



## Spin Master Corp. Stock Hits New All-Time High: Time to Buy?

### Description

For **Spin Master Corp.** ([TSX:TOY](#)), an incredible run in the company's stock price has more than tripled the money of early investors who bought during the company's initial public offering (IPO) a little more than three years ago. Since then, the company's product offerings have taken off, with demand far outpacing supply in previous holiday seasons. Spin Master's most notable toy franchise, *Hatchimals*, is set to take top spot once again this year, leading the company's diversified portfolio of toys, games, and entertainment options for children once again.

As we enter into Q3, I expect to see an incredible amount of attention paid to the supply side of Spin Master's business model. In particular, analysts and investors are likely to dig into any forward guidance given on unit sales, as well as growth expectations for global markets that should provide an even greater percentage of the company's overall top and bottom line numbers in the final two quarters of 2018.

It appears that markets remain bullish on the ability of Spin Master to continue to grow sales through both traditional as well as conventional channels. While the ongoing saga relating to the [bankruptcy of Toys R' Us](#) remains on the back-burner for now, expectations are that other channels will provide the volume needed for Spin Master to have another amazing couple of quarters to close out 2018 should the company simply be able to make enough toys this time around.

In terms of new developments, I'd like to touch on one new long-term volume driver highlighted by fellow Fool contributor Joey Frenette in a recent piece: a partnership with Natalie Rebot, maker of the [Moonlight mobile phone storybook projector](#). This new partnership is an example of Spin Master's focus on developing world-class technology for its toys in-house, or entering into partnerships or acquisitions to bring such technology in-house, as needed. This Moonlight projector looks amazing, and combined with the robotics technology inside of *Hatchimals* and many other proprietary technologies found in its suite of toys, Spin Master provides a unique moat in an industry plagued by a lack of innovation for quite some time.

### Bottom line

If Spin Master is able to continue to innovate and drive new toys to market each and every year, its current valuation multiple will certainly end up looking very cheap over time. I expect we will get a better picture of the long-term trajectory of the company over the next two quarters and will be following this company closely.

Stay Foolish, my friends.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:TOY (Spin Master)

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