



1 Wonderful Stock That's Both a Growth and Value Play

Description

Spin Master Corp. ([TSX:TOY](#)) is truly a hidden gem that many investors may overlook. The market cap only recently broke the \$1 billion mark, but the name is still relatively unknown to many Canadian investors. I believe the company is in the very early stages in its growth cycle and could offer long-term investors a huge amount of upside over the next decade.

Although the stock may seem expensive with a price-to-earnings multiple of 31, it appears to be trading at a gigantic discount to its intrinsic value when you consider the impressive long-term growth prospects.

Spin Master is a children's entertainment company that invents, designs, manufactures, and markets a diversified portfolio of toys and games. The R&D team knows how to innovate, and that's a huge reason why the company consistently wins Toy of the Year awards. The impressive portfolio of brands includes Hatchimals, PAW Patrol, Toca Boca, and AirHogs. The most intriguing thing about Spin Master is that it grows well both organically and through strategic acquisitions.

Last December, fellow Fool contributor [Kay Ng](#) and I both published articles that stated that the "Hatchimals wouldn't hatch" debacle was overblown, and that the dip in the share price was nothing more than a buying opportunity for long-term investors.

In the midst of the fiasco, I [stated](#) that the proposed class-action lawsuit over a "bait and switch scheme" didn't make any sense and that the case would eventually be withdrawn. I said that Spin Master isn't a Grinch that intentionally tried to sabotage Christmas for children, and that the customer service team would respond accordingly to its honest mistake due to the lack of experience in the manufacturing segment. I said the case was closed, and that the lawsuit would eventually be withdrawn. This is indeed what happened a few months later.

Mark Geragos, the lawyer who voluntarily withdrew the lawsuit on behalf of the plaintiff, made the following statement: "Spin Master's proactive response was very successful, and to date, they have either responded to all of the outstanding questions or provided replacements, or refunds to customers. We applaud Spin Master for the highly effective manner in which they have dealt with their customers."

Approximately four months later, the stock of Spin Master has fully rebounded and soared to new all-time highs. Kay Ng stated that this is a terrific example of a temporary issue that gave rise to a fantastic buying opportunity, and I think she's right on the money. With a little research and a long-term mindset, you'll be able to spot opportunities like this going forward and buy when others are selling.

Spin Master is out of its funk, and I believe the stock is well positioned to become a long-term earnings-growth king for many years down the road. I'd buy the stock now with the intention of holding it for decades. The terrific brands serve as a moat, which will continue to widen in the years to come.

Stay smart. Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:TOY (Spin Master)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Investing

Date

2025/09/01

Date Created

2017/05/11

Author

joefrenette

default watermark