



## This Growth Gem Just Made an All-Time High

### Description

You can tell that **Spin Master Corp.** ([TSX:TOY](#)) makes toys by looking at the ticker. More specifically, Spin Master is in the business of entertaining children and is the fourth-largest toy manufacturer in the U.S.

Spin Master creates fun and innovative toys that make children's imaginations and creativity run wild. At the same time, children can learn while they play. With a quick look at Spin Master's product selections on its website, you can see why the stock has done well.

As an example, the Rube Goldberg challenges allow kids to create hilarious chain reactions, and they learn that experimentation and perseverance can lead to success.

### Transformation over two decades

Over the last two decades, Spin Master has transformed from a single-product company into a diversified and multi-platform company with 16 global offices and sales in more than 60 countries.

Its portfolio primarily spans four categories: Pre-School and Girls (38% of 2016 gross product sales), Activities, Games and Puzzles, and Fun Furniture (26%), Remote Control and Interactive Characters (22%), and Boys Action and High-Tech Construction (14%).

### Spin Master logo

At the same time Spin Master has been innovative, it has also been making strategic acquisitions.

For instance, last year it made several acquisitions, including Toca Boca and Sago Mini, which develop digital mobile games for children ages two to nine and have more than 15 million active users.

Spin Master's latest acquisition, which occurred in late April, is Marbles. Its brain-building and high-quality games for all ages are nice additions to Spin Master's portfolio, and the company may be able to add an innovative spin to the games.

## Temporary issues are great buying opportunities

In December, Spin Master received overwhelming complaints about malfunctions in its very popular toy, Hatchimals. At the time, the shares fell as much as 12% in two days to \$32. And the issue even resulted in a class-action lawsuit against the company.

[Back then](#), I said that the issue was temporary, and that “a year from now, investors will look back and see that the recent dip was actually a buying opportunity.”

Now, only a little over four months, the shares have already more than recovered and actually made a new high of \$40 today. In hindsight, you’ll notice that the shares popped up in late February, way before the Hatchimal class-action lawsuit was withdrawn.

This is a great example that temporary issues are great buying opportunities. (Of course, the hard part is having to distinguish if an issue is temporary or not.)

## Is Spin Master a buy today?

Spin Master is a great and innovative company that’s still growing. At \$40, it trades at a forward multiple of about 21.4. This is not excessively expensive for the high-growth company.

For investors with a long-term horizon of three years or longer, they can consider buying some shares today.

For investors looking for a bargain, they can consider the stock when it trades at a maximum forward multiple of 18, which translates to roughly \$34 or lower.

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