



Here Is Another Chance to Buy High-Growth Spin Master Corp.

Description

Since its initial public offering in July 2015, **Spin Master Corp.** ([TSX:TOY](#)) has returned total returns of 101%, or annualized returns of 43%. The shares outperformed the market despite dipping roughly 12% from its 52-week high.

In fact, Spin Master's share price can be quite volatile at times with occasional sharp sell-offs when there's bad press. However, if you ignore the temporary news and look at the numbers, you will see that it has been an excellent high-growth stock.

High growth with reasonable leverage

Since 2014, Spin Master's revenue and earnings per share have grown 70% and 62%, respectively. It has had high return on assets and return on equity of at least 11.6% and 38.8%, while its financial leverage has oscillated reasonably between two and 2.5.

Spin Master logo Image not found or is unknown

Recent news

The most recent dip of nearly 2% on Wednesday occurred at the same time the company had the press release, which introduced two new models, infused with innovation, of Etch A Sketch: Etch A Sketch Freestyle and Etch A Sketch Joystick.

Spin Master is making excellent use of social media. It created a contest on its Etch A Sketch **Facebook** page to celebrate the 57th birthday of the cross-generation toy.

Naturally, people had to like the contest post and post a video or picture of them shaking their Etch A Sketch with a special hashtag for a chance to win. This should generate more buzz around the new toys.

Valuation

The analyst consensus estimates Spin Master will grow its earnings per share at a compound annual growth rate of 13% for the next three to five years.

At \$36.33 per share, the company trades at a forward multiple of roughly 20. So, the shares are trading at a discount for the toy maker's growth potential.

Successful track record

Spin Master has a track record of success. Since 2005, Spin Master's innovation has led it to win 21 Toy of the Year awards across different product categories (and it's been nominated for 82 awards).

It has a diversified portfolio of toys, games, products, and entertainment properties. You can find its products in more than 60 countries, and it has produced six television series, including the current hit *PAW Patrol*, which can be enjoyed by children on TV in more than 160 countries and territories around the world.

Investor takeaway

With the shares now trading at a discount, long-term investors looking for above-average growth should consider the shares here and buy more on any further dips to build a position over time. You won't be disappointed five or 10 years down the road.

CATEGORY

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