



Amaya Inc. Is Ready to Start Gambling Again

Description

Were it not for the questionable dealings and talk of taking the company private last year, **Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA) would be a very different company today.

The events of last year snowballed; former CEO David Baazov was ousted over allegations of insider trading, a decision in a Kentucky court found Amaya liable for \$870 million in damages, a potential merger of equals with U.K.-based William Hill went sour, and then the looming possibility of the company going private by an offer made by Baazov all wreaked havoc.

Surprisingly, none of the above events had anything to do with Amaya's business model, which, in fact, remains stronger than ever, as do the reasons for investing in the company.

Amaya's quarterly update just silenced most critics

Amaya announced quarterly and end-of-year results earlier this month, which highlighted some of the key accomplishments over the year.

Amaya continued to garner strong registrations, which are a key metric for the online gaming company, and Amaya had over 108.1 million customer registrations on file at the close of the most recent quarter.

In terms of revenue, Amaya came in 6% higher than the same quarter last year, settling to US\$310.4 million. Of this figure, approximately 70%, or US\$217.2 million, was attributed to poker revenue. This is a decrease of 8% over the previous quarter, which addresses some concerns of the over reliance of poker revenue to Amaya's bottom line.

Casino and sportsbook revenue saw a marked increase, coming in at US\$80.2 million for the quarter, representing 25.8% of revenue — an increase from the 17.2% that the segment counted for in the same quarter last year.

Amaya earned US\$45 million, or \$0.23 per share, in the quarter — a positive increase over the US\$15.2 million, or \$0.11 per share, loss reported in the same quarter last year.

What does Amaya have in store for 2017?

Looking to the next fiscal year, Amaya provided guidance of what to expect with revenues for 2017 set to fall within the US\$1,200-1,600 million range, and adjusted net earnings to come in at US\$400-430 million.

In terms of advancing strategic objectives, Amaya is looking past the events of 2016 and focusing on rebranding the corporate organization, increasing communications, and growing the company's portfolio of online games.

Much of that can be attributed to CEO Rafi Ashkenazi, who took the helm from Baazov and navigated the company through some rough waters. That cautious approach has worked, as Amaya is up over 18% year-to-date and up over 45% over the course of the past year.

The cautious approach may be ending later this summer, as Amaya nears the end of paying off the massive \$4.9 billion PokerStars/Full Tilt deal that was made several years ago.

That will open a whole host of funds that Amaya can put to use on acquisitions or product innovations — something that was alluded to in the most recent update.

Amaya is, in my opinion, a great long-term investment that is set to grow for years to come.

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