



## Give Yourself a Gift by Buying Shares of This Growth Stock

### Description

There are some stocks on the TSX that are flying under the radar, but which shouldn't. **Spin Master Corp.** ([TSX:TOY](#)) is one of those hidden gems waiting to be discovered by investors.

Headquartered in Toronto, Spin Master is a global toy and entertainment company that has been designing, developing, manufacturing, and marketing consumer products for children since it was founded in 1994. The company is now the fifth-largest producer by sales in the U.S.'s toy industry and one of the 10 biggest players globally.

Spin Master has 14 offices in North America, Europe, and Asia, and it sells in over 60 countries. The company employs over 1,000 people globally.

### Award-winning toys that are selling fast

Spin Master has an innovative culture which has won the company many awards over the years. Since 2000, Spin Master has received 83 TIA Toy of The Year (TOTY) nominations with 25 wins across a variety of product categories, including 13 TOTY nominations for Innovative Toy of the Year — more than any of its competitors.

In February, Spin Master won three awards, including Innovative Toy of the Year for Hatchimals.

While selling many award-winning toys, the toy company's biggest success is Hatchimals. The electronic creatures, which hatch and grow with help from their owners, boosted second-quarter gross product sales in their segment by 311%.

During the last quarter, Spin Master launched the lower-priced Hatchimals Colleggtibles, which have been selling out faster than anticipated. As a result, the company had to increase capacity.

Hatchimals toys are so popular that they are a key element in Spin Master's expansion plans into several markets. They were launched in China in the second quarter. China's \$11.5 billion toy market is very big and offers many opportunities, but Spin Master has to compete with local toymakers that are selling their toys at lower prices.

Spin Master launched a new version of Hatchimals on October 6, the Surprise line, and continues to look for other growth opportunities through acquisitions.

### **A very strong Q2 2017**

On August 1, 2017, Spin Master reported a very strong 2017 second quarter, with a record revenue and EBITDA. Revenue increased by 54.2% to US\$276.7 million from US\$179.4 million a year earlier. Analysts were expecting revenue of US\$224 million.

Adjusted EBITDA grew by 72% to US\$43.7 million from US\$25.4 million in the same quarter in 2016.

Earnings per share were US\$0.22 — up 450% from the same quarter last year. Analysts' estimate was US\$0.14.

Gross product sales increased by 52.2% to US\$283.2 million compared to US\$186 million a year ago, driven by sales of PAW Patrol, Hatchimals, and Swimways.

On April 28, 2017, Spin Master acquired certain assets of Marbles, a leader in brain-building and high-quality games, for US\$4.7 million. The assets were paid in Q1 2017 with funds from existing cash resources.

On July 28, 2017, Spin Master acquired certain assets of Aerobie Inc., a leading manufacturer of outdoor flying disks and sports toys, for US\$10.65 million. The assets were financed with internal funds. Aerobie will be managed by Swimways and will be part of the Coop family of branded active, outdoor lifestyle products.

### **A strong track record**

Spin Master went public on July 30, 2015. Since then, shares have risen by 170%. If you had invested \$10,000 the first day of Spin Master's trading publicly, you would have \$27,000 now. You would have almost tripled your investment in only two years. Over one year, the stock returned almost 60%. In contrast, the toys and games industry as a whole returned only 0.16%. Spin Master has a very high ROE of 40 and a ROIC of 30.

So, make children happy by buying them toys made by Spin Master Corp., and please yourself by buying some shares of this fantastic growing toy company.

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### **Date**

2025/08/29

### **Date Created**

2017/10/28

### **Author**

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