private and even proposed a \$24-per-share offer for the company. That \$4.1 billion offer has now been taken off the table, leaving Amaya in a limbo of sorts.

One of the primary reasons for no longer pursuing the acquisition was, as Baazov stated, because "the share price premium demanded by certain shareholders exceeded the price at which my investors and I would be willing to complete a transaction." Interestingly enough, once debt is factored into Baazov's offer, the value of the deal was approximately \$6.7 billion.

Those certain shareholders are none other than SpringOwl Asset Management, who own more than one million of Amaya's shares. SpringOwl sees Amaya worth more than the \$24 offered, and Baazov and his investors were not willing (or were unable) to counter with another offer.

So Amaya stays as is for the time being. Again.

Amaya was in negotiations with U.K.-based **William Hill** this past fall, but those negotiations ended with the two companies parting ways and wishing the other well. While William Hill's focus is on sports-related betting, the company also offers a variety of online casino games, including online poker.

### What will happen to Amaya next?

There are those that see Amaya's market as a fixed slice of the gambling pie without any crossover from other segments, such as sports-specific betting.

While this is true for some customers, there are countless other customers that can and will cross over

from one to the other, and Amaya will act as the bridge between the two. This was evident this past summer when Amaya was granted approval to operate in several European countries—just in time for the Euro competition.

Moreover, Amaya's future remains bright provided the company continues to pursue entry into other markets. When Amaya was granted approval to operate in New Jersey, the company quickly became the largest online poker operator in the state, accounting for 44% of all real-money revenue and pushing the market for online poker in the Garden State up by 25% year over year.

Amaya still has a number of other approvals pending in other jurisdictions, including some markets larger than New Jersey, which will more than likely provide even more revenue and growth for the company.

Beyond the barrier of approval, Amaya has the benefit of operating its games on nearly any device. In the past, would-be gamblers would need to go to a physical casino to gamble; now all a gambler needs to do is pull out their smartphone. Think about the untapped potential this could mean for Amaya.

Are there risks? Certainly. The states could turn away from online gambling and outlaw residents from partaking in the online games. But given the benefit Amaya poses to the states in the form of additional taxation revenue, it seems far more likely that additional states will grant permission to Amaya operate in the new year, meaning better times are ahead for Amaya.

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