



1 Stock That's Poised to Make a Monster Move Higher

Description

Spin Master Corp. ([TSX:TOY](#)) is one of my favourite long-term growth stocks, but it's taken a nap this year thanks to concerns over the closure of its U.S.-based Toys "R" Us locations. Spin Master stock had previously been following a steady upward trend, only to fall over 18% from peak to trough and nearly flirting with bear market territory.

Although the death of North America's largest toy retailer may have insidious effects on the top-line of toy firms like Spin Master, the fact remains that Spin Master was and still is one of the most innovative companies in its industry. Spin Master's co-CEOs and co-founders Anton Rabie and Ronnen Harvey have really doubled-down on innovative concepts when it comes to toys. The proof? Well, it's certainly in the pudding.

Spin Master's intelligent management team spotted an opportunity to disrupt an old-fashioned industry by leveraging technology, and as we move deeper into an era where U.S.-based Toys "R" Us locations are a relic of the past, I'm pretty confident that Spin Master's innovative edge over many of its bigger brothers as e-commerce retailers and other generic big-box stores fill the void that Toys "R" Us stores left behind.

With a constant stream of new toy concepts, there's no shortage of high-margin earnings-growth drivers. And like the pharmaceutical industry, some of the toys coming out of Spin Master's R&D pipeline may become a blockbuster like Hatchimals. Such blockbusters could cause shares to pop like a coiled spring upon the release of a potential blowout earnings report, which has the potential to catch even the most bullish analyst off-guard.

Although Spin Master stock hasn't gone anywhere since autumn, I think investors ought to hang onto the stock, as it could easily return to an upward trend with a [consistent record of outperformance](#) the firm continues to exhibit. At just 20.9 times forward earnings with an impressive near-40% ROE, I find it hard to believe that shares will remain depressed any longer.

There are industry-wide headwinds at this time, but at the end of the day, it'll be the financial results that'll dictate the trajectory of the stock. As Benjamin Graham once said, "In the short run, the market is

a voting machine but in the long run, it's a weighing machine."

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Date

2025/08/27

Date Created

2018/06/14

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