

Amaya Inc. Shines on 1st-Quarter Results

Description

One thing that never ceases to amaze me is how some investments, no matter how lucrative the opportunity is, are weighed down by bad news that really has nothing to do with the performance of the actual stock.

Amaya Inc. ([TSX:AYA](#))(NASDAQ:AYA) is a perfect example of this. Amaya is a software company focused on the online gambling and gaming industry. Amaya offers a multitude of games, including some well-known brands like PokerStars.

Good news, bad news ... it's all just news

Amaya has had more than a fair share of bad news over the past year. First, former CEO David Baazov was ousted over allegations of insider trading. Then a Kentucky court issued an order finding Amaya liable for \$870 million in damages for a proceeding that predated Amaya owning the products mentioned in the case. Amaya even considered a merger with U.K.-based William Hill at one point before that deal evaporated. Finally, there was speculation over the company receiving an offer to go private by Baazov. All of this contributed to what was a crazy year.

Strangely enough, none of these factors had much to do with Amaya's actual business, which is flourishing.

It's all about market availability

Here's the thing with online gambling. While it has a massive potential for growth that is nearly untapped, the market is being opened one jurisdiction at a time, as Amaya and other companies are granted the necessary regulatory approvals to operate there.

Sometimes an event, such as a major sporting competition, can act as a catalyst to kickstart those approvals with the promise of increased tax revenue. Other times, it's just a matter of completing the requisite paperwork and waiting for a response.

In the U.S., Amaya only operates some of its games in a handful of states; applications are pending in other jurisdictions.

Amaya's quarterly results are in

Amaya announced quarterly results this month for the first quarter of 2017 which highlighted impressive growth.

Total revenue for the first quarter came in at US\$317 million, representing a 10% increase over the same quarter last year. Adjusted EBITDA increased 22.3% year over year, coming in at US\$151 million. Adjusted net earnings for the quarter came in at US\$113 million, or US\$0.56 per diluted share, handily beating the figures from the same quarter last year by over 30%.

The total number of customers registered on Amaya's platform increased by three million in the quarter to 111 million.

Looking towards the remainder of the year, Amaya confirmed the previous guidance figures stated, which call for revenues to come in between US\$1.2 billion and US\$1.26 billion, and adjusted EBITDA to fall in line between US\$560 million and US\$580 million. Adjusted net earnings for the year remains forecasted to come in between US\$400 million and US\$430 million, or between US\$1.94 and US\$2.13 per share.

Amazingly, Amaya still trades at just over \$25 per share with a P/E of 25.55 and holds an incredible amount of potential over the long term, which makes the stock a prime candidate for inclusion in nearly every portfolio.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Investing

Date

2025/07/28

Date Created

2017/05/24

Author

dafxentiou

default watermark