This Underrated Growth Stock Could Be a Great Buy Today

Description

Spin Master Corp (TSX:TOY) has declined 24% over the past three months and is currently trading right around its 52-week low. That makes it a very opportune time for investors to pick up this growth stock, and there are three other great reasons listed below as to why you should consider adding it to your portfolio.

The company knows how to build successful brands

Spin Master has developed both the PAW Patrol and Hatchimals brands, which have seen incredible sales over the years. I've been a long-time **Disney** fan because I'm a believer in companies that can produce solid content as that's a true differentiator and proof that a brand is successful.

And I only need to see how excited my kids get to watch a series about rescue dogs to know that Spin Master has been able to produce a brand that can rival some of the top names in Disney, which is no small feat.

It offers investors good value for their money

Spin Master currently trades at just 25 times its earnings, a modest multiple for a company with so much potential and many growth opportunities Last year the company announced its expansion into China.

Spin Master has sales from many parts of the globe, which gives investors diversification that you normally wouldn't find with a stock on the TSX that might be more focused on just the North American markets.

And while it may be a little expensive trading at a price-to-book multiple of more than six, its price-to-sales ratio of around 2.5 suggests that it really isn't that expensive overall, especially given its earnings multiple and the growth that it has achieved over the years.

Sales have been doing very well

In its most recent quarter, Spin Master didn’t achieve much sales growth, with its top line increasing by just over 2% year over year. However, Toys “R” Us liquidations have not helped the toy company, which has been a big factor.

Last year, however, sales were up 34% from the previous year and more than doubled 2014’s tally. Spin Master has generally done very well when it comes to sales growth.

While the Toys “R” Us issues may be causing problems for Spin Master today, another store will eventually take its place, as the market for toys is a big one and would create a big void in the retail industry without a replacement.

Bottom line

Trading at $40.00 per share at writing, Spin Master could be a steal of a deal that investors shouldn’t ignore. While it may be struggling this year, since being listed on the TSX back in 2015, the stock has more than doubled in price.

The companystill has lots of opportunity to grow, and this recent dip will give investors a chance to buy the stock at a price not seen in over a year.

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